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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 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)

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

Securities registered pursuant to Section 12(g) of the Act:
None
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting common shares held by non-affiliates of the registrant at June 30, 2024: $120,872,430,194

The number of the registrant's Common Shares, $1.00 par value, outstanding as of January 31, 2025: 586,207,679

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on May 9, 2025, and the Annual Report to Shareholders of The Progressive Corporation and subsidiaries for the year ended December 31, 2024, included as Exhibit 13 to this Form 10-K, are incorporated by reference in Parts I, II, III, and IV hereof.

PART I

ITEM 1. BUSINESS

General Development of Business

The Progressive Corporation, an insurance holding company, has insurance and non-insurance subsidiaries and affiliates (references in this Item to subsidiaries includes affiliates as well). Our insurance subsidiaries write personal and commercial auto insurance, personal residential property insurance, and insurance for motorcycles, watercraft, and other recreational vehicles. We also offer business-related general liability and commercial property insurance predominantly for small businesses, workers' compensation insurance primarily for the transportation industry, and other specialty property-casualty insurance and provide related services. Our non-insurance subsidiaries generally support our insurance and investment operations. We operate throughout the United States. Unless noted, references to "state(s)" throughout this report include the District of Columbia. The Progressive Corporation, together with its insurance and non-insurance subsidiaries and affiliates, comprise what we refer to as Progressive.

Progressive's vision is to become consumers', agents', and business owners' number one destination for insurance and other financial needs. Progressive's four strategic pillars of people and culture, broad needs of our customers, leading brand, and competitive prices serve as the foundation of how we will achieve our vision.

Description of Business

Organization

Our Chief Executive Officer (CEO) assesses performance and makes key operating decisions for our insurance, investment, and service operations and is supported by the following management team that oversees the business and corporate functions that support all areas of our organization.

Chief Executive Officer

- Chief Financial Officer
    - Chief Investment Officer
- Chief Human Resources Officer
- Chief Information Officer
- Chief Legal Officer
- Chief Marketing Officer
- Chief Strategy Officer

- Personal Lines President
- Commercial Lines President
- Claims President
- Customer Relationship Management President

Our insurance and claims organizations are generally managed on a state-by-state basis due to the nature of insurance, legal and regulatory requirements, and other local factors, and are supplemented by national operations and supported by our corporate functions. State-specific organizations typically report to a regional general manager, who then reports to the applicable group president. In California, we operate a separate agency auto organization with its own management and customer relationship management organization.

Personal Lines

Our Personal Lines operating segment writes insurance for personal autos and special lines products (e.g., recreational vehicles, such as motorcycles, RVs, and watercraft), collectively referred to as our personal vehicle business, and, beginning in the fourth quarter 2024, personal residential property insurance for homeowners and renters. The Personal Lines segment accounted for 85% of our total net premiums written in 2024, 84% in 2023, and 82% in 2022.

Our personal vehicle business generally offers more than one program in a single state, with each program targeted to a specific distribution channel, market, or customer group. As of December 31, 2024, our personal vehicle products represented 95% of our total Personal Lines net premiums written, and 94% at the end of both 2023 and 2022. We write our personal vehicle insurance in all states, however, our special lines products are not written in the District of Columbia.

- Personal auto insurance represented 95% of our total personal vehicle net premiums written in 2024, and 94% in both 2023 and 2022. We ranked second in market share in the U.S. private passenger auto insurance market, based on 2023 premiums written, and we believe we continue to hold that position for 2024. There are approximately 240 competitors in this market. Progressive and the other leading 15 private passenger auto insurers, each of which writes over $2.5 billion of premiums annually, comprise about 85% of this market. All industry data, including ranking and market share, based on premiums written, has been obtained directly from data reported by either SNL Financial or A.M. Best Company, Inc. (A.M. Best), or was estimated using A.M. Best data as the primary source.
- Special lines products represented the remaining personal vehicle net premiums written for the years mentioned above. Due to the seasonal nature of these products, we typically experience higher losses during the warmer weather months. Our competitors are specialty companies and large multi-line insurance carriers. Although industry figures are not available, based on our analysis of this market, we believe that we are the market share leader for both the motorcycle and boat products and that we are one of the largest providers of RV insurance.

In addition to writing residential property insurance for homeowners and renters, in virtually all states, our personal property business offers insurance for manufactured homes, personal umbrella insurance, and primary and excess flood insurance. We also act as a participant in the “Write Your Own” program for the National Flood Insurance Program (NFIP) under which we write flood insurance in virtually all states; 100% of this business is reinsured with the NFIP.

Our personal property business represented 5% of our total Personal Lines net premiums written in 2024, and 6% in both 2023 and 2022, with about 95% of the total personal property net premiums written attributable to the homeowners and renters products. We were the eleventh largest homeowners carrier in the U.S., based on 2023 premiums written, and we are currently unable to determine if we will hold that ranking for 2024. There are approximately 360 competitors in the homeowners insurance market nationwide and we compete with many of these companies. Progressive and the other leading 30 large companies/groups, each with over $800 million of premiums written annually, comprise about 80% of the market.

We tend to see more personal property business written during the second and third quarters of the year based on the cyclical nature of property sales. Losses also tend to be higher during the warmer weather months when storms are more prevalent. As a property insurer, we have exposure to losses from catastrophes, including hurricanes, and other severe weather events. See *Item 1A, Risk Factors – II. Insurance Risks* below for more information. To help mitigate these risks, we enter into reinsurance arrangements. See the “Reinsurance” section below for further discussion of our reinsurance programs.

Our Personal Lines strategy is to be a competitively priced provider of a broad range of personal auto, special lines, and personal property insurance products with distinctive service, distributed through whichever channel the customer prefers, and bundled with other products when appropriate to match our customers’ needs. Volume potential is driven by our price competitiveness, the actions of our competitors, brand recognition, and quality service delivered through our dedicated employees who embody the Progressive culture, among other factors. See “Competitive Factors” below for further discussion.

Our Personal Lines products are sold through both the agency and direct channels.

Agency Distribution Channel

- The agency personal vehicle business includes business written by our network of more than 40,000 independent insurance agencies located throughout the U.S., including brokerages in New York and California. These independent insurance agents and brokers have the ability to place business with Progressive for specified insurance coverages within prescribed underwriting guidelines, subject to compliance with our mandated procedures. The agents and brokers do not have authority to establish underwriting guidelines, develop rates, settle or adjust claims, or enter into other transactions or commitments. The agency personal vehicle business also writes insurance through strategic alliance business relationships with other insurance companies, financial institutions, and national agencies. The total personal vehicle net premiums written through the agency channel represented 45% of our total personal vehicle volume in 2024, 46% in 2023, and 47% in 2022.
- Our personal property business is primarily written through the independent agency channel and through select agents under our Platinum program as part of our Destination Era strategy, discussed below. The total personal property net premiums written through the agency channel represented 74% of our total personal property volume in 2024, 77% in 2023, and 75% in 2022.

Direct Distribution Channel

- The direct vehicle business includes business written directly by us online and over the phone. The total net premiums written by the direct vehicle business represented 55% of our total personal vehicle volume in 2024, 54% in 2023, and 53% in 2022.
- Our direct personal property business is written by us over the phone and through HomeQuote Explorer® (HQX), our multi-carrier, direct-to-consumers online personal property offering. The HQX online buy button is available in almost every state. In addition to being able to quote and purchase our personal property products on HQX, consumers are able to quickly and easily compare homeowners insurance online from Progressive and other carriers. The total net premiums written by the direct personal property business represented 26% of our total personal property volume in 2024, 23% in 2023, and 25% in 2022.

We continue to provide personal auto customers in both the agency and direct channels the opportunity to improve their auto insurance rates based on their personal driving behavior through Snapshot®, our usage-based insurance (UBI) program. We offer Snapshot through our hardware-based and/or mobile-app versions in all states, other than California. We believe this mobile app improves the user experience. In addition to the personal benefits for our customers, the data collected via the mobile app affords us a unique perspective on vehicle operations, accidents, and mobile device usage. Our updated personal auto product models, discussed below, often also include Snapshot enhancements intended to improve its accuracy and competitiveness and broaden its applicability.

We seek to refine our product segmentation, underwriting models, and pricing over time, and we regularly elevate new product models. At any one time, we could have multiple product models in the marketplace, as new versions are rolled out on a state-by-state basis. Such new product models generally introduce new risk variables intended to improve the accuracy of matching rate to risk, increase our competitiveness, and/or make our products more attractive to specific market segments, among other enhancements.

In January 2024, we started rolling out our latest personal auto product offering, model 8.9, which contains new and expanded usage of external data and new coverage features. With the 8.9 model, we first introduced Progressive vehicle protection, a new car mechanical breakdown coverage that a customer can add to their Progressive personal auto insurance, for eligible vehicles, to help manage the cost of unforeseen vehicle repairs. As of December 31, 2024, 17 states, that represented about 40% of both companywide personal auto premiums and total personal auto policies in force, are on model 8.9 and, overall, we are seeing favorable conversion results with preferred business showing the most promising elasticities. Our 9.0 model is currently in execution planning, and we expect the first state to elevate in mid-2025. Design work on the 9.1 model is underway and being finalized.

During the fourth quarter 2024, we elevated our newest special lines product model (R17) in its first state, which continues to expand segmentation and acceptability. We will continue to roll out this product model during 2025.

We continued to advance our personal property product segmentation, pricing, and risk selection capabilities in 2024. Through the end of the year, we had 20 states elevated to our next generation product model, which represented just over 55% of our personal property net premiums written. Key features of our next generation product models (5.0 and higher) include expanded peril rating and the introduction of new rating variables. We continue to refine our model design and deployment processes to increase quality and speed to market.

Our Personal Lines business is focused on efforts to form deeper and longer-term relationships with our customers through our Destination Era strategy, which supports the pursuit of our vision described above. Through this strategy, we seek to leverage our personal auto business with that of our personal property business, as well as insurance and non-insurance products offered by unaffiliated third parties, to provide our customers access to a range of products addressing their diverse needs, with the option to “bundle” certain of the products together. Bundled products are an integral part of our consumer offerings and an important part of our strategic agenda. Customers who prefer to bundle represent a sizable segment of the insurance market, and our experience is that they tend to stay with us longer and generally have lower claims costs.

Our Destination Era strategy involves a number of initiatives, including:

- In our agency distribution channel, we offer customers the opportunity to bundle our personal auto, special lines, and personal property offerings. To further drive bundling in the agency channel, we offer the Platinum program to those select agents who have the appropriate customers for our bundled offering. This program combines our personal auto and property insurance with the compensation, coordinated policy periods, single event deductible, and other features that meet the needs and desires that our agents have expressed. As of December 31, 2024, we had nearly 7,100 Platinum agents.
- We offer independent agents an agency quoting system that makes it easier for them to bundle multiple policies with us. Our “Portfolio” quoting system reduces data entry, displays all available products eligible for bundled quotes, simplifies the agents’ experience on third-party comparative rater systems, and provides agents and their customers an overview of premium, bundle savings, and applied discounts to allow them to add or remove products with one click. Portfolio is available for all agents appointed to write new business where we offer personal property products.
- In the direct channel, we bundle Progressive personal auto with our personal property products in almost all states, as well as with homeowners and renters products provided by unaffiliated insurance carriers nationwide. We offer these bundles by providing a single destination to which consumers may come for both their personal auto and property insurance needs. In many cases, we may offer discounts to incentivize or reward this bundling.
- Where available, our special lines products and umbrella insurance can be combined with any of the personal auto, homeowners, or renters coverages that we offer, in either the direct or agency channel.
- As we increase our penetration of the more complex, multi-product customers who are critical to our Destination Era success, we are further expanding the roster of products provided by unaffiliated companies that we make available through online and telephonic referrals and for which we receive commissions, or other compensation, that are reported as service revenues. Our list of unaffiliated company products includes items such as pet health, life, and classic and specialty car insurance.

Commercial Lines

The Commercial Lines operating segment writes auto-related liability and physical damage insurance, business-related general liability and commercial property insurance predominately for small businesses, and workers’ compensation insurance primarily for the transportation industry. The Commercial Lines business accounted for 15% of our total net premiums written in 2024, 16% in 2023, and 18% in 2022.

Unless otherwise noted, the following discussion focuses on our commercial auto business and, therefore, excludes business owners’ policy (BOP) and workers’ compensation products, which are discussed below.

We offer our commercial auto products in all states, excluding the District of Columbia. Our commercial auto customers insure approximately two vehicles per policy, excluding large fleet policies. During 2024, we wrote about 90% of our commercial auto business through the agency channel, excluding transportation network company (TNC), which is all written through the direct channel.

There are approximately 340 competitors in the total U.S. commercial auto market. We primarily compete with about 60 other large companies/groups, each having over $200 million of commercial auto premiums written annually. Progressive and these leading commercial auto insurers comprise 87% of this market. Progressive has ranked number one in the U.S. commercial auto market since 2015, and we believe that we continued to hold that position for 2024.

The core commercial auto business (which excluded TNC business and our Progressive Fleet & Specialty Programs (Fleet & Specialty) products) operates in the following commercial auto business market targets (BMT):

- *For-hire specialty* – dump trucks, log trucks, and garbage trucks used by dirt, sand and gravel, logging, garbage/debris removal, and coal-type businesses,
- *For-hire transportation* – tractors, trailers, and straight trucks primarily used by regional general freight and expeditor-type businesses and long-haul operators,
- *Tow* – tow trucks and wreckers used in towing services and gas/service station businesses,
- *Contractor* – vans, pick-up trucks, and dump trucks used by light contractors (e.g., painters, plumbers, landscapers), and heavy construction, and
- *Business auto* – autos, vans, pick-up trucks used by small businesses (e.g., retailing, manufacturing, farming) and for-hire livery (e.g., non-fleet (i.e., five or fewer vehicles) taxis, black-car services, and airport taxis).

As with our personal auto products, we regularly introduce new commercial auto product models designed to improve our pricing accuracy and competitiveness through improved segmentation, the use of additional risk variables, and other enhancements. New models are typically rolled out on a state-by-state basis and, as a result, we often have more than one product version in the marketplace at a time.

During 2024, we rolled out new product models across our core commercial auto and our Fleet & Specialty medium fleet products. Our latest deployed core commercial auto product model was in 14 states at December 31, 2024, which represented about 50% of our core commercial auto net premiums written. We also completed development of our next product model that we began to roll out in early 2025. Our Fleet & Specialty new medium fleet model was in 46 states at the end of 2024.

Similar to Snapshot in the personal auto business, the Commercial Lines business offers its commercial auto customers UBI options. Smart Haul® is the UBI program that uses driving data from a motor carrier's existing electronic-logging device. Smart Haul offers owner operators and small fleets the ability to receive discounts on their insurance by sharing their electronic logging device generated data with us. Snapshot ProView® is the UBI program for commercial auto customers without their own electronic logging device. Snapshot ProView allows customers to earn upfront discounts and provides value-added services, like fleet management and personalized tips, to encourage safe driving. Both programs are available in nearly all states.

In addition to the BMTs listed above, as of December 31, 2024, we provided commercial auto coverage in the TNC business to Uber Technologies subsidiaries in 16 states and to Lyft's rideshare operations in 4 states. TNC represented 15% of our Commercial Lines net premiums written in 2024, 13% in 2023, and 10% in 2022. Premiums written in our TNC business are determined in part by estimating the number of miles to be driven over the life of the policy term, on a policy-by-policy basis. These premium estimates are adjusted monthly based both on actual miles driven and an estimate of miles to be driven during the remaining policy term. During 2024, our TNC business experienced a significant increase in rideshare miles traveled compared to 2023.

Our Commercial Lines business also offers business-related general liability and property insurance through our BOP insurance. These products are geared specifically to small businesses and at year-end 2024 were available to agents in 46 states, excluding the District of Columbia, with plans to expand to additional states during 2025. Our new BOP product model was in 24 states that represented approximately 75% of our trailing 12-month countrywide BOP premiums as of the end of 2024.

We also offer workers' compensation insurance tailored for the transportation industry. Our offering includes loss prevention services that promote safe operations and dedicated claims-handling specialists. This product is available through a limited network of licensed brokers and includes options ranging from guaranteed premium cost plans to loss dependent plans, to meet the varying needs of small to large trucking fleets.

We also continue to act as an agent for business customers to place BOP, general liability, professional liability, and workers' compensation coverage through unaffiliated insurance carriers and are compensated through commissions, which are reported as service revenues. To further help our direct customers, we offer BusinessQuote Explorer® (BQX), a digital application that allows small business owners to obtain quotes for our BOP product and the products offered from a select group of unaffiliated carriers.

Reinsurance

Our reinsurance activity includes both transactions which are regulated and those that are non-regulated. The regulated programs include several mandatory state pools, such as the Michigan Catastrophic Claims Association, Florida Hurricane Catastrophe Fund (FHCF), and North Carolina Reinsurance Facility, as well as the government-backed NFIP and other reinsurance facilities required by specific states for various lines of business. All of these programs are governed by the federal government or an individual state's insurance regulations.

Our non-regulated transactions represent voluntary external reinsurance arrangements related to portions of our personal property and Commercial Lines businesses; we do not reinsure our personal vehicles business outside of the regulated programs discussed above.

Personal Property Programs

The reinsurance program in our personal property business is designed to reduce overall risk while, to the extent of coverage purchased, protecting capital from the costs associated with catastrophic events. The personal property program includes contracts that cover multi-year periods. During 2024, we also maintained an excess of loss (XOL) reinsurance treaty covering our personal umbrella business; we chose not to reinsure our personal umbrella business in 2025.

The occurrence XOL program, which is in place from June 1, 2024 through May 31, 2025, supports the goal of maintaining adequate capital and is comprised of privately placed reinsurance, reinsurance placed through catastrophe bond transactions, and coverage obtained through the FHCF. Under the 2024 occurrence XOL program, we are responsible for the first $200 million of losses and allocated loss adjustment expenses (ALAE) for the first event. We may be responsible for additional losses if we experience more than two such events or if claims incurred exceed the maximum coverage limits of the reinsurance that is then in place. The coverage limits, net of retention but including the shared limit coverage discussed below, in place at December 31, 2024, were as follows:

- $2.1 billion for a first event in Florida; and
- $1.8 billion for a first event outside of Florida.

Portions of the reinsurance coverage limits above only provide coverage for hurricanes and tropical storms as designated by the U.S. National Weather Service (named storms).

Coverage for a second event (and, potentially, for subsequent covered events) under the occurrence XOL program would depend on several factors, including the location and the extent of covered losses of the earlier events in the contract period. Portions of our program include reinstatement limits providing coverage for subsequent events. Some portions of our occurrence XOL program have an obligatory reinstatement of coverage. Reinstatement premiums would have no effect on our results of operations since, per our contracts, we have separate reinsurance to cover these situations. During 2024, no losses were ceded under the occurrence XOL program that is currently in place or the occurrence XOL that was in place from June 1, 2023 through May 31, 2024.

In support of our annual occurrence XOL program, with a risk period effective June 1, 2025 through May 31, 2026, we issued all perils per occurrence catastrophe bonds in the amount of $275 million, which replaced the catastrophe bonds that mature prior to that risk period, including $200 million in named storm bonds that matured on December 23, 2024 and $135 million that are scheduled to mature on March 16, 2025.

Included in the occurrence XOL, from June 1, 2024 through December 31, 2024, we had shared limit coverage in our reinsurance program that provided $175 million of coverage for named storms. This reinsurance arrangement can, depending on the circumstances, provide additional coverage for a significant covered event, or provide coverage for aggregate losses under our occurrence XOL retention. During 2024, no losses were ceded under this "hurricane season" coverage. We have renewed this coverage from June 1, 2025 through December 31, 2025 (i.e., the 2025 hurricane season) for $175 million of coverage.

During 2024, our personal property business also had an aggregate XOL program structure with multiple layers providing coverage for catastrophe losses and ALAE. No losses were ceded under this aggregate XOL agreement during 2024. In January 2025, we entered into a new aggregate XOL for claims occurring in 2025. As part of the excess of loss program for 2025, we also entered into a severe convective storm modeled loss aggregate cover. A severe convective storm is a type of thunderstorm characterized by strong winds, heavy rain, large hail, thunder, lightning, and sometimes tornadoes. This modeled loss cover uses a third-party model to simulate weather patterns across the U.S. to generate loss estimates. The layers for the aggregate XOL programs active in 2024 and 2025 provided coverage, as follows:

Policy for claims occurring in the year ended December 31,		**2025**		**2024**	
Coverage terms (millions)	**Modeled Loss**	**First Layer**	**Second Layer**	**First Layer**	**Second Layer**
Retention	$665	$450 to $475	$525	$450 to $475	$525
Total coverage, net of retention	$15	$75	$100	$85	$100
Per occurrence deductible before each loss could be considered for aggregation, dependent on the peril covered	$0	$5 or $8	$20 or $25	$5 or $8	$20 or $25
Per event coverage limit, net of the per occurrence deductible, dependent on the peril covered	$50	$43 or $45	$175 or $180	$43 or $45	$175 or $180

The first layer of coverage under the aggregate XOL program does not provide coverage for named storms. The second layer includes coverage for named storms and other types of perils (e.g., wildfires, winter storms, and severe thunderstorms). The second layer also includes a secondary coverage part with a retention threshold of $425 million that shares the same $100 million limit mentioned above. The secondary coverage portion only provides coverage for named storms. Any one portion of the aggregate XOL program does not have to be exhausted before the other portions can be applied.

<u>Commercial Lines Programs</u>

The reinsurance program in our Commercial Lines business is designed to help manage certain exposures in our commercial auto, TNC, BOP, and workers' compensation products. Our Commercial Lines business uses quota-share reinsurance agreements for TNC, and certain workers' compensation and BOP product coverages. We also have excess of loss reinsurance agreements for higher-limit commercial auto liability, and certain BOP and workers' compensation product coverages, which reinsure a portion of loss above a retention threshold. Under each agreement, we cede a portion of premiums, losses, and, in most cases, loss adjustment expenses (LAE).

For the large fleet commercial auto business, we retain the first $2 million, per occurrence, and have a coverage limit, net of retention, of up to $3 million. The retention threshold for the BOP excess of loss agreement is $2 million, for each property loss. Lastly, for the workers' compensation product, we have catastrophe workers' compensation coverage up to $74 million per occurrence pursuant to a $20 million maximum one-life sublimit. In general, we retain approximately $1 million per occurrence on workers' compensation through the use of excess of loss and quota-share reinsurance.

For our TNC product, the amounts retained vary by state and cost-sharing agreements are in place with companies owned by the TNC company. Recoverable balances under these arrangements are required by our contracts to be collateralized (i.e., secured by assets held by an independent third party or a letter of credit issued by a commercial bank) at a target of over 100% of the recoverable balance. During 2023, a portion of the business was ceded to a reinsurance agreement written by a third-party reinsurer.

<u>Program Evaluation</u>

We evaluate our reinsurance programs during our renewal discussions, if not more frequently, to ensure they continue to effectively address the company's risk tolerance. We plan to continue to assess our ability to assume more risk with the availability and costs of various types of reinsurance contracts. See *Item 1A, Risk Factors – II. Insurance Risks* and *– VI. Credit and Other Financial Risks* below and *Note 7 – Reinsurance* in our 2024 Annual Report to Shareholders, which is filed as Exhibit 13 to this Form 10-K (the Annual Report) for more information.

Claims

Our employees handle nearly all of our Personal Lines vehicle and Commercial Lines claims from either physical claims offices throughout the U.S. or through a virtual environment, and are supported by centralized functions at our corporate offices and a nationwide network of about 3,700 third-party repair shops. During 2024, we used independent claim adjusters opportunistically in our vehicle businesses to help support our claim employees in managing our claims inventory and to timely respond to our customers impacted by certain catastrophe events. While not intended to be a significant part of our claims handling model for these businesses, we may use independent adjusters from time to time.

For our Personal Lines property business, we manage claims through a network of independent claim field adjusters and employee claim representatives who manage the overall claims process. As of December 31, 2024, we had about 1,250 claim employees to handle our personal property claims.

Competitive Factors

The insurance markets in which we operate are highly competitive. Property-casualty insurers generally compete on the basis of price, agent commission rates, consumer brand recognition and confidence, coverages offered and other product features, claims handling, financial stability, customer service, and geographic coverage. Vigorous competition is provided by large, well-capitalized national companies in both the agency and direct channels, and by smaller regional insurers. In the agency channel, some of our competitors have broad distribution networks of employed or captive agents. With widely available comparative rating services, consumers can easily compare prices among competitors. Many competitors invest heavily in advertising and marketing efforts and/or expanding their online or mobile service offerings. Over the past two decades, these changes have further intensified the competitive nature of the property-casualty insurance markets in which we operate.

We rely heavily on technology to operate our business and on extensive data gathering and analysis to segment markets and price accurately according to risk. We have remained competitive by refining our risk measurement and price segmentation skills, closely managing expenses, and achieving operating efficiencies. High-quality customer service, fair and accurate claims adjusting, and strong brand recognition are also important factors in our competitive strategy. Competition in our insurance markets is also affected by the pace of technological developments. An insurer’s ability to adapt to change, innovate, develop, implement and use new applications and other technologies can affect its competitive position. In addition, our competitive position could be adversely impacted if we, or one of our third-party vendors, experience a cybersecurity attack or incident or we are unable to maintain uninterrupted access to our systems, business functions, and the systems of certain third-party providers. See *Item 1A, Risk Factors* and *Item 1C, Cybersecurity* below for more information.

In addition, there has been a proliferation of patents related to new ways in which technologies can affect competitive positions in the insurance industry. Several of our competitors have many more patents than we do. Some of the patents we currently hold include two patents on the Name Your Price® functionality on our website (expiring in 2028 or after), a usage-based insurance patent (expiring in 2032 or after), three multi-product quoting patents (expiring in 2032 or after), three patents for our implementation of a mobile insurance platform and architecture (expiring in 2032 or after), a patent on our system of providing customized insurance quotes based on a user’s price and/or coverage preferences (expiring in 2033 or after), two patents for our loyalty call routing system (expiring in 2033 or after), two patents for a multivariate predictive system that processes usage-based data (expiring in 2035 or after), four patents for the implementation of chatbots in online quoting and servicing (expiring in 2038 or after), two patents for our Commercial Lines business classification system (expiring in 2039 or after), three patents for our automated document classification system (expiring in 2040 or after), and two patents for embedded quoting (expiring in 2043 or after).

We have a substantial amount of “know-how” developed from years of experience with usage-based insurance, and from analyzing the data from billions of driving miles derived from our usage-based devices and our mobile app. We believe this intellectual property provides us with a competitive advantage in the usage-based insurance market.

Insurance Licenses

Our insurance subsidiaries operate under licenses issued by various insurance regulatory authorities. These licenses may be of perpetual duration or renewable periodically, provided the holder continues to meet applicable regulatory requirements. Our licenses govern the kinds of insurance coverages that may be written by our insurance subsidiaries in the issuing jurisdiction. Such licenses are normally issued only after the filing of an appropriate application and the satisfaction of prescribed criteria. All licenses that are material to our subsidiaries’ businesses are in good standing.

Insurance Regulation

Our insurance subsidiaries are generally subject to regulation and supervision by insurance departments of the jurisdictions in which they are domiciled or licensed to transact business. At least one of our insurance subsidiaries is licensed and subject to regulation in each of the 50 states, the District of Columbia, Bermuda, and Canada and its provinces. We also have subsidiaries that write excess and surplus lines, which are regulated in a different fashion that generally offers additional product flexibility. The nature and extent of such regulation and supervision varies from jurisdiction to jurisdiction. Generally, an insurance company is subject to a higher degree of regulation and supervision in its jurisdiction of domicile. Our domestic insurance subsidiaries are domiciled in the states of Florida, Illinois, Indiana, Louisiana, Michigan, New Jersey, New York, Ohio, Texas, and Wisconsin. In addition, California and Florida treat certain of our subsidiaries as domestic insurers for certain purposes under their "commercial domicile" laws.

Insurance laws impose numerous requirements, conditions, and limitations on the operations of insurance companies. Insurance departments have broad regulatory powers relating to those operations. Regulated areas include, among others:

- licensing of insurers and agents,
- capital and surplus requirements,
- restrictions on marketing,
- statutory accounting principles specific to insurance companies and the content of required financial and other reports,
- requirements for establishing insurance reserves,
- investments,
- acquisitions of insurers and transactions between insurers and their affiliates,
- limitations on rates of return or profitability,
- rating criteria, rate levels, and rate changes,
- insolvencies of insurance companies,
- assigned risk programs,
- authority to exit a business, and
- numerous requirements relating to other areas of insurance operations, including: required coverages, policy forms, policy cancellations and non-renewals, underwriting standards, and claims handling.

Insurance departments are authorized to conduct periodic and other examinations of regulated insurers' financial condition and operations to monitor the financial stability of the insurers and to ensure adherence to statutory accounting principles and compliance with insurance laws and regulations. In addition, in some jurisdictions, the attorney general's office may exercise certain supervisory authority over insurance companies and, from time to time, may investigate certain insurance company practices.

Insurance departments establish and monitor compliance with capital and surplus requirements. Although the ratio of written premiums to surplus that the regulators will allow is a function of a number of factors (including applicable laws, the type of business being written, the adequacy of the insurer's reserves, and the quality of the insurer's assets), the annual net premiums that an insurer may write historically have been perceived to be limited to a specified multiple of the insurer's total surplus, generally 3 to 1 for property and casualty insurance, which is generally the target for our vehicle businesses; however, certain states have permitted us to target a premiums-to-surplus ratio for our personal vehicle insurance companies in excess of 3 to 1 based on our strong financial condition. Our personal property business maintains a lower premiums-to-surplus ratio. Thus, the amount of an insurer's statutory surplus, in certain cases, may limit its ability to grow its business. At year-end 2024, we had net premiums written of $74.4 billion and statutory surplus of $27.2 billion. The combined premiums-to-surplus ratio for all of our insurance companies was 2.7 to 1 at December 31, 2024. In addition, as of January 31, 2025 we had access to $3.9 billion of securities held in a non-insurance subsidiary, portions of which could be contributed to the capital of our insurance subsidiaries to support growth or for other purposes.

The National Association of Insurance Commissioners (NAIC) also has developed a risk-based capital (RBC) program to enable regulators to identify and take appropriate and timely regulatory actions relating to insurers that show signs of weak or deteriorating financial condition. RBC is determined by a series of dynamic surplus-related formulas that contain a variety of factors that are applied to financial balances based on the degree of certain risks, such as asset, credit, and underwriting risks. At December 31, 2024, our RBC ratios were in excess of minimum requirements.

Insurance companies are generally required to file detailed annual and other reports with the insurance department of each jurisdiction in which they conduct business. These reports include:

- the insurer's financial statements under statutory accounting principles,
- details concerning claims reserves held by the insurer,
- specific investments held by the insurer, and
- numerous other disclosures about the insurer's financial condition and operations.

Insurance laws and insurance departments also regulate investments that insurers are permitted to make. Limitations are placed on the amounts an insurer may invest in a particular issuer, as well as the aggregate amount an insurer may invest in certain types of investments. Certain investments are prohibited.

Insurance holding company laws enacted in many jurisdictions authorize insurance departments to regulate acquisitions of insurers and certain other transactions and to require periodic disclosure of specified information. These laws impose prior approval requirements for certain transactions between insurers and their affiliates and generally regulate dividend and other distributions, including loans and cash advances, between insurers and their affiliates. See *Note 8 – Statutory Financial Information* in the Annual Report for further discussion.

Under insolvency and guaranty laws, insurers can be assessed or required to contribute to applicable guaranty funds to cover policyholder losses resulting from the insolvency of other insurers. Insurers are also required by many jurisdictions, as a condition of doing business in the jurisdiction, to provide coverage to certain risks that cannot find coverage in the voluntary market. These "assigned risk" plans generally specify the types of insurance and the level of coverage that must be offered to such involuntary risks, as well as the allowable premium. Many jurisdictions also have involuntary market plans, which hire a limited number of servicing carriers to provide insurance to involuntary risks. These plans, through assessments, pass underwriting and administrative expenses on to insurers that write voluntary coverages in those jurisdictions.

Many jurisdictions have laws and regulations that limit an insurer's ability to exit a market. For example, certain jurisdictions limit an insurer's ability to cancel or non-renew policies. Certain jurisdictions also prohibit an insurer from withdrawing one or more lines of business from the jurisdiction, except pursuant to a plan that is approved by the jurisdiction's insurance department. The insurance department may disapprove a plan that may lead to market disruption. Laws and regulations that limit the cancellation or non-renewal of policies, or that subject program withdrawals to prior approval requirements, may delay or restrict an insurer's ability to exit unprofitable markets or businesses.

As mentioned above, insurance departments have regulatory authority over many other aspects of an insurer's insurance operations, including coverages, forms, rating criteria, and rate levels. The ability to implement changes to these items on a timely basis is critical to our ability to compete effectively in the marketplace. Rate regulation varies from "use and file," to "file and use," to "prior approval."

Regulation of insurance constantly changes as real or perceived issues and developments arise. Some changes may be due to economic developments, such as changes in investment laws made to recognize new investment products or to respond to perceived investment risks, while others reflect concerns about consumer privacy, insurance availability, prices, allegations of unfair-discriminatory pricing, underwriting practices, and solvency. In recent years, legislation, regulatory measures, and voter initiatives have been introduced, and in some cases adopted, which deal with use of consumer information, cybersecurity, use of credit and other information in underwriting and rating, insurance rate development, use of artificial intelligence and algorithms, rate of return limitations, and the ability of insurers to cancel or non-renew insurance policies. In addition, from time to time, the U.S. Congress and certain federal agencies have investigated the current condition of the insurance industry to determine whether federal regulation is necessary. The Federal Insurance Office is required to collect information about the insurance industry and monitor the industry for systemic risk.

See *Item 1A, Risk Factors* below for more information.

Investments

Our investment portfolio, which had a fair value of $80.3 billion at December 31, 2024, compared to $66.0 billion at December 31, 2023, consists of fixed-maturity securities, short-term investments, and equity securities (nonredeemable preferred stocks and common equity securities). Our fixed-maturity securities, short-term investments, and nonredeemable preferred stocks are collectively referred to as fixed-income securities. Our principal investment goals are to manage our portfolio on a total return basis to support all of the insurance premiums that we can profitably write and contribute to our comprehensive income. In our actively managed fixed-income securities portfolio, we believe that, in addition to many traditional considerations of fixed-income investing, there is less risk in securities that score higher across various environmental, social, and governance factors. Therefore, we consider these assessments when evaluating these investment decisions. Our portfolio is invested primarily in short-term and intermediate-term, investment-grade fixed-income securities.

Investment income is affected by the variability of cash flows to or from the portfolio, shifts in the type and quality of investments in the portfolio, changes in yield, and other factors. For securities related to our investment portfolios, total investment income includes interest, dividends, accretion, amortization, net realized gains (losses) on securities sold, and net holding period gains (losses) on securities (composed primarily of valuation changes on equity securities). Total investment income, before expenses and taxes, was $3.1 billion in 2024, compared to investment income of $2.3 billion in 2023 and an investment loss of $0.7 billion in 2022. On a pretax total return basis (i.e., total investment income plus changes in net unrealized gains (losses) on our fixed-maturity securities), our investment portfolio generated investment income of $3.3 billion in 2024 and $3.8 billion in 2023, compared to an investment loss of $4.3 billion in 2022. For more detailed discussion of our investment portfolio, see *Note 2 – Investments, Note 3 – Fair Value,* and *Management's Discussion and Analysis of Financial Condition and Results of Operations* in the Annual Report.

Service Businesses

Our service businesses, which represented less than 1% of our total revenues at December 31, 2024, 2023, and 2022, and did not have a material effect on our overall operations, primarily include our commission- or fee-based businesses, where we often act as an agent for other insurance companies. We offer home, condominium, and renters insurance, among other products, written by affiliated and unaffiliated insurance companies in almost all states in the direct channel. We also offer our customers the ability to package their commercial auto coverage with other commercial coverages that are written by unaffiliated insurance companies. We receive commissions for the policies written under this program and allocate marketing and other administration costs associated with maintaining these programs.

Liability for Property-Casualty Losses and Loss Adjustment Expenses

The consolidated financial statements include the estimated liability for unpaid losses and LAE, which include ALAE (e.g., defense and cost containment expenses) and unallocated LAE (e.g., adjusting and other expenses), of our insurance subsidiaries. Our objective is to ensure that total reserves (i.e., case reserves and incurred but not recorded reserves, or IBNR) are adequate to cover all loss costs, while sustaining minimal variation from the time reserves are initially established until losses are fully developed. The liabilities for losses and LAE are determined using actuarial and statistical procedures and represent undiscounted estimates of the ultimate net cost of all unpaid losses and LAE incurred through the end of the period. These estimates are subject to the effect of future trends on claims settlement, among other factors.

These estimates are regularly reviewed and adjusted as experience develops and new information becomes known. Adjustments, if any, relating to accidents that occurred in prior years are reflected in the current year results of operations and are referred to as "development" of the prior year estimates. In establishing loss reserves, we take into account projected changes in claim severity caused by a number of factors that vary with the individual type of policy written. This severity is projected based on historical trends, adjusted for anticipated changes in underwriting standards, inflation, policy provisions, claims resolution practices, and general economic trends. These anticipated trends are reconsidered periodically based on actual development and are modified if necessary.

See *Note 6 – Loss and Loss Adjustment Expense Reserves* in the Annual Report for a detailed discussion of our loss reserving practices and a reconciliation of our loss and LAE reserve activity, along with incurred and paid claims development by accident year for our segments, based on definitions pursuant to statutory accounting principles.

Human Capital

We believe that our people and our culture remain our most significant competitive advantage, and that having the right people working together in the right way is critical to driving our results, building our enduring business, and creating long-term shareholder value. Our culture is deeply rooted in our Core Values (Integrity, Golden Rule, Excellence, Objectives, and Profit) and is the foundation for our human capital management strategies to attract, hire, engage, and retain highly qualified employees.

Our People

We believe that our culture and continued success has enabled us to create a workplace composed of highly talented people across diverse markets and with a broad range of backgrounds and experiences.

Attract and Hire

We employ extensive recruiting practices with a goal of developing qualified and deep candidate pools and attracting candidates from both established and new sources. We believe that our recruitment efforts generally have enabled us to present high-potential pools of job candidates to our hiring managers. In turn, we train our hiring managers to identify and avoid unconscious biases they may have during the interview and selection process and the importance of employing individuals with different kinds of experiences and backgrounds. We believe these strategies collectively enhance our applicant pools and contribute to our continued success.

Engage and Retain

We understand that engaged employees are more productive, provide better service to our customers, and are more likely to stay with Progressive. Each year, we survey our people to measure their engagement. Our 2024 engagement and culture survey results placed us in the top 2% of all companies using the survey, which is designed by a nationally-known third party and administered in like form to over 1,200 employers in the United States. We use the results, along with other information, to evaluate our human capital strategies and the health of our culture.

Employee retention is an important part of our strategy. Our annualized employee retention rate for 2024 was 89%, up three points from the prior year, and, as of December 31, 2024, more than 17,000 employees had over 10 years of tenure at the company. Promoting from within is also a key part of our strategy. Many of our leaders, including most executive team members, joined Progressive in a more junior position and advanced to significant leadership positions within the organization. In 2024, we filled over 75% of our open positions above entry level by promoting from within, including just over 2,100 managerial positions. As of December 31, 2024, we had about 66,300 employees. We disclose our consolidated EEO-1 data on our website.

Supporting our People and Culture

We strive to support our employees by providing challenging work experiences, career opportunities, and a culture of learning. We are focused on coaching and development, which we believe promotes greater engagement in our business and improved individual performance.

Training and Development

We actively foster a learning culture and offer several leadership development programs, including a program open to employees of all backgrounds with a focus on leading inclusively. Two of our career development boot camps (IT Programmer and Analyst) are intended to accelerate career opportunities. Moreover, our career development resource, “Career Central,” encourages employees to take control of their careers through career exploration guides, recorded career journeys, discovery questionnaires to guide employees to roles that match their skills, and more. Available to new and tenured employees, our learning solutions are tailored to both individual contributors and leaders and cover a broad swath of skills and competencies. We also leverage our extensive contemporary art collection to offer training sessions to spark conversations about our culture, innovation, ethical obligations, and respecting our differences, among other things.

Employee Resource Groups

Over a decade ago, our first Employee Resource Groups (ERG) were created to help build communities for our employees. We have nine inclusive ERGs (Asian American Network, Disabilities Awareness Network, LGBTQ+ Network, Military Network, Network for Empowering Women, Parent Connection, Progressive African American Network, Progressive Latin American Networking Association, and Young Professionals Network), each one open to all employees at the company. We believe our

ERGs provide spaces for networking, understanding differences, and sharing experiences. Our first ERGs launched in 2007, and 44% of Progressive people belong to at least one ERG as of December 31, 2024.

Ethics

Our Core Values are the foundation for our Code of Business Conduct and Ethics, which provides clear expectations for all our people and confirms our commitment to high ethical standards and compliance with legal requirements. We provide ethics training, as well as regular communications, video series, and outside speakers presenting on themes such as Celebrate Disagreement, Core Conversations, and Courage at our Core, to emphasize our commitment to our ethical and legal responsibilities. Additionally, we have an "open door" policy that empowers every employee to reach out to any manager or any human resource representative when they have a question or concern or they want to share an idea. We also provide a confidential Alertline that is available for employees and others who want to raise a concern anonymously. We encourage our people to speak up, and when they do, we give timely attention to their concerns, take remedial action where appropriate, and do not discriminate or retaliate against them for reporting any concern to us in good faith.

Compensation and Benefits

We seek to provide competitive pay through a combination of fixed and variable compensation and have designed our compensation programs for employees to earn above market pay when company performance warrants it. We publish, internally, our competitive annualized base pay ranges and annual cash incentive targets for virtually all of our positions. As part of employee compensation, nearly all Progressive people participate in our annual cash incentive program, named Gainshare, which rewards the growth and profitability of our insurance businesses. We believe Gainshare contributes to the cooperative and collaborative way we work together and, in part, defines our culture. Our executives and other senior leaders also receive compensation in the form of equity awards, which we believe supports a strong pay-for-performance linkage and further aligns their interests with those of our shareholders. We monitor overall pay equity among employees with similar performance, experience, and job responsibilities, and publish the results annually on our website.

Our employee benefits are intended to be competitive and to support the needs of our people and their families. We invest in physical, emotional, and financial health of Progressive people by providing a broad range of benefits, including: medical, prescription drug, dental, and vision benefits; a 401(k) plan with up to a 6% company match; life insurance; long- and short-term disability insurance; and paid parental leave following birth, adoption, or placement of a foster child. Our health and wellness offerings include on-site fitness centers, a medical clinic, and health seminars. We provide several on-site and online offerings, such as fitness classes and health discussions, to meet the needs of our employees who are working remotely. We continue to offer a variety of health and wellness programs accessible to employees working from the office or remotely. We also offer an Employee Assistance Program that provides 24-hour support, flexible work arrangements, and provide paid time off to help our people balance their work and personal lives.

Diversity, Equity, and Inclusion

We believe that in order to be consumers', agents', and business owners' number one destination for insurance and other financial needs, we need to anticipate and understand the needs of our customers. Therefore, we aspire to take full advantage of the rich diversity of our employees' unique backgrounds, experiences, skills, talents, and perspectives.

For Progressive, our inclusive workplace philosophy is not represented by just a program, initiative, or singular goal. We take a holistic approach guided by four primary objectives, which have been in place for several years: (1) to maintain a fair and inclusive work environment; (2) to reflect the customers we serve; (3) for our leaders to reflect the people they lead; and (4) to contribute to our communities.

We're committed to creating an environment where all our people feel welcomed, valued, and respected, and we integrate this commitment into our workplace. We support inter-cultural and inter-personal awareness among our employees by offering formal training sessions and workshops focused on building our overall awareness and individual competencies to address difficult topics and foster an inclusive culture. This includes hosting regular IQ Inclusion Quarterly℠ events which feature a series of speakers, discussion groups, and storytelling focused on themes such as embracing vulnerability and increasing collaboration. We also have companywide Courageous Conversations and Speakers Bureau programs, where presenters and facilitators lead work teams in discussions around topics such as the development of inclusive behaviors.

We support efforts to contribute to our communities, through our Keys to Progress® programs (which provide vehicles to veterans and veteran-focused organizations), and by supporting programs which furnish homes for individuals emerging from homelessness, our various education and engagement efforts, and our financial contributions to various community organizations.

For over 20 years, we also have contributed to The Progressive Insurance Foundation. Through the Name Your Cause® program, each employee can recommend an eligible charity to receive a fixed amount of the Foundation's charitable giving without requiring the employee make an out-of-pocket donation. This is the Foundation's way of supporting causes and reaching communities across the country where our people, and our customers, live and work. Since 2020, Progressive has also contributed, either directly or through the Foundation, to national charitable organizations identified by our ERGs.

Available Information

Our website is located at progressive.com. Except as expressly noted herein, the information on this website is not incorporated by reference in, and does not form part of, this Form 10-K. As soon as reasonably practicable, we make all documents that we file with, or furnish to, the SEC, including our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to these reports, available free of charge via our website at progressive.com/investors. These reports are also available on the SEC's website: https://www.sec.gov. Information on our website does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Progressive filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent we specifically incorporate such information by reference in such a filing.

ITEM 1A. RISK FACTORS

I. Summary

Our business involves various risks and uncertainties, certain of which are discussed in this section. Management divides these risks into five broad categories in assessing how they may affect our financial condition, cash flows, and results of operations, as well as our ability to achieve our strategic business goals and objectives. Our risk categories include:

- **Insurance Risks -** risks associated with assuming, or indemnifying for, the losses or liabilities incurred by policyholders,
- **Operating Risks -** risks stemming from external or internal events or circumstances that may affect our insurance operations directly or indirectly,
- **Market Risks -** risks that may cause changes in the value of assets held in our investment portfolios,
- **Liquidity Risk -** risk that our financial condition will be adversely affected by the inability to meet our short-term cash, collateral, or other financial obligations, and
- **Credit and Other Financial Risks** - risks that the other party to a transaction will fail to perform according to the terms of a contract, or that we will be unable to satisfy our obligations when due or obtain capital when necessary.

We have also included an "Other" section in the discussion below to identify risks that do not fit into one of the categories above.

Although we have organized risks generally according to these categories in the discussion below, many of the risks may have ramifications in more than one category. For example, although presented as an Operating Risk below, governmental regulation of insurance companies also affects our underwriting, investing, and financing activities, which are addressed separately under Insurance Risks, Market Risks, and Credit and Other Financial Risks below. These categories, therefore, should be viewed as a starting point for understanding the significant risks facing us and not as a limitation on the potential impact of the matters discussed.

Our business and that of other insurers may be adversely affected by a downturn in general economic conditions and other forces beyond our control. Issues such as unemployment rates, the number of vehicles sold, technological advances, home ownership trends, inflation or deflation, tariffs, consumer confidence, and construction spending, among many other factors, will have a bearing on the amount of insurance that is purchased by consumers and small businesses and the costs that we incur. Also, to the extent that we have a concentration of business in one or more states or regions of the country, general economic conditions in those states or regions may have a greater impact on our business.

We cannot predict whether the risks and uncertainties discussed in this section, or other risks not presently known to us or that we currently believe to be immaterial, may develop into actual events and impact our business. If any one or more of them does so, the events could materially adversely affect our financial condition, cash flows, or results of operations, and the market prices of our equity or debt securities could decline.

This information should be considered carefully together with the other information contained in this report and in the other reports and materials filed by us with the SEC, as well as news releases and other information we publicly disseminate from time to time.

II. Insurance Risks

Our success depends on our ability to underwrite and price risks accurately and to charge adequate rates to policyholders.

Our financial condition, cash flows, and results of operations depend on our ability to underwrite and set rates accurately for a full spectrum of risks. A primary role of the pricing function is to ensure that rates are adequate to generate sufficient premiums to pay losses, loss adjustment expenses, and underwriting expenses, and to earn a profit.

Pricing involves the acquisition and analysis of historical data regarding vehicle accidents, other insured events, and associated losses, and the projection of future trends for such accidents and events, loss costs, expenses, and inflation, among other factors, for each of our products in multiple risk tiers and many different markets. Our ability to price accurately is subject to a number of risks and uncertainties, including, without limitation:

- the availability of sufficient, reliable data
- our ability to conduct a complete and accurate analysis of available data
- uncertainties inherent in estimates and assumptions, generally

- our ability to timely recognize changes in trends and to predict both the severity and frequency of future losses with reasonable accuracy
- our ability to predict changes in operating expenses with reasonable accuracy
- our ability to reflect changes in reinsurance costs in a timely manner
- the development, selection, and application of appropriate rating formulae or other pricing methodologies
- our ability to innovate with new pricing strategies and the success of those strategies
- our ability to implement rate changes and obtain any required regulatory approvals on a timely basis
- our ability to predict policyholder retention accurately
- unanticipated court decisions, legislation, or regulatory actions
- the frequency, severity, duration, and geographic location and scope of severe weather, and other catastrophe events, which may become more severe and less predictable as a result of climate change
- our ability to understand the impact of ongoing changes in our claim settlement practices
- changing vehicle usage and driving patterns, which may be influenced by epidemics, pandemics, other widespread health risks, or changes in oil and gas prices, among other factors, changes in residential occupancy patterns, and the sharing economy
- advancements in vehicle or home technology or safety features, such as accident and loss prevention technologies or the development of autonomous or partially autonomous vehicles
- unexpected changes in the medical sector of the economy, including medical costs and systemic changes resulting from national or state healthcare laws or regulations
- unforeseen disruptive technologies and events
- the ability to understand the risk profile of significant customers, such as transportation network companies
- unanticipated changes in auto repair costs, auto parts prices, used car prices, construction requirements, labor and materials costs, and the imposition and impacts of tariffs

We are seeing various insurance regulations, legislative and regulatory challenges, political initiatives, and other societal pressures that seek to limit or prohibit the use of specific rating factors in insurance policy pricing, such as credit, education, and occupation. In our view, these efforts have the potential to significantly undermine the effectiveness of risk-based pricing. If we are unable to use rating factors that have been shown empirically to be highly predictive of risk, we may not be able to as accurately match insurance rates to the applicable risks, which may significantly adversely impact our insurance operating results.

The realization of one or more of these risks may result in our pricing being based on inadequate or inaccurate data or inappropriate analyses, assumptions, or methodologies, and may cause us to estimate incorrectly future changes in the frequency or severity of claims. As a result, we could underprice risks, which would negatively affect our underwriting profit margins, or we could overprice risks, which could reduce our competitiveness and growth prospects. In either event, our financial condition, cash flows, and results of operations could be materially adversely affected. In addition, underpricing insurance policies over time could erode the capital position of one or more of our insurance subsidiaries, thereby constraining our ability to write new business.

Our success depends on our ability to establish accurate loss reserves.

Our financial statements include loss reserves, which represent our best estimate as of the date of the financial statements of the amounts that our insurance subsidiaries ultimately will pay on claims that have been incurred, and the related costs of adjusting those claims. There is inherent uncertainty in the process of establishing property and casualty insurance loss reserves, which can arise from a number of factors which are, or can be, affected by both internal and external events including:

- the availability of sufficient, reliable data
- the difficulty in predicting the rate and direction of changes in frequency and severity trends, including the effects of inflationary pressures or other factors, for multiple products in multiple markets
- unexpected changes in medical costs, auto repair costs, or the costs of construction labor and materials
- the imposition and impacts of tariffs
- labor shortages, which can impact loss expenses directly through higher labor costs, and indirectly through delays in services or through lower quality, as companies hire less experienced workers to perform services
- unanticipated changes in governing statutes and regulations
- new or changing interpretations of insurance policy provisions and coverage-related issues by courts

- the outcome of lawsuits against us or our competitors, including unanticipatedly high jury verdicts or punitive damage awards
- the effects of changes in our claims settlement practices
- our ability to recognize fraudulent or inflated claims
- the accuracy of our estimates regarding claims that have been incurred but not recorded as of the date of the financial statements, including those arising from severe weather or other catastrophe events
- the accuracy and adequacy of actuarial techniques and databases used in estimating loss reserves
- the accuracy of the modeling tools that we use, which rely on the assumption that past loss development patterns will persist into the future and vary in the rate at which they incorporate changes in data
- the accuracy and timeliness of our estimates of loss and loss adjustment expenses as determined for different categories of claims

The ultimate paid losses and loss adjustment expenses may deviate, perhaps substantially, from point-in-time estimates of such losses and expenses, as reflected in the loss reserves included in our financial statements. Consequently, ultimate losses paid could materially exceed reported loss reserves and have a material adverse effect on our financial condition, cash flows, or results of operations.

Our insurance operating results have been and likely will continue to be materially adversely affected by severe weather and other catastrophe events, and climate change may be exacerbating these events and their impacts.

Our insurance operating results have periodically been, and in the future likely will continue to be, materially adversely affected by natural events, such as hurricanes, tornadoes, windstorms, floods, earthquakes, hailstorms, severe winter weather, and fires, or by other events, such as explosions, terrorist attacks, cyberattacks, epidemics, pandemics or other widespread health risks, riots, and hazardous material releases. The frequency, severity, duration, geographic location, and scope of such events are inherently unpredictable. Moreover, climate change may be contributing to the increase in frequency of severe weather events and other natural disasters, how long they last, and how much insured damage they cause, and may change where the events occur. Catastrophe losses have in the past, and may in the future, adversely affect the profitability of our property business more than they affect the profitability of our other businesses. In addition, our property business has a concentration of policies in force in states with significant exposure to hurricanes and hailstorms and its results have in the past been impacted by catastrophe events in these states to a greater relative degree than some other insurers.

The extent of insured losses from a catastrophe event is a function of our total insured exposure in the area affected by the event, the nature, severity, and duration of the event, and the extent of reinsurance that we have obtained with respect to such an event. We use catastrophe modeling tools to help estimate our exposure to such events to price our products and to estimate our losses arising from catastrophe events. Those tools are based on historical data and other assumptions that limit their reliability and predictive value, and they may become even less reliable due to climate change. Therefore, our forecasting efforts may generate projections and loss estimates that prove to be materially inaccurate. As a result, an increase in the frequency, severity or duration, or unanticipated changes in geographic location or scope, of severe weather or other catastrophes could materially adversely affect our financial condition, cash flows, and results of operations.

Our success will depend on our ability to continue to accurately predict our reinsurance needs, obtain sufficient reinsurance coverage for our property and other businesses at reasonable cost, and collect under our reinsurance arrangements.

Our property business relies on reinsurance contracts, state reinsurance funding, and catastrophe bonds (collectively, “reinsurance arrangements”) to reduce its exposure to certain catastrophe events. We also use reinsurance contracts to reinsure portions of our Commercial Lines business, including our workers’ compensation and business owners’ policies and the transportation network company business. See *Item 1, Business – Reinsurance* for further discussion. Reinsurance arrangements are often subject to a threshold below which reinsurance does not apply (often called the retention), so that we are responsible for all losses below the threshold from a covered event. Also, reinsurance policies typically have an aggregate dollar coverage limit, and, therefore, we are further exposed to the extent that our claims liabilities arising from a covered event exceed our reinsurance coverage. In addition, although the reinsurer is liable to us to the extent of the contractual reinsurance coverage, we remain liable under our policies to the insured as the direct insurer on all risks reinsured. As a result, we are subject to the risk that reinsurers will be unable to pay, or will dispute, our reinsurance claims, and this risk may be heightened to the extent climate change or other factors cause higher than anticipated losses for a reinsurer across its businesses. Further, the availability and cost of reinsurance are subject to prevailing reinsurance market conditions, which have been, and in the future could be, adversely impacted by the underwriting capacity of the reinsurance industry. That underwriting capacity can be influenced by several factors, including industry losses, changes in legal and regulatory guidelines, and the occurrence of significant reinsured events, such as weather-related catastrophes, among other things. Depending on the impact of any of these factors, we may not be able to obtain reinsurance coverage in the future at all or with commercially reasonable rates, terms, and conditions. The unavailability and/or increased cost of reinsurance could adversely affect our business volume, profitability, or financial condition.

III. Operating Risks

Our business depends on the secure and uninterrupted operation of our systems, facilities, and business functions and the operation of various third-party systems.

Our business is highly dependent upon our ability to perform necessary business functions in an efficient and uninterrupted manner. The shut-down, disruption, degradation, or unavailability of one or more of our systems or facilities, or the inability of large numbers of our employees to communicate in a largely hybrid work environment, for any reason, could significantly impair our ability to perform critical business functions on a timely basis. In addition, many of our critical business systems interface with and depend on third-party systems. An interruption or degradation of service from a third-party system for any reason, or a determination by a vendor to abandon or terminate support for a system, product, obligation, or service that is significant to our business, could significantly impair our ability to perform critical business functions, including, but not limited to, impeding customer interactions, preventing access to company or customer data, and interfering with our ability to send or accept electronic payments through credit card or debit card networks and the Automated Clearing House, among other payment systems. If sustained or repeated, and if an alternate system, process, or vendor is not immediately available to us, such events could result in a deterioration of our ability to write and process policies, provide high-quality customer service, resolve claims in a timely manner, make payments when required, or perform other necessary business functions. Also, system redundancy and other continuity measures may be ineffective or inadequate, and our business continuity and disaster recovery planning may not be sufficient for all eventualities. Any such event could have a material adverse effect on our financial results and business prospects, as well as cause damage to our reputation, brand, and customer goodwill. Catastrophe events that affect one of our larger office locations, a significant technology/data center, critical communications facilities, or one or more of our key vendors, may heighten this risk and any adverse effect.

Our business could be materially adversely affected by a security breach or other attack involving our technology systems or the systems of one or more of our vendors.

Our business requires that we develop and maintain large and complex technology systems, and that we rely on third-party systems and applications, to run our operations and to store the significant volume of data that we acquire, including the personal information of our customers and employees and our intellectual property, trade secrets, and other sensitive business and financial information. All of these systems are subject to "cyberattacks" by third parties with substantial computing resources and capabilities, which are becoming more frequent and more sophisticated, and to unauthorized or illegitimate actions by employees, consultants, agents, and other persons with legitimate access to our systems. Such attacks or actions may include attempts to:

- access our systems
- improperly use, steal, sell, corrupt, or destroy data or information, including our intellectual property, financial data, or the personal information of our customers, employees, or other individuals
- misappropriate funds or extract ransom payments
- commit fraud
- disrupt or shut down our systems
- deny customers, agents, brokers, or others access to our systems
- infect our systems with viruses or malware

Some of our systems and operations rely on third-party vendors, through either a connection to, or an integration with, those third parties' systems or contracted personnel. This approach has increased, and may continue to increase, the risk of loss, corruption, or unauthorized access to or inappropriate disclosure of our data or information or the confidential information of our customers and employees, or other cyberattacks. Although we may review and assess third-party vendor cybersecurity controls, our efforts may not be successful in preventing or mitigating the effects of such events. Third-party risks may include, among other factors, the vendor's lax security measures, data location uncertainty, and the possibility of data and information storage in inappropriate jurisdictions where laws or security measures may be inadequate.

We undertake substantial efforts and expend significant resources to protect our systems and sensitive or confidential data and information. Our information security efforts are designed to evolve with the changing security threat environment through ongoing assessment and measurement. This includes internal processes and technological defenses that are preventative or detective, and other controls designed to provide multiple layers of security protection. In addition, we seek to protect the security and confidentiality of data and information provided to our vendors under cloud computing or other arrangements through appropriate risk evaluation, security and financial due diligence, contracts designed to require high security and confidentiality standards, and review of third-party compliance with the required standards.

Our systems are being threatened on a regular basis and our efforts may be insufficient to prevent or defend against an attack. We, and certain of our third-party vendors, have experienced attacks and incidents in the past, and there can be no assurance that we, or any vendor, will be successful in preventing future attacks or incidents or detecting and stopping them once they have begun. Cybersecurity risks rapidly evolve and are complex, so we must continually adapt and enhance our processes and technological defenses. As we do this, we must make judgments about where to invest resources to most effectively protect ourselves from cybersecurity risks. These are inherently challenging judgements, and we can provide no assurance that processes and technological defenses that we implement will be effective.

Our business could be significantly damaged by a security breach, data loss or corruption, or cyberattack. In addition to the potentially high costs of investigating and stopping such an event and implementing necessary fixes, we could incur substantial liability if confidential customer or employee information is stolen. In addition, such an event could cause a significant disruption of our ability to conduct our insurance operations, adversely affect our competitive position if material trade secrets or other confidential information are stolen, and have severe ramifications on our reputation and brand, potentially causing customers to refrain from buying insurance from us or other businesses to refrain from doing business with us. Therefore, the occurrence of a security breach, data loss or corruption, or cyberattack, if sufficiently severe, could have a material adverse effect on our business results, prospects, and liquidity.

We must maintain a brand and reputation that is recognized and trusted by consumers.

We believe it is critical to our business that consumers recognize and trust the Progressive brand. Accordingly, we have made significant investments in our brand over many years. We undertake distinctive advertising and marketing campaigns and other efforts to maintain and improve our brand recognition, enhance perceptions of us, generate new business, and increase the retention of our current customers. We believe that maintaining and improving the effectiveness of our advertising and marketing campaigns relative to those of our competitors is particularly important in light of the significance of brand and reputation in the marketplace, including the continuing extensive advertising and marketing efforts and related expenditures within the insurance market. If our marketing campaigns are unsuccessful or are less effective than those of competitors, or if our reliance on a particular spokesperson or character is compromised, our business could be materially adversely affected.

Our brand and reputation also could be adversely affected by situations that reflect negatively on us, whether due to our business practices, adverse financial developments, perceptions of our corporate governance, perceptions of our purpose-driven brand, how we address employee matters and concerns, our approach to environmental, social, sustainability and corporate responsibility matters, investments in our portfolio, the conduct of our officers, directors, or employees, or other causes. It may also be harmed by the actions of third parties that are generally outside of our control, including agents, significant customers, or other businesses with which we do business or in which we invest, such as third-party providers that interface with our customers, unaffiliated insurers and other companies whose products we offer or make available to our customers, or other causes.

The negative impacts of these or other events may be aggravated as consumers, regulators, and other stakeholders increase or change their expectations, or adopt conflicting expectations, regarding the conduct of large public companies, environmental, social, and governance (ESG) standards, and sustainability and corporate responsibility efforts, programs, and initiatives. These expectations and standards are continually evolving and not always clear. Our practices may not change in the manner or at the rate that our various stakeholders expect. These impacts may be further complicated such that perceptions are formed through rapid and broad interactions using social media and other communication tools over which we have no control. Additionally, we may fail to meet our related commitments, targets, or aspirations in these areas, and also could determine that it is in the best interest of the company and our shareholders to prioritize other business priorities ahead of our efforts in these areas. Any such negative impact or event could decrease demand for our products or services, create difficulties in our ability to recruit and retain employees, negatively impact our stock price, and lead to greater regulatory scrutiny of our businesses, among other things.

Our success depends on our ability to innovate effectively and respond to our competitors' initiatives.

Our ability to develop and implement innovative products and services, which may include technological advances, that are accepted and valued by our customers and independent agents is critical to maintaining and enhancing our competitive position. Innovations must be implemented in compliance with applicable insurance and other regulations and may require extensive modifications to our systems and processes and extensive coordination with and reliance on the systems of third parties. Technological and societal changes may lead to changes in customers' preferences as to how they want to interact with us. As a result, if we do not handle these transitions effectively and bring such innovations to market with the requisite speed and agility, the quality of our products and services, our relationships with our customers and agents, and our business prospects, may be materially adversely affected. In addition, innovations by competitors or other market participants may increase the level of competition in the industry. If we fail to respond appropriately in a timely manner to those innovations and also to the evolving customer preferences, our competitive position and results may be materially adversely affected.

We must effectively manage complexity as we develop and deliver high-quality products and customer experiences.

Ongoing competitive, technological, regulatory, informational, and other developments result in significant levels of complexity in our products and in the systems and processes we use to run our businesses. The speed of some of these developments has increased and likely will continue to increase. Risks associated with these developments include:

- our increasing reliance on third-party systems including "cloud computing" environments and software as a service applications
- the development of new modes of communication
- changing insurance shopping trends
- our understanding of the operations and needs of significant customers
- the availability and uses of very large volumes of data and the challenges relating to analyzing those data sets, including the availability of sufficient internal and external talent that understand and can manage the complexity and related risks

Complexity may, among other potential difficulties, create barriers to innovation or the provision of high-quality products and customer and agent experiences with the speed and agility that may be required; require us to modify our business practices, adopt new systems or technology, or replace outdated systems or technology, or upgrade systems or technology to enhance the scale, performance or functionality, each at significant expense; and lead to increased difficulty in executing our business strategies.

We compete in property and casualty insurance markets that are highly competitive.

The markets in which we sell insurance are highly competitive. We face vigorous competition from large, well-capitalized national and international companies, as well as smaller regional insurers. Other companies, potentially including existing insurance companies, vehicle manufacturing companies, "insurtech" companies, and other well-financed companies seeking new opportunities, or new competitors with technological or other innovations, also have entered these markets and may continue to do so in the future. Many of our competitors have substantial resources, experienced management, and strong marketing, underwriting, pricing, and technological capabilities. The property and casualty insurance industry is a relatively mature industry, in which brand recognition, marketing skills, innovation, operational effectiveness, pricing, scale, and cost control are major competitive factors. If our competitors offer similar insurance products at lower prices, offer such insurance products bundled with other products or services that we do not offer, are permitted to offer their products under different legal and regulatory constraints than those that apply to us, or engage in other successful competitive initiatives, our ability to generate new business, or to retain a sufficient number of our existing customers, could be compromised. In addition, because auto insurance constitutes a significant portion of our overall business, we may be more sensitive than other insurers to, and more adversely affected by, trends that could decrease auto insurance rates or reduce demand for auto insurance over time, such as advances in vehicle technology, autonomous or semi-autonomous vehicles, or vehicle-sharing arrangements. We may also be adversely affected in our Commercial Lines business, which represents a significant portion of our growth potential, by trends or events that decrease the demand for services offered by, or decrease the profitability of, the commercial auto market, including trucking businesses and ridesharing services. Additionally, our Commercial Lines business may be adversely affected by a loss of or reduction in geographic coverage from one or more customers, including transportation network company customers.

We expect similar, and perhaps greater, competitive pressures with respect to any new insurance or non-insurance businesses that we decide to enter in the future. In such cases, we would be selling products or services that are new to us, while our competitors could include large, well-financed companies with significant product and marketing experience in such businesses.

Historically, the auto and property insurance markets have been described as cyclical, with periods of relatively strong profitability being followed by increased pricing competition among insurers. This price competition, which is sometimes referred to as a “soft market,” can adversely affect revenue and profitability levels. As insurers recognize this situation (which can occur at different times, for different products and for different companies), the historical reaction has been for insurers to raise their rates (sometimes referred to as a “hard market”) in an attempt to restore profitability to acceptable levels. As more insurers react in this way, profit levels in the industry may increase to a point where some insurers begin to lower their rates, starting the cycle over again. The ability to discern at any point in time whether we are in a “hard” or “soft” market is often difficult, as such a conclusion represents an assessment of innumerable data points including, among others, the operating results of, and the dynamic competitive actions taken by, us and many competitors in multiple markets involving a variety of products. Often, detailed information on our competitors becomes available on a delayed basis, and the nature of the market becomes apparent only in retrospect. Our ability to predict future competitive conditions is also constrained as a result.

The highly competitive nature of the insurance marketplace could result in consolidation within the industry, or in the failure of one or more competitors. The concentration of insurance business in a reduced number of major competitors could significantly increase the level of competition in a manner that is not favorable to us. In addition, in the event of a failure of a major insurer or a state-sponsored catastrophe fund, our company and other insurance companies may be required by law to absorb the losses of the failed insurer or fund, resulting in a potentially significant increase in our costs. We might also be faced with an unexpected surge in new business from a failed insurer’s former policyholders. Such events could materially adversely affect our financial results, brand, and future business prospects.

Our success depends on our ability to adjust claims accurately.

We must accurately evaluate and pay claims that are made under our insurance policies. Our failure to pay claims fairly, accurately, and in a timely manner, or to deploy claims resources appropriately and in a cost-effective manner, could result in unanticipated costs to us, lead to material litigation, undermine customer goodwill and our reputation in the marketplace, and impair our brand and, as a result, materially adversely affect our competitiveness, customer retention, financial results, prospects, and liquidity.

We are subject to a variety of complex laws and regulations.

Our insurance businesses operate in highly regulated environments. Our insurance subsidiaries are subject to regulation and supervision by state insurance departments in all 50 states, the District of Columbia, Bermuda, and Canada and its provinces. Each jurisdiction has a unique and complex set of laws and regulations. In addition, certain United States federal laws impose additional requirements on businesses, including insurers, in a wide range of areas, such as the use of credit information, methods of customer communications, employment practices, and the reimbursement of certain medical costs incurred by the government. Our insurance subsidiaries’ ability to implement business plans and remain competitive while complying with these laws and regulations, and to obtain necessary regulatory action in a timely manner, is and will continue to be critical to our success.

Most jurisdictions impose restrictions on, or require prior regulatory approval of, various actions by regulated insurers, which may adversely affect our insurance subsidiaries’ ability to operate, innovate, and obtain necessary rate adjustments in a timely manner. Compliance with laws and regulations often results in increased costs, which can be substantial to our insurance subsidiaries. These costs, in turn, may adversely affect our profitability or our ability or desire to grow or operate our businesses in the applicable jurisdictions. Our compliance efforts are further complicated by changes in the laws or regulations that apply to us and in the regulatory and judicial interpretations of those laws, including expansive regulatory authority and uncertainties in federal regulatory authority due to judicial interpretations of regulators’ actions. The pace of change, together with shorter time frames between enactment or promulgation and effectiveness of the changes, increases this risk.

Insurance laws and regulations may, among other things, limit an insurer’s ability to underwrite and price risks accurately, prevent the insurer from obtaining timely rate changes to respond to increased or decreased costs, delay or restrict the ability to discontinue or exit unprofitable businesses or jurisdictions, impose marketing restrictions or requirements related to the use of artificial intelligence and third-party data, prevent insurers from terminating policies under certain circumstances, dictate or limit the types of investments that an insurance company may hold, and impose specific requirements relating to information technology systems and related cybersecurity risks. As a result, we have been, and may in the future be, limited in our ability to respond to evolving business conditions.

Moreover, inconsistencies in requirements among the various states, or between state and federal requirements, or changes in regulatory priorities, may further complicate our compliance efforts, potentially resulting in additional costs for us.

In addition, laws in certain jurisdictions mandate that insurance companies pay assessments in a number of circumstances, including potentially material assessments to pay claims upon the insolvency of other insurance companies or to cover losses in government-provided insurance programs for high-risk auto and homeowners' coverages. These assessments could have a material adverse impact on our profitability.

Data privacy and security laws and regulations impose complex compliance and reporting requirements and challenges. Various jurisdictions have enacted or are considering privacy and security legislation or regulations. Each jurisdiction's unique requirements, and the variations across the jurisdictions, present further ongoing compliance challenges. Compliance with these laws and regulations will result in increased costs, which may be substantial and may adversely affect our profitability or our ability or desire to grow or operate our business in certain jurisdictions.

The actual or alleged failure to comply with this complex variety of laws and regulations by us or other companies in the insurance, financial services, or related industries, also could result in actions or investigations by regulators, state attorneys general, federal officials, or other law enforcement officials. Such actions and investigations, and any determination that we have not complied with an applicable law or regulation, could potentially lead to significant monetary payments, fines and penalties, adverse publicity and damage to our reputation in the marketplace or our brand, and in certain cases, revocation of a subsidiary's authority to do business in one or more jurisdictions. In addition, The Progressive Corporation and its subsidiaries could face individual and class action lawsuits by insureds and other parties for alleged violations of certain of these laws or regulations.

New legislation or regulations may be adopted in the future that could materially adversely affect our operations, our growth, our competitive position, or our ability to write business profitably in one or more jurisdictions.

Misconduct or fraudulent acts by employees, agents, and third parties may expose us to financial loss, disruption of business, and/or regulatory assessments.

Our company and the insurance industry are inherently susceptible to past and future misconduct or fraudulent activities by employees, agents, vendors, customers, and other third parties. These activities could include:

- Fraud against our company, employees, and customers
- Unauthorized acts or representations, unauthorized use or disclosure of personal or proprietary data or information, deception, and misappropriation of funds, or other benefits

We have policies and procedures in place to promote ethical conduct and compliance with law by our employees, but these policies and procedures may not be fully effective. As a result, we could be exposed to financial loss, disruption of business, litigation, and regulatory assessments. These impacts have the potential to have a material adverse effect on our business.

Our ability to attract, develop, and retain talent, including employees, managers, and executives, and to maintain appropriate staffing levels, is critical to our success.

Our success depends on our ability to attract, develop, compensate, motivate, and retain talented employees, including executives, other key managers, and employees with strong technological, analytical, and other skills and know-how necessary for us to run our insurance businesses, investment operations, and corporate functions, assess potential expansion into new products and business areas, and adapt to technological trends in our industry. Our loss of certain executives and key employees, or the failure to attract or retain talented executives, managers, and employees with varied backgrounds, skills, knowledge, and experiences, could have a material adverse effect on our business. These risks may be heightened when United States labor markets, or key segments of those markets, are especially competitive.

Our workplace policies or perceptions of those policies by current and potential employees, including policies with respect to virtual, hybrid, and in-person work protocols, could impact our ability to attract, onboard, and retain talent with needed skills, knowledge, and experiences.

In addition, we must forecast with reasonable accuracy sales and claims volume and other factors in changing business environments (for multiple products and business units and in many geographic markets), and we must adapt to increases in business due to additions of or expansions with significant customers, such as transportation network companies. In any such case, we must adjust our hiring and training programs and staffing levels appropriately. Our failure to recognize the need for such adjustments, or our failure or inability to react on a timely basis, could lead either to over-staffing or under-staffing in one or more business units or locations. In either such event, our financial results, customer relationships, employee morale, and brand could be materially adversely affected.

We use third-party labor to meet a portion of our staffing needs. Any significant loss in access to qualified external talent on a cost-effective basis could have an adverse effect on our business. Competitive labor markets can cause increased costs for third-party labor and those increases may be material.

Our success also depends, in large part, on our ability to maintain and improve the staffing effectiveness and culture that we have developed over the years. Our ability to do so may be impaired as a result of litigation against us, other judicial decisions, legislation or regulations, or other factors in the employment marketplace, as well as our failure to recognize and respond to changing trends and other circumstances that affect our employees or our culture, including any impact arising from a decrease in virtual and hybrid workers relative to recent market trends. In such events, the productivity of our workers and the efficiency of our operations could be adversely affected, which could lead to an erosion of our operating performance and margins.

Lawsuits challenging our business practices, and those of our competitors and other companies, are pending and more may be filed in the future.

The Progressive Corporation and/or its subsidiaries are named as defendants in class actions, collective actions, representative actions, and other lawsuits challenging various aspects of the subsidiaries' business operations. Certain pending lawsuits are described in *Note 12 – Litigation* in the Annual Report. Additional litigation may be filed against us in the future challenging similar or other of our business practices or operations. In addition, lawsuits have been filed against our competitors and other businesses or entities, and other such lawsuits may be filed in the future, and even though we are not a party to such litigation, the results of those lawsuits nevertheless may create additional risks for, and/or impose additional costs and/or limitations on, our subsidiaries' business practices or operations.

Lawsuits against us often seek significant monetary damages and injunctive relief. The potential for injunctive relief can threaten our use of important business practices. In addition, the resolution of individual or class actions, collective actions, and representative action litigation in insurance, in related fields, or in matters broadly applicable to business operations, may lead to the development of judicial regulation, resulting in material increases in our costs of doing business.

Litigation is inherently unpredictable. Adverse court decisions, or significant settlements of pending or future cases, could have a material adverse effect on our financial condition, cash flows, and results of operations. For further information on the risks of pending litigation, see *Note 12 – Litigation* in the Annual Report.

Our long-term business strategy and efforts to acquire or develop new products or enter new areas of business may not be successful and may create enhanced risks.

We are making business decisions and undertaking certain investments and strategies in connection 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. Our focus on achieving our underwriting profitability goal takes precedence over growth. Additionally, we have acquired and are developing, and may develop or acquire in the future, new insurance products, including those that insure risks that we have not previously insured, contain new coverages, or change coverage terms, as well as new non-insurance products and services. These new products and services may not be as profitable as our existing products and may not perform as well as we expect. In addition, new insurance products may entail new risks for us, including, without limitation, higher coverage limits and unfamiliar pricing, claims resolution, and loss reserving practices. Other new products and services may likewise change our risk exposures. The business systems, data, and models we use to manage those exposures may be less accurate or less effective than those we use with existing products.

We are evaluating other business models, both insurance and non-insurance related, and we have made, and are considering making additional, investments in different business areas. These activities may take the form of internal development, equity investments, strategic mergers or acquisitions, joint ventures, or strategic partnerships. These new ventures may require us to make significant expenditures, which may negatively impact our results in the near term, and if not successful, could materially and adversely affect our results of operations. While at the onset of the venture we would expect these projects to provide long-term value, there can be no assurance that our expectations will be realized.

Intellectual property rights could affect our competitiveness and our business operations.

There has been a proliferation of patents, both inside and outside the insurance industry, that significantly impacts our businesses. The existence of such patents, and other claimed intellectual property rights, from time to time has resulted in legal challenges to certain of our business practices by other insurance companies and non-insurance entities alleging that we are violating their rights. Such legal challenges could result in costly legal proceedings, substantial monetary damages, or expensive changes in our business processes and practices. Similarly, we may seek or obtain patent protection for innovations developed by us. However, we may not be able to obtain patents on these processes and practices, and defending our patents and other intellectual property rights against challenges, and enforcing and defending our rights, including, if necessary, through litigation, can be time consuming and expensive, and the results are inherently uncertain, which can further complicate business plans.

Our development and use of new technology, such as generative artificial intelligence, may present additional risks, may not be successful, and could have a material adverse effect on our business.

We have developed, and used for many years, new technologies, including machine learning and other forms of artificial intelligence (AI), predictive models, algorithms and automated processes, and will in the future develop and use AI and other new technologies in our business. As with many technological innovations, the growing development and use of generative AI (GenAI) presents additional risks that may adversely affect our business. GenAI might produce or reveal datasets that are flawed or insufficient or contain biased information, which could result in unintentionally and unfairly discriminatory outcomes in our business processes. These deficiencies could also undermine the associated predictions, analysis, or decisions GenAI applications produce or the business decisions we make based on this information. We could face challenges on whether we use AI in our business processes in a responsible, compliant, and effective manner. Since GenAI is subject to public debate, and depending on how observers view our development and use of AI, we could be subject to criticism or experience an adverse impact on our brand or reputation, which could decrease demand for our products or services, create difficulties in our ability to recruit and retain employees and lead to greater regulatory scrutiny of our businesses. Additionally, one or more of our key vendors may begin to use AI in their business in a manner that does not meet existing or rapidly evolving regulatory standards. Furthermore, our competitors or other third parties may be able to incorporate GenAI into their products more quickly, or more successfully, than us.

Intellectual property ownership rights, including those associated with related copyrights, patent rights, GenAI inputs for model training, and other GenAI outputs, have not been fully interpreted by courts or regulations. Additionally, we are subject to new AI-focused regulations and regulatory expectations that could impose varied compliance and reporting requirements and challenges that could impact our operations or ability to write business profitably in one or more jurisdictions. For example, the National Association of Insurance Commissioners (NAIC) has adopted guiding principles on AI, as well as a model bulletin, to inform and articulate general expectations for businesses, professionals, and stakeholders across the insurance industry as they implement AI tools to facilitate operations. Nearly half of all departments of insurance have adopted the NAIC AI model bulletin. Other states have adopted or are considering alternatives, including comprehensive AI legislation or reminders that existing state laws pertain to AI activities, including laws regarding unfair claims and trade practices. We cannot predict what other regulatory actions may be taken with regard to AI but any limitations, or any failure or perceived failure by us to comply with any such requirements, could have an adverse impact on our business.

Any of these impacts could result in significant operational difficulties, reputational harm, litigation, and adverse actions by regulators, potentially increasing our costs or causing customers to refrain from buying insurance from us or other businesses to refrain from doing business with us, which could have a material effect on our business, financial condition, and results of operations.

IV. Market Risks

The performance of our fixed-income and equity investment portfolios is subject to a variety of investment risks.

Our investment portfolio consists principally of fixed-income securities and common equities. General economic conditions and other factors beyond our control can adversely affect the value of our investments, and the amount and realization of investment income, or result in realized or unrealized investment losses. Our fixed-income portfolio is actively managed by our investment group and includes short-term investments, fixed-maturity securities, and preferred stocks. The performance of the fixed-income portfolio is subject to a number of risks, including:

- *Interest rate risk* – the risk of adverse changes in the value of fixed-income securities as a result of increases in market interest rates.
- *Investment credit risk* – the risk that the value of certain investments may decrease due to a deterioration in the financial condition, operating performance, or business prospects of, the regulatory environment applicable to, or the

liquidity available to, one or more issuers of those securities or, in the case of asset-backed securities, due to the deterioration of the loans or other assets that underlie the securities.

- *Concentration risk* – the risk that the portfolio may be too heavily concentrated in the securities of one or more issuers, sectors, or industries, which could result in a significant decrease in the value of the portfolio in the event of a deterioration of the financial condition or performance of, the regulatory environment applicable to, or outlook for, those issuers, sectors, or industries.
- *Prepayment or extension risk* – applicable to certain securities in the portfolio, such as asset-backed securities and other bonds with call provisions, prepayment risk is the risk that, as interest rates change, the principal of such securities may be repaid earlier than anticipated, requiring that we reinvest the proceeds at less attractive rates. Extension risk is the risk that a security may not be redeemed when anticipated, adversely affecting the value of the security and preventing the reinvestment of the principal at higher market rates.
- *Liquidity risk* – discussed separately below.

In addition, the success of our investment strategies and asset allocations in the fixed-income portfolio may vary depending on the market environment. The fixed-income portfolio's performance also may be adversely impacted if, among other factors: credit ratings assigned to such securities by nationally recognized statistical rating organizations are based on incomplete or inaccurate information or otherwise prove unwarranted; or our risk mitigation strategies are ineffective for the applicable market conditions.

Our common equity portfolio is primarily managed externally to track the Russell 1000 Index, although from time to time we may choose to add exchange-traded funds or similar securities designed to track the Russell 1000 or the Standard & Poor's 500 (S&P 500) Index. Our equity investments are subject to general movements in the values of equity markets and to the changes in the prices of the securities we hold. An investment portfolio or exchange-traded fund that is designed to track an index, such as the Russell 1000 or S&P 500, is not necessarily less risky than other equity investment strategies. Our equity investment strategies may not successfully replicate the performance of the Indexes that they seek to track. Equity markets, sectors, industries, and individual securities may be subject to high volatility and to long periods of depressed or declining valuations, and they are also subject to most of the same risks that affect our fixed-income portfolio, as discussed above. In addition, even though the Russell 1000 and S&P 500 Indexes are generally considered to be broadly diversified, significant portions of each index may be concentrated in one or more sectors, reducing our ability to manage our concentration risk through sector diversification.

If the fixed-income or equity portfolios, or both, were to suffer a substantial decrease in value, our financial position, and results of operations could be materially adversely affected. Under these circumstances, our income from these investments could be materially reduced, and declines in the value of our securities could further reduce our reported earnings and capital levels. A decrease in value of an insurance subsidiary's investment portfolio could also put the subsidiary at risk of failing to satisfy regulatory minimum capital requirements and could limit the subsidiary's ability to write new business. In any such event, our business could be materially adversely affected and our financial flexibility could be substantially constrained.

See *Management's Discussion and Analysis of Financial Condition and Results of Operations – IV. Results of Operations– Investments* in the Annual Report for additional discussion of the composition of our investment portfolio as of December 31, 2024, and of the market risks associated with our investment portfolio.

New regulations and societal pressures relating to ESG and other public policy matters could negatively impact our returns or cause us to change our investing strategies in ways that could negatively impact our results.

The value of securities held in our portfolio could be materially adversely impacted as issuers or the businesses or assets underlying such securities are faced with new, potentially conflicting, laws or regulations or initiatives by regulators, investors, activists, or others, including those addressing ESG, sustainability, corporate responsibility or other public policy concerns. For example, the universe of securities that we are permitted to hold could be significantly narrowed by insurance regulators if we are prohibited from investing in certain industries or types of companies or we could be required to make additional disclosures when we acquire any such securities. Similarly, we could also face pressures from other stakeholders that seek to influence our investment decisions. These factors could cause a decline in the value of investments held in our portfolio, or cause us to change our investment strategy, which could increase our costs or reduce our returns relative to returns from other available investment opportunities.

V. Liquidity Risk

The inability to access our cash accounts or to convert investments into cash on favorable terms when we desire to do so may materially and adversely affect our business, cash flows, and capital position.

We rely on our ability to access our cash accounts at banks and other financial institutions to operate our business. If we are unable to access the cash in those accounts as needed, whether due to our own systems difficulties, an institution-specific issue at the bank or financial institution (such as a cybersecurity breach or severe weather or other catastrophe impacting their operations), a broader disruption in banking, financial, or wire transfer systems, or otherwise, our ability to pay insurance claims and other financial obligations when due and otherwise operate our business could be materially adversely affected. Likewise, our investment portfolios are subject to risks inherent in the nation's and world's capital markets, including the United States, continuing to honor its outstanding debt and other obligations. Any disruption in the functioning of those markets or in our ability to liquidate investments or specific categories of investments on favorable terms when desired, or a default by the United States in its obligations, could impair our ability to pay claims or other financial obligations when due and could result in a significant decline in the value of our investment portfolio and have a material adverse impact on our cash flows and capital position. Any such event or series of such events could also result in significant operational difficulties, reputational harm, and adverse actions by regulators and have a material adverse effect on our financial condition, cash flows, and results of operations.

VI. Credit and Other Financial Risks

Our financial condition may be adversely affected if one or more parties with which we enter into significant contracts or transact business (including under certain government programs) become insolvent, experience other financial difficulties, or default in the performance of contractual or reimbursement obligations.

Our business is dependent on the performance by third parties of their responsibilities under various contractual or service arrangements and government programs. These include, for example, agreements with other insurance carriers to sell their products to our customers in bundled packages or otherwise, arrangements for transferring certain of our risks (including indemnification and self-insured retention obligations of Commercial Lines customers, reinsurance arrangements used by us, our corporate insurance policies, and the performance of state reinsurance facilities/associations), and reimbursement obligations under various state or federal programs, such as the Michigan Catastrophic Claims Association or the National Flood Insurance Program. If one or more of these parties were to default in the performance of, or otherwise become unwilling or unable to satisfy, their obligations to us under the applicable contracts or regulatory framework, we could suffer significant financial losses, a reduction in our capital levels, or other problems, which in turn could materially adversely affect our financial condition, cash flows, or results of operations and cause damage to our brand and reputation.

Our insurance subsidiaries may be limited in the amount of dividends that they can pay, which in turn may limit our ability to repay indebtedness, make capital contributions to other subsidiaries or affiliates, pay dividends to shareholders, repurchase securities, or meet other obligations.

The Progressive Corporation is a holding company with no business operations of its own. Consequently, if its subsidiaries are unable to pay dividends or make other distributions, or are able to pay only limited amounts, The Progressive Corporation may be unable to make payments on its indebtedness, make capital contributions to or otherwise fund its subsidiaries or affiliates, pay dividends to its shareholders, or meet its other obligations. Each insurance subsidiary's ability to pay dividends may be limited by one or more of the following factors:

- insurance regulatory authorities require insurance companies to maintain specified minimum levels of statutory capital and surplus
- insurance regulations restrict the amounts available for distribution based on either net income or surplus of the insurance company
- competitive pressures require our insurance subsidiaries to maintain high financial strength ratings
- in certain jurisdictions, prior approval must be obtained from regulatory authorities for the insurance subsidiaries to pay dividends or make other distributions to affiliated entities, including the parent holding company

If we are unable to obtain capital when necessary to support our business, our financial condition and our ability to grow could be materially adversely affected.

We may need to acquire additional capital, from time to time, as a result of many factors, including increased regulatory requirements, unprofitable insurance or investment operations, or significant growth in the insurance premiums that we write, among other factors. If we are unable to obtain capital at favorable rates when needed, whether due to our results, volatility, or disruptions, in debt and equity markets due to factors beyond our control, or other reasons, our financial condition could be materially adversely affected. In such an event, unless and until additional sources of capital are secured, we may be limited in our ability, or unable, to service our debt obligations, pay dividends, grow our business, pay our other obligations when due, or engage in other corporate transactions. Such a deterioration of our financial condition could adversely affect the perception of our company by insurance regulators, potentially resulting in regulatory actions, and the price of our equity or debt securities could fall significantly.

Our access to capital markets, ability to obtain or renew financing arrangements, obligations to post collateral under certain derivative contracts, and business operations are dependent on favorable evaluations and ratings by credit and other rating agencies.

Our credit and financial strength are evaluated and rated by various rating agencies, such as Standard & Poor's, Moody's Investors Service, Fitch Ratings, and A.M. Best. Downgrades in our credit ratings could adversely affect our ability to access the capital markets and/or lead to increased borrowing costs in the future (although the interest rates we pay on our current indebtedness would not be affected), as would adverse recommendations by equity analysts at the various brokerage houses and investment firms. Perceptions of our company by other businesses and consumers could also be significantly impaired. In addition, from time to time we may enter into certain derivative transactions providing that a downgrade could trigger contractual obligations requiring us to post substantial amounts of additional collateral or allow a third party to liquidate the derivative transaction. Various rating agencies may change their processes for credit ratings for the insurance industry, including changes to their approach to assessing capital adequacy, the creditworthiness of issuers of certain fixed-income securities, or the equity capital content of certain non-debt securities, and we are unable to predict the impact to our credit ratings or our ability to raise capital at favorable rates, of any change that they may ultimately adopt. Downgrades in the ratings of our insurance subsidiaries could likewise negatively impact our operations, potentially resulting in lower or negative premium growth. In any such event, our financial performance could be materially adversely affected.

Our dividend policy likely will result in varying amounts being paid to our common shareholders, or no payment in some periods, and the dividend policy ultimately may be changed in the discretion of the Board of Directors.

We have announced our intention to pay a dividend on our common shares on a quarterly basis and to consider paying a variable dividend on at least an annual basis. The frequency and amount of dividends, if any, may vary, perhaps significantly, from the amounts paid in preceding periods. The Board retains the discretion to alter our policy or not to pay such dividends at any time. Such action by the Board could result from, among other reasons, changes in the insurance marketplace, changes in our performance or capital needs, changes in U.S. federal income tax laws, disruptions of national or international capital markets, or other events affecting our liquidity, financial position, or prospects, as described above. Any such change in dividend policy could adversely affect investors' perceptions of the company and the value of, or the total return of an investment in, our common shares.

Our investments in certain tax-advantaged projects may not generate the anticipated tax benefits and related returns.

We have invested in and may in the future invest in, certain projects that we believe are entitled to tax-advantaged treatment under applicable federal or state law, including renewable energy development, historic property rehabilitation, and affordable housing, and we may make other tax-advantaged investments from time to time. Our investments in these projects are designed to generate a return through the realization of tax credits and, in some cases, through other tax benefits and cash flows from the project. These investments are subject to the risk that the underlying tax credits and related benefits may not be valid, and in some cases previously recorded tax credits can be challenged or are subject to recapture by the applicable taxing authorities if specific requirements are not satisfied. Many of the factors that could lead to the invalidity, challenge, or recapture of tax credits are beyond our control. The inability to realize these tax credits and other tax benefits could have a material adverse impact on our financial condition.

VII. Other

Our goal is to maximize the long-term value of the enterprise and we do not manage to short-term earnings expectations, which may adversely affect short-term results.

We believe that shareholder value will be increased in the long run if we meet or exceed the financial goals and policies that we establish each year. We do not manage our business to maximize short-term stock performance or the amount of any dividend that may be paid. Due to our focus on the long-term value of the enterprise, we may undertake business decisions and strategies and establish related financial goals that are designed to enhance our longer-term performance and value, while understanding that such decisions and strategies may not always similarly benefit short-term results, such as growth goals, our annual underwriting profit, dividend payouts, or earnings per share. We do not provide earnings estimates to the market and do not comment on earnings estimates by analysts. As a result, our reported results for a particular period may vary, perhaps significantly, from investors' expectations, which could result in significant volatility in the price of our equity or debt securities. Our personal property business has caused, and is likely to continue to cause, additional volatility in our consolidated results.

Due to our focus on the long-term value of the enterprise, similar tradeoffs may be involved in our consideration of the interests of other stakeholders, including our employees, customers, agents, suppliers, and communities, as well as whether and how we respond to or address ESG, sustainability, and corporate responsibility initiatives, programs and efforts and other public policy matters that impact us. These types of initiatives and considerations are fast-evolving areas and determining appropriate responses and actions can be uncertain. Different stakeholders often have conflicting perspectives on these initiatives, programs and efforts, and considerations. Depending on how observers view our responses or our commitment to addressing such matters, we could be subject to criticism, adverse publicity, or campaigns, among other actions, by investors, activists, or others. Consequently, such factors and the related tradeoffs may adversely affect our financial performance or the market prices of our equity or debt securities.

Our business and results of operations could be adversely affected by epidemics, pandemics, or other widespread health risks.

Beginning with its emergence in 2020, COVID-19 increased many of the risks described above and impacted our business, operations, and financial results in several ways. We have discussed the associated risks and impacts of COVID-19 in our SEC filings beginning with its onset in 2020. We believe that the existing risks and impacts of COVID-19 are not currently material to our business. Any future epidemic, pandemic, or other widespread health risk, including a new variation of the COVID-19 virus, could exacerbate the impacts of many of the other risk factors described above and adversely affect our business. Depending on the duration and severity of any such epidemic, pandemic, or other widespread health risk, and the nature and extent of governmental responses to it, our business, our operations, and our financial results could be negatively impacted.

ITEM 1B. UNRESOLVED STAFF COMMENTS

We currently do not have any unresolved comments from the SEC staff.

ITEM 1C. CYBERSECURITY

Our business requires that we develop and maintain large and complex technology systems, and that we rely on third-party systems and applications, to run our operations and to store the significant volume of data and information that we acquire, including the personal information of our customers and employees and our intellectual property, trade secrets, and other sensitive business and financial information.

Our overall efforts to safeguard the information systems and confidential information critical to our operations include preventative and detective internal processes, technological defenses, and other controls designed to provide multiple layers of security protection. Our information security efforts are designed to evolve with the changing security threat environment through ongoing assessment and measurement. In our efforts to keep our data and technology systems secure, we leverage both the International Organization for Standardization (ISO) 27002 Security Framework for the body of security control requirements and the National Institute of Standards and Technology Cybersecurity Framework to assess the strength of our processes and defenses. This integrated approach to protect data and information systems is also built into our project management, development, and operations. To assess the effectiveness of our cybersecurity program and compliance with applicable rules, regulations, and laws, we employ a variety of internal resources to evaluate our environment, information systems, and processes. In addition, we engage third parties to test the vulnerability of our cybersecurity infrastructure on a regular basis and we have a third-party assessment performed annually.

Through appropriate risk evaluation, security assessments, and financial due diligence, we seek to protect the security and confidentiality of information provided to our vendors under service provider cloud computing or other arrangements. We also employ contractual nondisclosure requirements and use limitations consistent with our published Privacy Policy, and typically reserve the right to review third-party compliance against the required standards, where we deem appropriate.

Our response to cybersecurity threats is triggered through various means. Through annual user awareness training, we teach our employees to identify and appropriately respond to such threats. Our incident response program is designed to mitigate and recover from suspected and actual cybersecurity incidents and provide all required consumer and regulatory notices regarding cybersecurity threats in a timely manner.

Our Chief Security Officer (CSO) is ultimately responsible for cybersecurity at Progressive, with management oversight of the prevention, detection, mitigation, and remediation of cybersecurity incidents. The CSO reports directly to the Chief Financial Officer and provides regular cybersecurity updates to the CEO, other members of the executive team, and the Board of Directors' Technology Committee. Assuming the role in 2012, our CSO has served in this capacity at Progressive for more than a decade and, prior to joining us in 2010, had over 10 years of cybersecurity experience in the banking industry in security and risk management leadership roles, primarily focused on cybersecurity and banking compliance, with additional experience in the areas of anti-money laundering and financial fraud. Our CSO is also a member of our Management Risk Committee, which leads our Enterprise Risk Management program, and as a member ensures that cybersecurity risks remain a focus of the overall risk management process.

The Technology Committee of the Board of Directors oversees our use of technology in business strategy as well as the major risks arising from our technology, digital and data strategies, legacy information systems, technology investments, data privacy, operational performance, cybersecurity programs, and technology-related business continuity and disaster recovery programs. The Technology Committee, which includes directors with technology experience, also oversees management's effort to mitigate these risks. Technology Committee meetings typically occur five times a year. Generally, at these meetings, our CSO briefs the committee on cybersecurity-related matters.

Our systems are being threatened by cybersecurity incidents on a regular basis and our efforts may be insufficient to prevent or defend against incidents or an attack. We, and certain of our third-party vendors, have experienced attacks and incidents in the past, and there can be no assurance that we, or any vendor, will be successful in preventing future attacks or incidents or detecting and stopping them once they have begun. Through the date hereof, risks from cybersecurity threats, including prior incidents and attacks, have not materially affected, and we do not believe are reasonably likely to materially affect, our business strategy, results of operations, or financial condition. However, we cannot guarantee that we will not be materially affected in the future. Cybersecurity risks evolve rapidly and are complex, so we must continually adapt and enhance our processes and defenses. As we do this, we must make judgments about where to invest resources to most effectively protect ourselves from cybersecurity risks. These are inherently challenging processes, and we can provide no assurance that processes and defenses that we implement will be effective. See *Item 1A, Risk Factors – III. Operating Risks* above for more information.

ITEM 2. PROPERTIES

All of our properties are owned or leased by subsidiaries of The Progressive Corporation and are used for office functions, as call centers, as data centers, for training, or for warehouse space.

At December 31, 2024, we owned 52 buildings located throughout the U.S. About half of these buildings are claims offices. Our owned facilities, which contain approximately 3.9 million square feet of space, are generally not segregated by segment. We own significant locations in Mayfield Village, Ohio and surrounding suburbs (including our corporate headquarters); Colorado Springs, Colorado; St. Petersburg, Florida; and Tampa, Florida.

We lease approximately 1.8 million square feet of space throughout the U.S. These leases are generally short-term to medium-term leases of commercial space.

ITEM 3. LEGAL PROCEEDINGS

For discussion of legal proceedings, see *Note 12 – Litigation* in our Annual Report, which is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Incorporated by reference from information with respect to executive officers of The Progressive Corporation and its subsidiaries set forth in Part III, Item 10 of this Form 10-K, “Directors, Executive Officers and Corporate Governance.”

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

The Progressive Corporation's Common Shares, $1.00 par value, are traded on the New York Stock Exchange (NYSE) under the symbol PGR.

Holders

We had 1,614 shareholders of record on January 31, 2025.

Securities Authorized for Issuance Under Equity Compensation Plans

See Part III, Item 12 of this Form 10-K, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters," for information about securities authorized for issuance under our equity compensation plans.

Performance Graph

See the *Performance Graph* section in our Annual Report.

Recent Sales of Unregistered Securities

None.

Purchase of Equity Securities

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
October	195	$ 253.66	423,931	24,576,069
November	51	244.21	423,982	24,576,018
December	79	266.98	424,061	24,575,939
Total	325	$ 255.41		

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. See *Note 9 – Employee Benefit Plans "Incentive Compensation Plans - Employees"* and *"Incentive Compensation Plans - Directors"* in our Annual Report, for a summary of our restricted equity grants.

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 fourth quarter 2024, all repurchases were accomplished in conjunction with our equity incentive awards at the then-current market prices; there were no open market purchases during the quarter.

ITEM 6. [Reserved]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Incorporated by reference from *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our Annual Report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The quantitative and qualitative disclosures about market risk are incorporated by reference from section "IV. Results of Operations – Investments" in our *Management's Discussion and Analysis of Financial Condition and Results of Operations* and the *Quantitative Market Risk Disclosures* section in our Annual Report.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements of Progressive, along with the related Notes, and Report of Independent Registered Public Accounting Firm, are incorporated by reference from our Annual Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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 Progressive's 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.

Management's Report on Internal Control over Financial Reporting and the attestation of the independent registered public accounting firm are incorporated by reference from our Annual 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.

ITEM 9B. OTHER INFORMATION

(b) Insider Trading Arrangements

During the fourth quarter 2024, certain executive officers 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 the sale of all of the shares issued upon vesting for certain outstanding equity awards previously granted to the applicable executive officer, excluding any shares withheld by the company to satisfy tax withholding obligations (see our Proxy Statement, as defined below, for a description of the company's equity compensation plans).

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

Name	Title	Date Entered	Date Expires[1]
Officers			
Jonathan S. Bauer	Chief Investment Officer	November 18, 2024	September 2, 2025
Patrick K. Callahan	Personal Lines President	November 18, 2024	October 1, 2025

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

Additional Information

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

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information relating to our directors is incorporated herein by reference from the section entitled "Item 1: Election of Directors" in The Progressive Corporation's Proxy Statement for the Annual Meeting of Shareholders to be held on May 9, 2025 (the Proxy Statement).

Information relating to executive officers of Progressive follows. Unless noted below, all positions were with Progressive.

Name	Age	Offices Held and Last Five Years' Business Experience
Susan Patricia Griffith	60	President and Chief Executive Officer
John P. Sauerland	60	Vice President and Chief Financial Officer
Karen B. Bailo	57	Commercial Lines President since October 2020; Commercial Lines Acquisition and Small Business General Manager prior to October 2020
Jonathan S. Bauer	47	Chief Investment Officer
Steven A. Broz	54	Chief Information Officer
Patrick K. Callahan	54	Personal Lines President
William L. Clawson II	55	Chief Human Resources Officer since December 2021; Compensation and Benefits Business Leader prior to December 2021
Remi Kent	49	Chief Marketing Officer since November 2021; Senior Vice President and Global Chief Marketing Officer of the Consumer Business Group of 3M Company (global manufacturing and technology company) prior to November 2021
Mariann Wojtkun Marshall	62	Vice President, Chief Accounting Officer, and Assistant Secretary
John Murphy	55	Claims President since December 2021; Customer Relationship Management President prior to December 2021
Lori Niederst	51	Customer Relationship Management President since December 2021; Chief Human Resources Officer prior to December 2021
David M. Stringer	50	Vice President, Secretary, and Chief Legal Officer since January 2024; Deputy General Counsel, Litigation and Employment, prior to January 2024
Andrew J. Quigg	45	Chief Strategy Officer

Delinquent Section 16(a) Reports. Any delinquent filings (if applicable) are incorporated by reference from the "Security Ownership of Certain Beneficial Owners and Management - Delinquent Section 16(a) Reports" section of our Proxy Statement.

Code of Ethics. Progressive has a Code of Ethics for the Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, and other senior financial officers. This CEO/Senior Financial Officer Code of Ethics is available at: progressive.com/governance. We intend to continue to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding amendments to, and waivers from, the provisions of the foregoing Code of Ethics by posting such information on our Internet website at: progressive.com/governance.

Shareholder-Proposed Candidate Procedures. There were no material changes during 2024 to Progressive's procedures by which a shareholder can recommend a director candidate. The description of those procedures is incorporated by reference from the "Other Matters - Procedures for Recommendations and Nominations of Directors and Shareholder Proposals - To Recommend a Candidate for our Board of Directors" section of our Proxy Statement.

Audit Committee. Incorporated by reference from the "Other Board of Directors Information - Board Committees - Audit Committee" section of our Proxy Statement.

Financial Expert. Incorporated by reference from the "Other Board of Directors Information - Board Committees - Audit Committee" section of our Proxy Statement.

Insider Trading Policies and Procedures. Progressive has adopted insider trading policies and procedures, which are included as Exhibit 19 to this Form 10-K and discussion of which is incorporated by reference from the "Other Matters - Insider Trading Policies and Procedures" section of our Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated by reference from the sections of our Proxy Statement entitled “Compensation Discussion and Analysis,” “Executive Compensation,” “Director Compensation,” “Other Board of Directors Information - Compensation Committee Interlocks and Insider Participation,” “Compensation Committee Report,” and “Compensation Programs and Risk Management.”

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following information is set forth with respect to our equity compensation plans at December 31, 2024.

EQUITY COMPENSATION PLAN INFORMATION

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans [1]
Equity compensation plans approved by security holders			
Employee Plans:			
2024 Equity Incentive Plan	21,822 [2]	NA	10,162,765 [3]
2015 Equity Incentive Plan	2,483,840 [2]	NA	380,365 [3]
Director Plans:			
Amended and Restated 2017 Directors Equity Incentive Plan	14,649	NA	376,883 [4]
Equity compensation plans not approved by security holders			
None			
Total	2,520,311	NA	10,920,013

NA = Not applicable because awards do not have an exercise price.

[1] Excludes shares included in the Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights column.

[2] Reflects restricted stock unit awards, including reinvested dividend equivalents, under which, upon vesting, the holder has the right to receive common shares on a one-to-one basis. Reflects the target value of 447,477 and 342 units of outstanding performance-based restricted stock unit awards, including dividend equivalents, under our 2015 and 2024 Equity Incentive Plans, respectively. The maximum potential payout for these awards was 1,105,178 and 855 units under the 2015 and 2024 Equity Incentive Plans, respectively. For a description of the performance-based awards, including the performance measurement and vesting ranges, see *Note 9 — Employee Benefit Plans* in our Annual Report.

[3] Gives effect to reservation of common shares subject to performance-based awards at maximum potential payout.

[4] Reflects our Amended and Restated 2017 Directors Equity Incentive Plan that was approved by shareholders in 2022 and increased the originally authorized shares by 150,000.

Information regarding ownership of Common Shares by certain beneficial owners and management is incorporated by reference from the section of our Proxy Statement entitled “Security Ownership of Certain Beneficial Owners and Management.”

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Incorporated by reference from the section of our Proxy Statement entitled “Other Board of Directors Information - Transactions with Related Persons” and “Other Board of Directors Information - Board of Directors Independence Determinations.”

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Incorporated by reference from the section of our Proxy Statement entitled “Other Independent Registered Public Accounting Firm Information.”

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Listing of Financial Statements

The following consolidated financial statements are included in our Annual Report and are incorporated by reference in Item 8:

- Report of Independent Registered Public Accounting Firm (PCAOB ID: 238)
- Consolidated Statements of Comprehensive Income - For the Years Ended December 31, 2024, 2023, and 2022
- Consolidated Balance Sheets - December 31, 2024 and 2023
- Consolidated Statements of Changes in Shareholders' Equity - For the Years Ended December 31, 2024, 2023, and 2022
- Consolidated Statements of Cash Flows - For the Years Ended December 31, 2024, 2023, and 2022
- Notes to Consolidated Financial Statements
- Supplemental Information (Unaudited)

(a)(2) Listing of Financial Statement Schedules

The following financial statement schedules, Report of Independent Registered Public Accounting Firm, and Consent of Independent Registered Public Accounting Firm are included in Item 15(c):

- Schedule I - Summary of Investments - Other than Investments in Related Parties
- Schedule II - Condensed Financial Information of Registrant
- Schedule III - Supplementary Insurance Information
- Schedule IV - Reinsurance
- Report of Independent Registered Public Accounting Firm on Financial Statement Schedules
- No other schedules are required to be filed herewith pursuant to Article 7 of Regulation S-X.

(a)(3) Listing of Exhibits

See exhibit index contained herein beginning at page 47, which is incorporated by reference from information with respect to this item. Management contracts and compensatory plans and arrangements are identified in the Exhibit Index as Exhibit Nos. 10.1 through 10.48.

(b) Exhibits

The exhibits in response to this portion of Item 15 are submitted concurrently with this report.

(c) Financial Statement Schedules

SCHEDULE I — SUMMARY OF INVESTMENTS — OTHER THAN INVESTMENTS IN RELATED PARTIES

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
(millions)

	December 31, 2024		
Type of Investment	**Cost**	**Fair Value**	**Amount At Which Shown In The Balance Sheet**
Fixed maturities:			
Bonds:			
United States Government and government agencies and authorities	$ 47,103	$ 45,988	$ 45,988
States, municipalities, and political subdivisions	2,893	2,778	2,778
Foreign government obligations	16	16	16
Public utilities	1,432	1,412	1,412
Corporate and other debt securities	12,679	12,542	12,542
Asset-backed securities	13,003	12,596	12,596
Total fixed maturities	77,126	75,332	75,332
Equity securities:			
Common stocks:			
Public utilities	38	121	121
Banks, trusts, and insurance companies	143	579	579
Industrial, miscellaneous, and all other	564	2,875	2,875
Nonredeemable preferred stocks	756	728	728
Total equity securities	1,501	4,303	4,303
Short-term investments	615	615	615
Total investments	$ 79,242	$ 80,250	$ 80,250

Progressive did not have 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 December 31, 2024.

SCHEDULE II — CONDENSED FINANCIAL INFORMATION OF REGISTRANT

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

THE PROGRESSIVE CORPORATION (PARENT COMPANY)
(millions)

	Years Ended December 31, 2024	2023	2022
Revenues			
Dividends from subsidiaries	$ 3,667	$ 399	$ 541
Undistributed income from subsidiaries	4,947	3,572	325
Equity in net income of subsidiaries	8,614	3,971	866
Intercompany investment income	149	205	92
Total revenues	8,763	4,176	958
Expenses			
Interest expense	280	270	246
Deferred compensation[1]	54	20	25
Other operating costs and expenses	8	8	7
Total expenses	342	298	278
Income before income taxes	8,421	3,878	680
Benefit for income taxes	59	25	42
Net income	8,480	3,903	722
Other comprehensive income (loss)	193	1,186	(2,843)
Comprehensive income (loss)	$ 8,673	$ 5,089	$ (2,121)

[1] See *Note 4 – Employee Benefit Plans* in these condensed financial statements.

See notes to condensed financial statements.

SCHEDULE II — CONDENSED FINANCIAL INFORMATION OF REGISTRANT (Continued)

CONDENSED BALANCE SHEETS

THE PROGRESSIVE CORPORATION (PARENT COMPANY)
(millions - except per share amounts)

	December 31, 2024	2023
Assets		
Investment in affiliate	$ 5	$ 5
Investment in subsidiaries	28,850	23,410
Receivable from investment subsidiary	5,812	3,791
Intercompany receivable	641	887
Net federal deferred income taxes	82	66
Other assets	176	165
Total assets	$ 35,566	$ 28,324
Liabilities and Shareholders' Equity		
Dividends payable on common shares	$ 2,695	$ 498
Accounts payable, accrued expenses, and other liabilities	387	660
Debt[1]	6,893	6,889
Total liabilities	9,975	8,047
Serial Preferred Shares, Series B, no par value (cumulative, liquidation preference of $1,000 per share) (authorized, issued, and outstanding 0 and 0.5)	0	494
Common shares, $1.00 par value (authorized 900; issued 798, including treasury shares of 212 and 213)	586	585
Paid-in capital	2,145	2,013
Retained earnings	24,283	18,801
Total accumulated other comprehensive income (loss)	(1,423)	(1,616)
Total shareholders' equity	25,591	20,277
Total liabilities and shareholders' equity	$ 35,566	$ 28,324

[1] Consists solely of long-term debt. See *Note 4 – Debt* in the Annual Report for further discussion.

See notes to condensed financial statements.

SCHEDULE II — CONDENSED FINANCIAL INFORMATION OF REGISTRANT (Continued)

CONDENSED STATEMENTS OF CASH FLOWS

THE PROGRESSIVE CORPORATION (PARENT COMPANY)
(millions)

	Years Ended December 31,		
	2024	2023	2022
Cash Flows From Operating Activities:			
Net income	$ 8,480	$ 3,903	$ 722
Adjustments to reconcile net income to net cash provided by operating activities:			
Undistributed income from subsidiaries	(4,947)	(3,572)	(325)
Amortization of equity-based compensation	4	3	3
Changes in:			
Intercompany receivable	246	(421)	(79)
Accounts payable, accrued expenses, and other liabilities	26	12	(22)
Income taxes	(318)	301	29
Other, net	28	10	60
Net cash provided by operating activities	3,519	236	388
Cash Flows From Investing Activities:			
Additional investments in equity securities of consolidated subsidiaries	(182)	(621)	(798)
Received from (paid to) investment subsidiary	(2,021)	307	(716)
Net cash used in investing activities	(2,203)	(314)	(1,514)
Cash Flows From Financing Activities:			
Redemption of preferred shares	(500)	0	0
Dividends paid to common shareholders	(674)	(234)	(234)
Dividends paid to preferred shareholders	(8)	(43)	(27)
Acquisition of treasury shares for restricted stock tax liabilities	(121)	(95)	(77)
Acquisition of treasury shares acquired in open market	(13)	(46)	(22)
Net proceeds from debt issuance	0	496	1,486
Net cash provided by (used in) financing activities	(1,316)	78	1,126
Change in cash	0	0	0
Cash - beginning of year	0	0	0
Cash - end of year	$ 0	$ 0	$ 0

See notes to condensed financial statements.

SCHEDULE II — CONDENSED FINANCIAL INFORMATION OF REGISTRANT (Continued)

NOTES TO CONDENSED FINANCIAL STATEMENTS

The accompanying condensed financial statements of The Progressive Corporation (parent company) should be read in conjunction with the consolidated financial statements and notes thereto in the Annual Report, which is included as Exhibit 13 to this Form 10-K.

Note 1. Statements of Cash Flows — For the purpose of the condensed statements of cash flows, cash includes only bank demand deposits. The Progressive Corporation does not hold any cash but has unrestricted access to funds maintained in a non-insurance investment subsidiary to meet its holding company obligations. At December 31, 2024, 2023, and 2022, $6.2 billion, $4.2 billion, and $4.4 billion, respectively, of marketable securities were available in this subsidiary; a portion of these securities were used to pay the $2.7 billion common share dividends accrued at December 31, 2024.

For the years ended December 31, non-cash activity included the following:

(millions)	2024	2023	2022
Common share dividends[1]	$ 2,695	$ 498	$ 58
Preferred share dividends and redemption[1]	3	0	13

[1] Includes declared but unpaid dividends and unpaid excise taxes on redemption. See *Note 14 – Dividends* in the Annual Report for further discussion.

For the years ended December 31, The Progressive Corporation paid the following:

(millions)	2024	2023	2022
Income taxes[1]	$ 2,540	$ 800	$ 705
Interest	276	265	229

[1] The increase in income taxes paid in 2024 was primarily driven by higher profitability, compared to the prior years.

Note 2. Income Taxes — The Progressive Corporation files a consolidated federal income tax return with its eligible subsidiaries and acts as an agent for the consolidated tax group when making payments to the Internal Revenue Service. The Progressive Corporation consolidated group’s net income taxes currently payable/recoverable are included in accounts payable, accrued expenses, and other liabilities or other assets, respectively, in the accompanying condensed balance sheets based on the balance at the end of the year. The Progressive Corporation and its eligible subsidiaries have adopted, pursuant to a written agreement, a method of allocating consolidated federal income taxes. Amounts allocated to the eligible subsidiaries under the written agreement are included in intercompany receivable in the accompanying condensed balance sheets.

Note 3. Debt — The information relating to debt is incorporated by reference from *Note 4 – Debt* in the Annual Report.

Note 4. Employee Benefit Plans — The information relating to incentive compensation and deferred compensation plans is incorporated by reference from *Note 9 – Employee Benefit Plans* in the Annual Report.

Note 5. Other Comprehensive Income (Loss) — On the condensed statements of comprehensive income, other comprehensive income (loss) represents activity of the subsidiaries of The Progressive Corporation and includes net unrealized gains (losses) on fixed-maturity securities.

Note 6. Dividends — The information relating to our dividend policy is incorporated by reference from *Note 14 – Dividends* in the Annual Report. Accrued dividends are recorded as dividends payable on common shares on our condensed balance sheets; the prior year common share dividend accrual was reclassified into this line item from accounts payable, accrued expenses, and other liabilities to conform to the current year presentation.

SCHEDULE III — SUPPLEMENTARY INSURANCE INFORMATION

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
(millions)

Segment	Deferred policy acquisition costs[1]	Future policy benefits, losses, claims, and loss expenses[1]	Unearned premiums[1]	Other policy claims and benefits payable[1]	Premium revenue	Net investment income[1,2]	Benefits, claims, losses, and settlement expenses	Amortization of deferred policy acquisition costs	Other operating expenses[1]	Net premiums written
Year ended December 31, 2024:										
Personal Lines[3]					$ 60,091		$ 41,443	$ 4,360	$ 8,341	$ 63,470
Commercial Lines					10,707		7,610	1,023	1,109	10,953
Other indemnity					1		7	0	12	1
Total	$ 1,961	$ 39,057	$ 23,858	$ 0	$ 70,799	$ 2,803	$ 49,060	$ 5,383	$ 9,462	$ 74,424
Year ended December 31, 2023:										
Personal Lines[3]					$ 48,765		$ 37,749	$ 3,660	$ 5,211	$ 51,412
Commercial Lines					9,899		7,900	1,005	1,020	10,138
Other indemnity					1		6	0	11	0
Total	$ 1,687	$ 34,389	$ 20,134	$ 0	$ 58,665	$ 1,866	$ 45,655	$ 4,665	$ 6,242	$ 61,550
Year ended December 31, 2022:										
Personal Lines[3]					$ 40,150		$ 31,572	$ 3,003	$ 4,904	$ 41,680
Commercial Lines					9,088		6,545	913	948	9,399
Other indemnity					3		6	1	7	2
Total	$ 1,544	$ 30,359	$ 17,294	$ 0	$ 49,241	$ 1,236	$ 38,123	$ 3,917	$ 5,859	$ 51,081

[1] Progressive does not allocate assets, liabilities, or investment income to operating segments. Expense allocations are based on certain assumptions and estimates primarily related to revenue and volume; stated segment operating results would change if different methods were applied.
[2] Excludes total net realized gains (losses) on securities.
[3] Beginning in the fourth quarter 2024, our Personal Lines segment includes insurance for personal autos, special lines products (e.g., recreational vehicles, such as motorcycles, RVs, and watercraft), and personal property insurance, which includes insurance for homeowners and renters, umbrella insurance, and flood products. Personal Lines information for 2023 and 2022 was recast to include our personal property insurance products; these products were reported separately in prior years.

SCHEDULE IV — REINSURANCE

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
(millions)

Year Ended:	Gross Amount	Ceded to Other Companies	Assumed From Other Companies	Net Amount	Percentage of Amount Assumed to Net
December 31, 2024					
Premiums earned:					
Property and liability insurance	$ 72,169	$ 1,370	$ 0	$ 70,799	0 %
December 31, 2023					
Premiums earned:					
Property and liability insurance	$ 59,881	$ 1,216	$ 0	$ 58,665	0 %
December 31, 2022					
Premiums earned:					
Property and liability insurance	$ 50,650	$ 1,409	$ 0	$ 49,241	0 %

Report of Independent Registered Public Accounting Firm on Financial Statement Schedules

To the Board of Directors and Shareholders of The Progressive Corporation

Our audits of the consolidated financial statements referred to in our report dated March 3, 2025 appearing in the 2024 Annual Report to Shareholders of The Progressive Corporation (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedules listed in Item 15(a)(2) of this Form 10-K. In our opinion, these financial statement schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP
Cleveland, Ohio
March 3, 2025

ITEM 16. FORM 10-K SUMMARY

We have elected not to include a summary of information as permitted under this item.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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
March 3, 2025	By:	/s/ Susan Patricia Griffith
		Susan Patricia Griffith President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Susan Patricia Griffith Susan Patricia Griffith	Director, President and Chief Executive Officer	March 3, 2025
/s/ John P. Sauerland John P. Sauerland	Vice President and Chief Financial Officer	March 3, 2025
/s/ Mariann Wojtkun Marshall Mariann Wojtkun Marshall	Vice President and Chief Accounting Officer	March 3, 2025
* Lawton W. Fitt	Chairperson of the Board	March 3, 2025
* Philip Bleser	Director	March 3, 2025
* Stuart B. Burgdoerfer	Director	March 3, 2025
* Pamela J. Craig	Director	March 3, 2025
* Charles A. Davis	Director	March 3, 2025
* Roger N. Farah	Director	March 3, 2025
* Devin C. Johnson	Director	March 3, 2025
* Jeffrey D. Kelly	Director	March 3, 2025
* Barbara R. Snyder	Director	March 3, 2025
* Kahina Van Dyke	Director	March 3, 2025

* David M. Stringer, by signing his name hereto, does sign this document on behalf of the persons indicated above pursuant to powers of attorney duly executed by such person.

By:	/s/ David M. Stringer	March 3, 2025
	David M. Stringer Attorney-in-fact	

EXHIBIT INDEX

Exhibit No. Under Reg. S-K, Item 601	Form 10-K Exhibit No.	Description of Exhibit	If Incorporated by Reference, Documents with Which Exhibit was Previously Filed with SEC
3(i)	3.1	Amended Articles of Incorporation of The Progressive Corporation (as amended March 13, 2018)	Quarterly Report on Form 10-Q (filed on May 1, 2019; Exhibit 3.1 therein)
3(ii)	3.2	Code of Regulations of The Progressive Corporation (as amended October 11, 2024)	Quarterly Report on Form 10-Q (filed on November 4, 2024; Exhibit 3.1 therein)
4	4.1	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934	Annual Report on Form 10-K (filed on February 26, 2024; Exhibit 4.1 therein)
4	4.2	Indenture dated as of September 15, 1993 between The Progressive Corporation and State Street Bank and Trust Company (successor in interest to The First National Bank of Boston), as Trustee ("1993 Senior Indenture") (including table of contents and cross-reference sheet)	Registration Statement No. 333-48935 (filed on March 31, 1998; Exhibit 4.1 therein)
4	4.3	First Supplemental Indenture dated March 15, 1996 to the 1993 Senior Indenture between The Progressive Corporation and State Street Bank and Trust Company	Registration Statement No. 333-01745 (filed on March 15, 1996; Exhibit 4.2 therein)
4	4.4	Second Supplemental Indenture dated February 26, 1999 to the 1993 Senior Indenture between The Progressive Corporation and State Street Bank and Trust Company, as Trustee	Registration Statement No. 333-100674 (filed on October 22, 2002; Exhibit 4.3 therein)
4	4.5	Fourth Supplemental Indenture dated November 21, 2002 to the 1993 Senior Indenture between The Progressive Corporation and State Street Bank and Trust Company, as Trustee	Registration Statement No. 333-143824 (filed on June 18, 2007; Exhibit 4.5 therein)
4	4.6	Fifth Supplemental Indenture dated June 13, 2007 to the 1993 Senior Indenture between The Progressive Corporation and U.S. Bank National Association, evidencing the designation of U.S. Bank National Association as successor Trustee under the 1993 Senior Indenture	Registration Statement No. 333-143824 (filed on June 18, 2007; Exhibit 4.6 therein)
4	4.7	Seventh Supplemental Indenture dated April 25, 2014 to the 1993 Senior Indenture between The Progressive Corporation and U.S. Bank National Association, as Trustee	Current Report on Form 8-K (filed on April 25, 2014; Exhibit 4.1 therein)
4	4.8	Eighth Supplemental Indenture dated January 26, 2015 to the 1993 Senior Indenture between The Progressive Corporation and U.S. Bank National Association, as Trustee	Current Report on Form 8-K (filed on January 26, 2015; Exhibit 4.1 therein)
4	4.9	Ninth Supplemental Indenture dated August 25, 2016 to the 1993 Senior Indenture between The Progressive Corporation and U.S. Bank National Association, as Trustee	Current Report on Form 8-K (filed on August 25, 2016; Exhibit 4.1 therein)
4	4.10	Tenth Supplemental Indenture dated April 6, 2017 to the 1993 Senior Indenture between The Progressive Corporation and U.S. Bank National Association, as Trustee	Current Report on Form 8-K (filed on April 6, 2017; Exhibit 4.1 therein)

EXHIBIT INDEX

Exhibit No. Under Reg. S-K, Item 601	Form 10-K Exhibit No.	Description of Exhibit	If Incorporated by Reference, Documents with Which Exhibit was Previously Filed with SEC
4	4.11	Eleventh Supplemental Indenture dated March 14, 2018 to the 1993 Senior Indenture between The Progressive Corporation and U.S. Bank National Association, as Trustee	Current Report on Form 8-K (filed on March 14, 2018; Exhibit 4.1 therein)
4	4.12	Form of 6 5/8% Senior Notes due 2029, issued in the aggregate principal amount of $300,000,000 under the 1993 Senior Indenture, as amended and supplemented	Annual Report on Form 10-K (filed on March 2, 2015; Exhibit 4.2 therein)
4	4.13	Form of 6.25% Senior Notes due 2032, issued in the aggregate principal amount of $400,000,000 under the 1993 Senior Indenture, as amended and supplemented	Annual Report on Form 10-K (filed on February 27, 2018; Exhibit 4.3 therein)
4	4.14	Form of 4.35% Senior Notes due 2044, issued in the aggregate principal amount of $350,000,000 under the 1993 Senior Indenture, as amended and supplemented	Current Report on Form 8-K (filed on April 25, 2014; Exhibit 4.2 therein)
4	4.15	Form of 3.70% Senior Notes due 2045, issued in the aggregate principal amount of $400,000,000 under the 1993 Senior Indenture, as amended and supplemented	Current Report on Form 8-K (filed on January 26, 2015; Exhibit 4.2 therein)
4	4.16	Form of 2.45% Senior Notes due 2027, issued in the aggregate principal amount of $500,000,000 under the 1993 Senior Indenture, as amended and supplemented	Current Report on Form 8-K (filed on August 25, 2016; Exhibit 4.2 therein)
4	4.17	Form 4.125% Senior Note Due 2047, issued in the aggregate principal amount of $850,000,000 under the 1993 Senior Indenture, as amended and supplemented	Current Report on Form 8-K (filed on April 6, 2017; Exhibit 4.2 therein)
4	4.18	Form 4.20% Senior Note Due 2048, issued in the aggregate principal amount of $600,000,000 under the 1993 Senior Indenture, as amended and supplemented	Current Report on Form 8-K (filed on March 14, 2018; Exhibit 4.2 therein)
4	4.19	Indenture dated as of September 12, 2018 between The Progressive Corporation and U.S. Bank National Association, Trustee (including table of contents and cross-reference sheet)	Registration Statement No. 333-227315 (filed on September 13, 2018; Exhibit 4.2 therein)
4	4.20	First Supplemental Indenture dated October 23, 2018 between The Progressive Corporation and U.S. Bank National Association, as trustee	Current Report on Form 8-K (filed on October 23, 2018; Exhibit 4.1 therein)
4	4.21	Second Supplemental Indenture dated March 26, 2020 between The Progressive Corporation and U.S. Bank National Association, as trustee	Current Report on Form 8-K (filed on March 26, 2020; Exhibit 4.1 therein)
4	4.22	Third Supplemental Indenture between The Progressive Corporation and U.S. Bank Trust Company, National Association, as trustee	Current Report on Form 8-K (filed on March 9, 2022; Exhibit 4.1 therein)
4	4.23	Fourth Supplemental Indenture between The Progressive Corporation and U.S. Bank Trust Company, National Association, as trustee	Current Report on Form 8-K (filed on May 25, 2023; Exhibit 4.1 therein)
4	4.24	Form 4.00% Senior Note Due 2029, issued in the aggregate principal amount of $550,000,000	Current Report on Form 8-K (filed on October 23, 2018; Exhibit 4.2 therein)

Exhibit No. Under Reg. S-K, Item 601	Form 10-K Exhibit No.	Description of Exhibit	If Incorporated by Reference, Documents with Which Exhibit was Previously Filed with SEC
4	4.25	Form of 3.20% Senior Note due 2030, issued in the aggregate principal amount of $500,000,000	Current Report on Form 8-K (filed on March 26, 2020; Exhibit 4.2 therein)
4	4.26	Form of 3.95% Senior Note due 2050, issued in the aggregate principal amount of $500,000,000	Current Report on Form 8-K (filed on March 26, 2020; Exhibit 4.3 therein)
4	4.27	Form of 2.50% Senior Note due 2027	Current Report on Form 8-K (filed on March 9, 2022; Exhibit 4.2 therein)
4	4.28	Form of 3.00% Senior Note due 2032	Current Report on Form 8-K (filed on March 9, 2022; Exhibit 4.3 therein)
4	4.29	Form of 3.70% Senior Note due 2052	Current Report on Form 8-K (filed on March 9, 2022; Exhibit 4.4 therein)
4	4.30	Form of 4.95% Senior Note due 2033	Current Report on Form 8-K (filed on May 25, 2023; Exhibit 4.2 therein)
4	4.31	Form of Confirmation Letter-Discretionary Line of Credit from PNC Bank, National Association to The Progressive Corporation	Quarterly Report on Form 10-Q (filed on May 1, 2019; Exhibit 4.1 therein)
4	4.32	Amendment to Discretionary Line Documents - Discretionary Line of Credit from PNC Bank, National Association, to The Progressive Corporation (2020 Amendment)	Quarterly Report on Form 10-Q (filed on August 4, 2020; Exhibit 5.1 therein)
4	4.33	Amendment to Discretionary Line Documents - Discretionary Line of Credit from PNC Bank, National Association, to The Progressive Corporation (2021 Amendment)	Quarterly Report on Form 10-Q (filed on August 3, 2021; Exhibit 4.1 therein)
4	4.34	Amendment to Discretionary Line Documents - Discretionary Line of Credit from PNC Bank, National Association to The Progressive Corporation (2023 Amendment)	Quarterly Report on Form 10-Q (filed on May 2, 2023; Exhibit 4.1 therein)
4	4.35	Form of Amended and Restated Discretionary Line of Credit Note from The Progressive Corporation to PNC Bank, National Association	Quarterly Report on Form 10-Q (filed on May 2, 2023; Exhibit 4.2 therein)
10(iii)	10.1	The Progressive Corporation 2025 Gainshare Plan	Filed herewith
10(iii)	10.2	The Progressive Corporation 2015 Equity Incentive Plan	Current Report on Form 8-K (filed on February 4, 2015; Exhibit 10.1 therein)
10(iii)	10.3	The Progressive Corporation 2024 Equity Incentive Plan	Current Report on Form 8-K (filed on May 14, 2024; Exhibit 10 therein)
10(iii)	10.4	Form of Restricted Stock Unit Award Agreement for Time-Based Awards (for 2024)	Quarterly Report on Form 10-Q (filed on May 6, 2024; Exhibit 10.1 therein)
10(iii)	10.5	Form of Restricted Stock Unit Award Agreement for Time-Based Awards under The Progressive Corporation 2015 Equity Incentive Plan (for 2023)	Quarterly Report on Form 10-Q (filed on May 2, 2023; Exhibit 10.1 therein)
10(iii)	10.6	Form of Restricted Stock Unit Award Agreement for Time-Based Awards under The Progressive Corporation 2015 Equity Incentive Plan (for 2022)	Quarterly Report on Form 10-Q (filed on May 2, 2022; Exhibit 10.1 therein)

EXHIBIT INDEX

Exhibit No. Under Reg. S-K, Item 601	Form 10-K Exhibit No.	Description of Exhibit	If Incorporated by Reference, Documents with Which Exhibit was Previously Filed with SEC
10(iii)	10.7	Form of Restricted Stock Unit Award Agreement for 2021 Time-Based Awards under The Progressive Corporation 2015 Equity Incentive Plan (for 2021)	Current Report on Form 8-K (filed on March 25, 2021; Exhibit 10.1 therein)
10(iii)	10.8	Form of Restricted Stock Unit Award Agreement for Performance-Based Awards (Performance Versus Market) (for 2024)	Quarterly Report on Form 10-Q (filed on May 6, 2024; Exhibit 10.2 therein)
10(iii)	10.9	Form of Restricted Stock Unit Award Agreement for Performance-Based Awards (Performance Versus Market) under The Progressive Corporation 2015 Equity Incentive Plan (for 2023)	Quarterly Report on Form 10-Q (filed on May 2, 2023; Exhibit 10.2 therein)
10(iii)	10.10	Form of Restricted Stock Unit Award Agreement for Performance-Based Awards (Performance Versus Market) under The Progressive Corporation 2015 Equity Incentive Plan (for 2022)	Quarterly Report on Form 10-Q (filed on May 2, 2022; Exhibit 10.2 therein)
10(iii)	10.11	Form of Restricted Stock Unit Award Agreement for Performance-Based Awards (Investment Results) (for 2024)	Quarterly Report on Form 10-Q (filed on May 6, 2024; Exhibit 10.3 therein)
10(iii)	10.12	Form of Restricted Stock Unit Award Agreement for Performance-Based Awards (Investment Results) under The Progressive Corporation 2015 Equity Incentive Plan (for 2023)	Quarterly Report on Form 10-Q (filed on May 2, 2023; Exhibit 10.3 therein)
10(iii)	10.13	Form of Restricted Stock Unit Award Agreement for Special Time/Performance-Based Award (for 2024)	Quarterly Report on Form 10-Q (filed on May 6, 2024; Exhibit 10.4 therein)
10(iii)	10.14	Chief Executive Officer Amendment No. 1 to Certain Restricted Stock Unit Award Agreements	Annual Report on Form 10-K (filed on February 26, 2024; Exhibit 10.14 therein)
10(iii)	10.15	The Progressive Corporation 2017 Directors Equity Incentive Plan (2022 Amendment and Restatement)	Current Report on Form 8-K (filed on May 16, 2022; Exhibit 10 therein)
10(iii)	10.16	Form of Restricted Stock Award Agreement under The Progressive Corporation Amended and Restated 2017 Directors Equity Incentive Plan (for 2024)	Quarterly Report on Form 10-Q (filed on August 5, 2024; Exhibit 10.1 therein)
10(iii)	10.17	The Progressive Corporation Executive Deferred Compensation Plan (2003 Amendment and Restatement)	Registration Statement No. 333-185704 (filed on December 27, 2012; Exhibit 4.3 therein)
10(iii)	10.18	First Amendment to The Progressive Corporation Executive Deferred Compensation Plan (2003 Amendment and Restatement)	Registration Statement No. 333-185704 (filed on December 27, 2012; Exhibit 4.4 therein)
10(iii)	10.19	Second Amendment to The Progressive Corporation Executive Deferred Compensation Plan (2003 Amendment and Restatement)	Registration Statement No. 333-185704 (filed on December 27, 2012; Exhibit 4.5 therein)
10(iii)	10.20	Third Amendment to The Progressive Corporation Executive Deferred Compensation Plan (2003 Amendment and Restatement)	Registration Statement No. 333-185704 (filed on December 27, 2012; Exhibit 4.6 therein)
10(iii)	10.21	Fourth Amendment to The Progressive Corporation Executive Deferred Compensation Plan (2003 Amendment and Restatement)	Registration Statement No. 333-185704 (filed on December 27, 2012; Exhibit 4.7 therein)

EXHIBIT INDEX

Exhibit No. Under Reg. S-K, Item 601	Form 10-K Exhibit No.	Description of Exhibit	If Incorporated by Reference, Documents with Which Exhibit was Previously Filed with SEC
10(iii)	10.22	The Progressive Corporation Executive Deferred Compensation Plan (2008 Amendment and Restatement)	Registration Statement No. 333-185704 (filed on December 27, 2012; Exhibit 4.8 therein)
10(iii)	10.23	First Amendment to The Progressive Corporation Executive Deferred Compensation Plan (2008 Amendment and Restatement)	Registration Statement No. 333-185704 (filed on December 27, 2012; Exhibit 4.9 therein)
10(iii)	10.24	The Progressive Corporation Executive Deferred Compensation Plan (2010 Amendment and Restatement)	Registration Statement No. 333-185704 (filed on December 27, 2012; Exhibit 4.10 therein)
10(iii)	10.25	First Amendment to The Progressive Corporation Executive Deferred Compensation Plan (2010 Amendment and Restatement)	Registration Statement No. 333-185704 (filed on December 27, 2012; Exhibit 4.11 therein)
10(iii)	10.26	Second Amendment to The Progressive Corporation Executive Deferred Compensation Plan (2010 Amendment and Restatement)	Current Report on Form 8-K (filed on October 14, 2014; Exhibit 10 therein)
10(iii)	10.27	Third Amendment to the Progressive Corporation Executive Deferred Compensation Plan (2010 Amendment and Restatement)	Annual Report on Form 10-K (filed on February 29, 2016; Exhibit 10.53 therein)
10(iii)	10.28	Fourth Amendment to The Progressive Corporation Executive Deferred Compensation Plan (2010 Amendment and Restatement)	Quarterly Report on Form 10-Q (filed on November 2, 2017; Exhibit 10 therein)
10(iii)	10.29	The Progressive Corporation Executive Deferred Compensation Plan (2018 Amendment and Restatement)	Quarterly Report on Form 10-Q (filed on July 31, 2018; Exhibit 10 therein)
10(iii)	10.30	First Amendment to The Progressive Corporation Executive Deferred Compensation Plan (2018 Amendment and Restatement)	Quarterly Report on Form 10-Q (filed on August 5, 2024; Exhibit 10.2 therein)
10(iii)	10.31	The Progressive Corporation Executive Deferred Compensation Trust (November 8, 2002 Amendment and Restatement)	Registration Statement No. 333-185704 (filed on December 27, 2012; Exhibit 4.23 therein)
10(iii)	10.32	First Amendment to Trust Agreement between Fidelity Management Trust Company and Progressive	Registration Statement No. 333-185704 (filed on December 27, 2012; Exhibit 4.24 therein)
10(iii)	10.33	Second Amendment to The Progressive Corporation Executive Deferred Compensation Trust	Registration Statement No. 333-185704 (filed on December 27, 2012; Exhibit 4.25 therein)
10(iii)	10.34	Third Amendment to The Progressive Corporation Executive Deferred Compensation Trust	Registration Statement No. 333-185704 (filed on December 27, 2012; Exhibit 4.26 therein)
10(iii)	10.35	Fourth Amendment to The Progressive Corporation Executive Deferred Compensation Trust	Registration Statement No. 333-185704 (filed on December 27, 2012; Exhibit 4.27 therein)
10(iii)	10.36	Fifth Amendment to The Progressive Corporation Executive Deferred Compensation Trust	Registration Statement No. 333-185704 (filed on December 27, 2012; Exhibit 4.28 therein)
10(iii)	10.37	Sixth Amendment to The Progressive Corporation Executive Deferred Compensation Trust	Registration Statement No. 333-185704 (filed on December 27, 2012; Exhibit 4.29 therein)
10(iii)	10.38	Seventh Amendment to The Progressive Corporation Executive Deferred Compensation Trust	Registration Statement No. 333-185704 (filed on December 27, 2012; Exhibit 4.30 therein)

EXHIBIT INDEX

Exhibit No. Under Reg. S-K, Item 601	Form 10-K Exhibit No.	Description of Exhibit	If Incorporated by Reference, Documents with Which Exhibit was Previously Filed with SEC
10(iii)	10.39	Eighth Amendment to The Progressive Corporation Executive Deferred Compensation Trust (2002 Amendment and Restatement)	Annual Report on Form 10-K (filed on February 27, 2019; Exhibit 10.49 therein)
10(iii)	10.40	Ninth Amendment to The Progressive Corporation Executive Deferred Compensation Trust	Quarterly Report on Form 10-Q (filed on May 11, 2015; Exhibit 10.5 therein)
10(iii)	10.41	Tenth Amendment to The Progressive Corporation Executive Deferred Compensation Trust	Quarterly Report on Form 10-Q (filed on May 11, 2015; Exhibit 10.6 therein)
10(iii)	10.42	The Progressive Corporation Directors Deferral Plan (2008 Amendment and Restatement)	Annual Report on Form 10-K (filed on February 27, 2018; Exhibit 10.91 therein)
10(iii)	10.43	The Progressive Corporation Directors Deferral Plan (2015 Amendment and Restatement)	Annual Report on Form 10-K (filed on February 29, 2016; Exhibit 10.77 therein)
10(iii)	10.44	The Progressive Corporation Directors Restricted Stock Deferral Plan (2008 Amendment and Restatement)	Quarterly Report on Form 10-Q (filed on May 1, 2019; Exhibit 10.4 therein)
10(iii)	10.45	First Amendment to The Progressive Corporation Directors Restricted Stock Deferral Plan (2008 Amendment and Restatement)	Annual Report on Form 10-K (filed on February 27, 2019; Exhibit 10.56 therein)
10(iii)	10.46	Director Compensation Schedule for 2024-2025 Term	Filed herewith
10(iii)	10.47	The Progressive Corporation Executive Separation Allowance Plan (2024 Amendment and Restatement)	Quarterly Report on Form 10-Q (filed on August 5, 2024; Exhibit 10.3 therein)
10(iii)	10.48	2025 Progressive Capital Management Annual Incentive Plan	Filed herewith
13	13	Annual Report to Shareholders of The Progressive Corporation and subsidiaries for the year ended December 31, 2024	Filed herewith
19	19	The Progressive Corporation Insider Trading Policy	Filed herewith
21	21	Subsidiaries of The Progressive Corporation	Filed herewith
23	23	Consent of Independent Registered Public Accounting Firm	Filed herewith
24	24	Powers of Attorney	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
97	97	The Progressive Corporation Dodd-Frank Clawback Policy	Annual Report on Form 10-K (filed on February 26, 2024; Exhibit 97 therein)
99	99	Letter to Shareholders from Susan Patricia Griffith, President and Chief Executive Officer	Filed herewith

EXHIBIT INDEX

Exhibit No. Under Reg. S-K, Item 601	Form 10-K Exhibit No.	Description of Exhibit	If Incorporated by Reference, Documents with Which Exhibit was Previously Filed with SEC
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

Exhibit 10.1

THE PROGRESSIVE CORPORATION
2025 GAINSHARE PLAN

1. **The Plan**. The Progressive Corporation and its wholly-owned and majority-owned subsidiaries and down-stream affiliates (collectively, "Progressive" or the "Company") have adopted The Progressive Corporation 2025 Gainshare Plan (the "Plan") as part of the Company's overall compensation program. The Plan is performance-based, is not a form of commission compensation, and is administered under the direction of the Compensation and Talent Committee of the Board of Directors of The Progressive Corporation (the "Committee"). Payment under the Plan, if any, is based on Company performance as defined by the Plan, not individual employee performance. Plan years will coincide with Progressive's fiscal years.

2. **Participants**. Plan participants for each Plan year shall include all officers and regular employees of Progressive, unless determined otherwise by the Committee. Temporary employees are not eligible to participate in the Plan. Throughout this Plan, references to "executive officers" refer to executive officers of The Progressive Corporation within the meaning of any Securities and Exchange Commission ("SEC") or New York Stock Exchange rule applicable to the Company.

3. **Gainshare Formula**. Subject to the terms of the Plan, annual payments pursuant to the Plan (each, an "Annual Gainshare Payment") will be determined by application of the following formula:

Annual Gainshare Payment = Paid Eligible Earnings x Target Percentage x Performance Factor

4. **Paid Eligible Earnings**. "Paid Eligible Earnings" for any Plan year shall mean and include the following: regular pay, Paid Time Off pay (including Protected PTO-PSL, but excluding the payout of unused Paid Time Off or Protected PTO-PSL at termination), Volunteer Time Off pay, sick pay, holiday pay, bereavement pay, overtime pay, military make-up pay, shift differential pay, disaster pay, jury duty pay, and retroactive payments of any of the foregoing items, in each case received by the participant during the Plan year for work or services performed as an officer or employee of Progressive.

For purposes of the Plan, and notwithstanding the foregoing, Paid Eligible Earnings shall exclude all other types of pay or compensation, including, without limitation: any short-term or long-term disability payments made to the participant; the earnings replacement component of any workers' compensation benefit or award; any amounts paid pursuant to a judgment in, or settlement related to, any action, suit or proceeding, whether in law or equity, to any extent arising from or relating to a participant's employment with the Company, or work or services performed for or on behalf of the Company; any amount paid under a separation allowance (or severance) plan; any bonus (including PCM Annual Incentive Plan payment), Gainshare or other incentive compensation payment or award (whether denominated, or payable, in cash or equity), including, without limitation, payments from any discretionary cash fund; any dividend payments or dividend equivalent amounts; any unused Paid Time Off; any unused Volunteer Time Off; and any other payment required by applicable law to be paid to a participant by the Company and intended to replace all or any portion of wages or earnings during a period of unemployment, whether due to illness, disability or otherwise (including, but not limited to, payments made pursuant to any statute, rule or regulation of a governmental authority relating to leave on account of maternity, paternity, parental status or responsibility, or sickness).

5. **Target Percentages**. Target Percentages vary by position. Target Percentages for Plan participants typically are as follows:

POSITION	TARGET %
Chief Executive Officer and Other Executive Officers	Determined by the Compensation and Talent Committee
Other Senior Executives and Executive Level Managers	60 - 75%
Business Leaders	35 - 60%
Directors and Senior Directors	20 - 45%
Middle Managers and Senior Managers	15 - 25%
Senior Professionals and Entry Level Managers	8 - 25%
Administrative Support and Entry Level Professionals	4 - 8%

Target Percentages will be established within the above ranges by, and may be changed with the approval of, the Chief Human Resources Officer ("CHRO"); provided that the CHRO may establish appropriate procedures to evaluate the need for, and if appropriate, implement individual exceptions to, the foregoing ranges. Target Percentages may be changed from year to year by the CHRO. The CHRO may consult with the Chief Executive Officer ("CEO") on any of the foregoing decisions. Notwithstanding anything herein to the contrary, only the Committee may establish or modify the Target Percentages for the Company's executive officers.

If a participant's Target Percentage changes during a Plan year, the Target Percentages used to calculate such participant's Annual Gainshare Payment hereunder shall be weighted appropriately to reflect such participant's tenure in each such position during the Plan year.

6. **The Performance Factor**.

A. *Core Business Defined*.

The Performance Factor shall be determined by the performance of the Core Business during the Plan year, pursuant to the procedures and calculations described below. The "Core Business" shall be comprised of the following:

- The agency auto business unit, consisting of the auto business produced by independent agents or brokers, including Strategic Alliances agency auto, but excluding all agency special lines businesses;
- The direct auto business unit, consisting of the personal auto business produced by phone, over the Internet, or via a mobile application, but excluding all direct special lines businesses;
- The special lines business unit, consisting of special lines business generated by agents and brokers or directly by phone, over the Internet, or via a mobile application;

- The Commercial Lines business unit, consisting of Commercial Lines business generated by agents and brokers or directly by phone or over the Internet; and
- The property business unit, consisting of of property business generated by agents or directly by phone, over the Internet.

Each of the agency auto, direct auto, special lines, Commercial Lines and property business units is individually referred to herein as a "Business Unit." Notwithstanding the foregoing descriptions, for all purposes under this Plan, the following are excluded from the Core Business results:

(i) from both growth and profitability: results of the Professional Liability business, the Midland Financial Group, Inc. and other businesses in run-off; results of the CAIP Servicing Group; flood insurance policies, renters insurance policies, umbrella policies and related expenses; and business owners' policies and related expenses; and

(ii) from growth: any results of any Commercial Lines product or program pursuant to which the Company insures any transportation network company or other entity engaged in a ride, cartage, or vehicle sharing business, operation, platform, or program or in a business based on matching and/or sharing time, use and/or assets by and among people and/or businesses (collectively, the "TNC business") and results from Progressive Fleet & Specialty (formerly known as The Protective Insurance Corporation and its subsidiaries) ("Progressive Fleet & Specialty"). For purposes of this Plan, any business or entity acquired during the Plan year will be excluded to the extent determinable.

B. *Matrices*.

For purposes of computing a performance score for the Core Business, operating performance results for each Business Unit are evaluated using a performance matrix for the Plan year. Each matrix assigns performance scores to various combinations of profitability and growth outcomes for the applicable Business Unit. Those scores are then weighted and combined to produce a Performance Factor as described in Paragraph 6.D. below.

For 2025, and for each Plan year thereafter until otherwise determined by the Committee, each Business Unit will be evaluated, and separate Gainshare matrices will be established by the Committee for the following:

- agency auto;
- direct auto;
- Special lines;
- Commercial Lines (comprised of a commercial auto component and a combined TNC and Progressive Fleet & Specialty component); and
- property (comprised of two separate strategic growth components).

C. *Performance Measures*.

Growth. The growth measure for the Plan year under all applicable matrices will be based on policies in force ("PIFs").

For all applicable matrices, growth will be measured by the percentage change in average PIFs for the Plan year compared to the average PIFs of the immediately preceding fiscal year (rounded to the nearest hundredth decimal). Average PIFs for the Plan year and for the immediately preceding fiscal year will be determined by adding the fiscal-month-end number of PIFs for each month during such year and dividing the total by twelve and rounded to the nearest hundredth decimal.

Assigned risk business will not be included in determining the growth of any Business Unit.

Profitability. For all applicable matrices, the measurement of profitability will be the combined ratio (calculated using measures determined in accordance with U.S. generally accepted accounting principles and rounded to the nearest tenth decimal) (the "GAAP Combined Ratio") for the Plan year for the applicable Business Unit.

Assigned risk business will be included in determining the GAAP Combined Ratio for the applicable Business Unit. The net operating expense of Corporate Products (e.g., self-insurance) shall be apportioned among the appropriate Business Units in accordance with the respective amount(s) of net earned premiums generated by each such Business Unit and will be reflected in the calculation of the GAAP Combined Ratio for such Business Units.

D. *Calculation of Performance Factor*:

Performance Scores

Using the actual performance results and the Gainshare matrix for each Business Unit, the GAAP Combined Ratio* for each such Business Unit will be matched with the growth levels achieved by such Business Unit, to determine the performance score for each such Business Unit. The performance score for each Business Unit, which will be used to calculate the Performance Factor as described further below, can vary from 0.00 to 2.00 (within this range, the performance score for each Business Unit will be rounded to the nearest hundredth decimal). Provided, however, that with respect to the Commercial Lines and property Business Units, if the respective GAAP Combined Ratio* is at or above 100.0, the Performance Factor for such Business Unit shall be 0.00.

**With respect to the Commercial Line's GAAP Combined Ratio, the commercial auto component score will be weighted with the combined TNC and Progressive Fleet & Specialty components score based upon net earned premiums.*

Performance Factor

The resulting performance scores for each of the agency auto, direct auto, special lines, Commercial Lines and property Business Units will then be multiplied by a weighting factor, which shall be a fraction or decimal equivalent rounded to the nearest hundredth decimal, determined by dividing the net earned premiums generated by such Business Unit during the Plan year by the net earned premiums generated by all of the Business Units comprising the Core Business in the aggregate. The sum of these weighted performance scores (for each weighted Business Unit, rounded to the nearest hundredth decimal) will be the Performance Factor for the Plan year.

E. *Limitations*.

The final Performance Factor in total or for any single business unit cannot exceed 2.00.

7. **Payment Procedures; Deferral**.

A. *Executive Team*.

In the case of a participant who is the CEO or any other executive officer (other than the Chief Accounting Officer) within the meaning of Rule 16a-1(f) or otherwise for purposes of Section 16 of the Securities Exchange Act of 1934 as of February 16, 2025 (collectively, the "Executive Team"), subject to Paragraphs 9 and 16 below, Annual Gainshare Payments shall be paid after the Committee determines the Performance Factor but in any event prior to March 15th of the year immediately following the Plan year; provided, however, that the Committee may, in its sole discretion, reduce the amount of, or eliminate in full, any Annual Gainshare Payment to a member of the Executive Team at any time before payment, for any or no reason. The Committee may, in its sole discretion, treat individual members of the Executive Team differently for these purposes. Any such determination by the Committee shall be final and binding on each participant whose Annual Gainshare Payment is affected thereby and on such participant's estate and beneficiaries.

B. *Other Participants*.

In the case of participants who are not members of the Executive Team, subject to Paragraphs 9 and 16 below, no later than December 31 of each Plan year, each participant will receive an initial payment in respect of such participant's Annual Gainshare Payment for that Plan year, if any, equal to 75% of an amount calculated on the basis of Paid Eligible Earnings for the first 24 pay periods of the Plan year, estimated earnings for the remainder of the Plan year, and an estimated performance factor determined using the performance data for each Business Unit through the first 11 months of the Plan year (estimated, if necessary), the applicable Gainshare matrix and the calculations described above. Subject to Paragraphs 9 and 16 below, no later than February 28 of the following year, each participant will receive the amount equal to (x) such participant's Annual Gainshare Payment, if any, for such Plan year, based on such participant's Paid Eligible Earnings and performance data for the entire Plan year, minus (y) the amount of the initial payment received by such participant pursuant to the immediately preceding sentence.

C. *Deferral*.

Any Plan participant who is then eligible to participate in The Progressive Corporation Executive Deferred Compensation Plan ("Deferral Plan") may elect to defer all or a portion of the Annual Gainshare Payment otherwise payable to such participant under this Plan, subject to and in accordance with the terms of the Deferral Plan. If a Plan participant has made such an election under the Deferral Plan, then to the extent of such election, the Annual Gainshare Payment will, instead of being paid to such participant as described in the immediately preceding paragraphs, be credited to such participant's account under the Deferral Plan in accordance with the terms of the Deferral Plan.

8. **Other Plans**. If, for any Plan year, an employee has been selected to participate in both this Plan and another cash incentive plan offered by the Company, then with respect to such employee,

the Gainshare formula set forth in Paragraph 3 hereof shall be appropriately adjusted by applying a weighting factor to reflect the proportion of the employee's total annual incentive opportunity that is being provided by this Plan. The Committee shall have full authority to determine the incentive plan or plans in which any employee will participate during any Plan year and, if an employee is selected to participate in more than one plan, the weighting factor that will apply to each such plan.

9. **Qualification Date; Leave of Absence; Withholding**. Unless otherwise determined by the Committee, and except as expressly provided herein, in order to be entitled to receive an Annual Gainshare Payment for any Plan year, the participant must be an active officer or regular employee of the Company on November 30 of the Plan year ("Qualification Date"). An individual (i) who is hired on or after December 1 of any Plan year or (ii) whose employment terminates for any reason prior to the Qualification Date is not entitled to an Annual Gainshare Payment for that Plan year. Annual Gainshare Payments are not earned until paid.

Any participant who is on a leave of absence covered by the Family and Medical Leave Act of 1993, as amended (or equivalent state or local law), the Americans with Disabilities Act of 1991, as amended (or equivalent state or local law), personal leave of absence with the approval of the Company, military leave or short- or long-term disability (provided that, in the case of a long-term disability, the participant is still an employee of the Company) on the Qualification Date with respect to any Plan year will be entitled to receive an Annual Gainshare Payment for such Plan year, calculated as provided in Paragraphs 3 through 6 above, based on the amount of Paid Eligible Earnings received by such participant during the Plan year and paid in the manner and at the times as are described in Paragraph 7 above but subject to Paragraph 16 below.

Progressive shall have the right to deduct from any Annual Gainshare Payment, prior to payment, the amount of any taxes required to be withheld by any federal, state, local or foreign government with respect to such payments.

10. **Non-Transferability**. Annual Gainshare Payments shall be payable only to the participant or, in the event of the participant's death, to the participant's estate. The right to any Annual Gainshare Payment hereunder may not be sold, transferred, assigned or encumbered, voluntarily or involuntarily, other than by will or the laws of descent or distribution. Nothing herein shall prevent any participant's interest hereunder from being subject to involuntary attachment, levy or other legal process.

11. **Administration**. The Plan shall be administered by or under the direction of the Committee. The Committee shall have the authority to adopt, alter, amend, modify, revise and repeal such rules, guidelines, procedures and practices governing the Plan as it shall, from time to time, in its sole discretion, deem advisable.

The Committee shall have full authority to determine the manner in which the Plan will operate, to interpret the provisions of the Plan and to make all determinations hereunder. All such interpretations and determinations shall be final and binding on Progressive, all Plan participants, their estates and beneficiaries and all other parties. No such interpretation or determination shall be relied on as a precedent for any similar action or decision. No member of the Committee shall incur any liability for any action taken or omitted, or any determination made, in good faith with respect to the Plan.

Unless otherwise determined by the Committee, all of the authority of the Committee hereunder (including, without limitation, the authority to administer the Plan, select the persons entitled to participate herein, interpret the provisions hereof, waive any of the requirements specified herein and make determinations hereunder and to select, approve, establish, change or modify the Business Units and the Gainshare formulae, weighting factors, performance targets and Target Percentages) may be exercised by the CEO and/or the CHRO; provided, however, that only the Committee may take such actions or make such determinations with respect to the Company's executive officers. In the event of a dispute or conflict, the determination of the Committee will govern.

12. **Miscellaneous**.

A. *Recoupment.* Progressive shall have the right to recoup any Annual Gainshare Payment (or an appropriate portion thereof, as hereinafter provided) with respect to any Plan year paid to a participant hereunder who was an executive officer of Progressive at any time during such Plan year, if: (i) the Annual Gainshare Payment was calculated by reference to the achievement during such Plan year of certain financial or operating results (which includes, for purposes hereof, the Performance Factor described in Paragraph 6); (ii) such financial or operating results were incorrect and were subsequently the subject of a restatement by Progressive within three (3) years after the date on which such Annual Gainshare Payment was paid to the participant; and (iii) the Annual Gainshare Payment would not have been paid, in whole or in part, to the participant if the restated financial or operating results had been known at the time the payment was made. Such recoupment right shall be available to Progressive whether or not the participant in question was at fault or responsible in any way in causing such restatement. In such circumstances, Progressive will have the right to recover from each such participant for such Plan year, and each such participant will refund to Progressive promptly upon demand, the amount by which the Annual Gainshare Payment paid to such participant for the Plan year in question exceeded the payment that would have been made if the Annual Gainshare Payment had been calculated by reference to the restated results, without interest; provided, however, that Progressive will not seek to recover such amounts from any participant who is not a member of the Executive Team unless the amount due would exceed the lesser of five percent (5%) of the Annual Gainshare Payment previously paid or twenty-thousand dollars ($20,000). Such recovery, at the Committee's discretion, may be made by lump sum payment, installment payments, credits against future Annual Gainshare Payments or other bonus payments, credits against any other compensation or other appropriate mechanism. References in this paragraph to payments and amounts paid shall be deemed to include amounts deposited into the Deferral Plan as a result of an election by the participant.

B. *Further Rights*. Notwithstanding the foregoing subsection A., if any participant that was an executive officer at any time during such Plan year engaged in fraud or other misconduct (as determined by the Committee or the Board of Directors, in their respective sole discretion) resulting, in whole or in part, in a restatement of the financial or operating results used hereunder to determine the Annual Gainshare Payments for a specific Plan year, Progressive will further have the right to recover from such participant, and the participant will refund to Progressive upon demand, an amount equal to the entire Annual Gainshare Payment paid to such participant for such Plan year plus interest at the rate of eight percent (8%) per annum or, if lower, the highest rate permitted by law, calculated from the date that such Annual Gainshare Payment was paid to the participant. Progressive shall further have the right to recover from such participant Progressive's costs and expenses incurred in connection with recovering such Annual Gainshare Payment from the participant and enforcing its rights under this subsection B., including, without limitation, reasonable attorneys' fees. There shall be no time limit on the Company's right to recover such amounts under this subsection B., except as otherwise provided by applicable law. References in this paragraph to payments and amounts paid shall be deemed to include amounts deposited into the Deferral Plan as a result of an election by the participant.

C. *Compliance with Law and Exchange Requirements*. The Annual Gainshare Payments determined and paid pursuant to the Plan shall be subject to all applicable laws and regulations. Without limiting the foregoing, and notwithstanding anything to the contrary contained in this Plan, the Annual Gainshare Payment paid to a participant (and any payment made to a participant pursuant to a similar plan or an award) shall be subject to The Progressive Corporation Dodd-Frank Clawback Policy, as may be amended from time to time (collectively, the "Clawback Policy") and recoupment pursuant to the Federal securities laws and the rules of the SEC and any applicable national securities exchange. The Clawback Policy is incorporated herein by reference. References in this paragraph to payments and amounts paid shall be deemed to include amounts deposited into the Deferral Plan as a result of an election by the participant.

D. *Rights Not Exclusive*. The rights contained in the foregoing subsections A. through C. shall be in addition to, and shall not limit, any other rights or remedies that the Company may have under any applicable law or regulation. Nothing contained in subsections A. through C. shall be deemed to limit any additional legal or equitable rights or remedies the Company may have under applicable law with respect to any participant who may have caused or contributed to the Company's need to restate its financial results. If any of the provisions of subsections A. through C., or any part thereof, are held to be unenforceable, the court making such determination shall have the power to revise or modify such provision to make it enforceable to the maximum extent permitted by applicable law and, in its revised or modified form, said provision shall then be enforceable.

13. **Termination; Amendment**. The Plan may be suspended, terminated, amended or revised, in whole or in part, at any time and from time to time by the Committee, in its sole discretion.

14. **Unfunded Obligations**. The Plan will be unfunded and all payments due under the Plan shall be made from Progressive's general assets.

15. **No Employment Rights**. Nothing in the Plan, and no action hereunder, shall be construed as conferring upon any person the right to remain a participant in the Plan or to remain employed by Progressive, nor shall the Plan limit Progressive's right to discipline or discharge any of its officers or employees or change any of their job titles, duties, authority or compensation, at any time and without assigning a reason therefor.

16. **Set-Off Rights**. Progressive shall have the unrestricted right to set off against or recover out of any Annual Gainshare Payment or other sums owed to any participant under the Plan any amounts owed by such participant (including pursuant to Paragraph 12) to Progressive.

17. **Misconduct**. No participant shall have the right to receive any portion of any Annual Gainshare Payment if, prior to such payment being made, participant's employment is terminated as a

result of any action or inaction that, under Progressive's employment practices or policies as then in effect, constitutes grounds for immediate termination of employment, as determined by Progressive (or, in the case of an executive officer, the Committee) in its sole discretion. In addition, no participant who is a member of the Executive Team shall have the right to receive any Annual Gainshare Payment if, prior to such payment being made, participant's employment is terminated by Progressive for Cause, or if there occurs any action or inaction that constitutes grounds for termination for Cause or otherwise constitutes grounds for immediate termination of employment under the Company's employment practices or policies as then in effect, as determined by the Committee in its sole discretion. For purposes of this Paragraph 17, "Cause" shall mean a felony conviction of a participant or the failure of a participant to contest prosecution for a felony; a participant's willful misconduct or dishonesty, any of which, in the judgment of the Committee, is harmful to the business or reputation of Progressive; or any material violation (in the judgment of the Committee (with respect to the Executive Team) or the CEO and/or CHRO (with respect to other participants)) of any of the provisions of the Company's Code of Business Conduct and Ethics or the Chief Executive Officer/Senior Financial Officer Code of Ethics (if applicable to the participant), or any confidentiality agreement, non-solicitation agreement, non-competition agreement or other agreement between the participant and Progressive.

18. **Employees Subject to Foreign Jurisdictions**. To the extent the Committee deems it necessary, appropriate or desirable to comply with foreign law or practice or taxation and to further the purposes of the Plan, the Committee may, without amending the Plan, exclude any employee not temporarily or permanently residing in the United States from participating in the Plan or establish rules applicable to Annual Gainshare Payments to participants who are foreign nationals or foreign residents, are employed outside the United States, or both, including rules that differ from those set forth in this Plan.

19. **Section 409A**. Payments under the Plan are intended to be exempt from Section 409A because no legally binding right to any Annual Gainshare Payment arises until the payment date, and, in the alternative, because any payment is a short term deferral under Section 409A; the Plan shall be administered and interpreted accordingly. Notwithstanding any provision of the Plan to the contrary, if the Committee determines that any payment under the Plan may constitute deferred compensation subject to Section 409A, the Committee may take any actions necessary to preserve the intended tax treatment of the benefits provided with respect to such payment. Any benefit under the Plan that is subject to Section 409A because deferred pursuant to the terms of the Deferral Plan shall be paid according to the terms of such plan.

20. **Prior Plans**. This Plan supersedes all prior plans, agreements, understandings and arrangements regarding bonuses or other cash incentive compensation payable to participants by, or due from, Progressive with respect to the 2025 and future Plan years. Without limiting the generality of the foregoing, this Plan supersedes and replaces The Progressive Corporation 2024 Gainshare Plan (the "Prior Plan"), which is and shall be deemed to have terminated on the last day of the Company's 2024 fiscal year (the "Prior Plan Termination Date"); provided, however, that (a) any bonuses or other sums earned and payable under the Prior Plan with respect to the 2024 Plan year shall be unaffected by such termination and shall be paid to the appropriate participants when and as provided thereunder, and (b) any provisions regarding recoupment of payments from executive officers and the administrative and interpretive authority of the Committee, the CEO and/or the CHRO under the Prior Plan shall survive such termination.

21. **Effective Date**. This Plan is adopted, and is effective, as of the first day of Progressive's 2025 fiscal year. This Plan shall be effective for the 2025 Plan year and for each Plan year thereafter unless and until terminated by the Committee.

22. **Governing Law**. This Plan shall be governed by, and interpreted and construed in accordance with, the laws of the State of Ohio applicable to contracts made and performed wholly within such state by residents thereof.

Exhibit 10.46

Board of Directors' Compensation

Board of Directors for the May 2024 - May 2025 term:

Board/Committee Fees	Compensation
Chairperson of the Board[1]	$565,000
Non-Employee Director	325,000
Committee Chair Premium	
Audit Committee Chair	40,000
Compensation and Talent Committee Chair	30,000
Investment and Capital Committee Chair	30,000
Nominating and Governance Committee Chair	25,000
Technology Committee Chair	30,000
First Committee Assignment Premium	
Audit Committee Member	10,000
Second Committee Assignment Premium[2]	
Committee Member	15,000

The Chairperson of the Board fees includes fee for the Chair of the Nominating and Governance Committee and the Second Committee Assignment Premium.

[2] The premium is not provided to members of the Executive Committee.

Exhibit 10.48

2025 PROGRESSIVE CAPITAL MANAGEMENT ANNUAL INCENTIVE PLAN

1. **The Plan.** The Progressive Corporation and its subsidiaries (collectively "Progressive" or the "Company") have adopted the 2025 Progressive Capital Management Annual Incentive Plan (the "Plan") as part of the Company's compensation program for its investment professionals for the Company's 2025 fiscal year (the "Plan year"). The Plan is performance-based, is not a form of commission compensation, and is administered under the direction of the Compensation and Talent Committee of the Board of Directors of The Progressive Corporation (the "Committee"). Payment under the Plan, if any, is based on Company performance as defined by the Plan, not individual employee performance. References in this Plan to the Company's portfolio mean the respective portfolios of the Company's subsidiaries and affiliates that are actively managed by Progressive Capital Management Corp. ("PCM") and references in this Plan to the Company's investment results mean the investment results of those portfolios only.

The Company's investment professionals invest the funds of the Company in accordance with investment guidelines approved from time to time by the Investment and Capital Committee of the Board of Directors. Those guidelines address such matters as minimum average credit quality and the duration of the portfolio, as well as limitations on the extent to which the portfolio can be concentrated in individual issuers. Compliance with the guidelines is routinely monitored and variations therefrom must be reported to, and approved by, the Investment and Capital Committee.

2. **Participants.** Progressive employees who are assigned primarily to the Company's capital management function, including the Company's Chief Investment Officer ("CIO"), are eligible to be selected for participation in the Plan. Eligible employees in addition to the CIO will be selected by the CIO in consultation with the Chief Executive Officer ("CEO") or Chief Human Resources Officer ("CHRO") (the "Designated Executives") to participate in the Plan. Participants may also participate in other Gainshare, bonus or incentive compensation plans maintained by Progressive, if so determined by the Designated Executives (or in the case of the CIO or any other executive officer, by the Committee). Other eligible employees of the Company may be selected for participation in the Plan for or at any time during the Plan year by the Designated Executives. In such cases, the Designated Executives will determine the new participant's Target Percentage (described below) and other terms of participation (except with respect to the CIO or any other executive officer, as to whom all determinations must be made by the Committee). Throughout this Plan, references to "executive officers" refer to executive officers of The Progressive Corporation within the meaning of any Securities and Exchange Commission ("SEC") or New York Stock Exchange rule applicable to the Company.

3. **Annual Incentive Payment Determination.**

   A. *Annual Incentive Payment*. Each participant may earn an annual cash bonus (the "Annual Incentive Payment"), subject to the terms of this Plan. The amount of the Annual Incentive Payment earned by any participant will be determined by application of the following formula:

   Annual Incentive Payment = Paid Eligible Earnings x Target Percentage x Performance Factor

B. *Paid Eligible Earnings*. "Paid Eligible Earnings" for any Plan year shall mean and include the following: regular pay, Paid Time Off pay (including Protected PTO-PSL, but excluding the payout of unused Paid Time Off or Protected PTO-PSL at termination), Volunteer Time Off pay, sick pay, holiday pay, bereavement pay, military make-up pay, overtime pay, shift differential pay, disaster pay, jury duty pay and retroactive payments of any of the foregoing items, in each case received by the participant during the Plan year for work or services performed as an officer or employee of Progressive.

For purposes of the Plan, and notwithstanding the foregoing, Paid Eligible Earnings shall exclude all other types of pay or compensation, including, without limitation: any short-term or long-term disability payments made to the participant; the earnings replacement component of any workers' compensation benefit or award; any amounts paid pursuant to a judgment in, or settlement related to, any action, suit or proceeding, whether in law or equity, to any extent arising from or relating to a participant's employment with the Company, or work or services performed for or on behalf of the Company; any amount paid under a separation allowance (or severance) plan; any bonus (including PCM Annual Incentive Plan payment), Gainshare or other incentive compensation payment or award (whether denominated, or payable, in cash or equity), including, without limitation, payments from any discretionary cash fund; any dividend payments or dividend equivalent amounts; any unused Paid Time Off; any unused Volunteer Time Off; and any other payment required by applicable law to be paid to a participant by the Company and intended to replace all or any portion of wages or earnings during a period of unemployment, whether due to illness, disability or otherwise (including, but not limited to, payments made pursuant to any statute, rule or regulation of a governmental authority relating to leave on account of maternity, paternity, parental status or responsibility, or sickness).

C. *Target Percentage*. The "Target Percentages" for participants in the Plan shall be determined by or under the direction of the Committee, but will not exceed 125% for any participant. Target Percentages may vary among Plan participants and may be changed from year to year by or under the direction of the Designated Executives (or in the case of the CIO or any other executive officer, by the Committee).

D. *Performance Factor*. The "Performance Factor" will be determined by the Committee after the expiration of the Plan year based on the performance of the Company's fixed-income investment portfolio (the "Fixed-Income Portfolio" or "Portfolio"), and such other factors and information relating to the performance of the Company's investment professionals as the Committee shall determine.

First, an indicated performance factor will be determined based on the fully taxable equivalent total return of the Fixed-Income Portfolio, in comparison to the total returns of the group of comparable investment firm products ("Firms") identified by the Independent Data Source (the "Investment Benchmark"), over the one- and three-year periods ending on December 31 of the Plan year, as described below. For purposes of this Agreement, the "Independent Data Source" shall be a third-party independent data source determined by the Committee. At the beginning of the Plan year, the Independent Data Source will determine the Firms that are included in the Investment Benchmark in accordance with the criteria specified on Exhibit I hereto. After the end of the Plan year the Independent Data Source will provide to the Company the monthly total return data for each of the Investment Benchmark Firms for the three-year period ending on December 31 of the Plan year.

Investment results for the Fixed-Income Portfolio will be marked to market, including 50% of the benefit of any state premium tax abatements for municipal securities held in the Portfolio that are realized by the Company during the Plan year, in order to calculate the Portfolio's fully taxable equivalent total return for the one-year (2025) and three-year (2023-2025) periods, in each case compounded on a monthly basis. The investment performance achieved by the Fixed-Income Portfolio for the one- and three-year periods (each, a "comparison period") will then be compared against the total returns of the Firms included in the Investment Benchmark for the same periods, also compounded on a monthly basis, as determined by the Company from the monthly performance data supplied by the Independent Data Source for each Firm in the Investment Benchmark, to determine, for each comparison period, where the Fixed Income Portfolio's performance falls on a percentile basis when compared to the Firms in the Investment Benchmark, as further described on Exhibit II ("Performance Ranking").

The Portfolio's Performance Ranking will be used to determine a performance score of between 0.00 and 2.00 for each comparison period, based on the following schedule:

Comparison Period	**Score = 0.00** **Rank at or below**	**Score = 1.00** **Rank equal to**	**Score = 2.00** **Rank at or above**
One year	15th Percentile	50th Percentile	85th Percentile
Three year	25th Percentile	50th Percentile	75th Percentile

A Performance Ranking between the values identified in the schedule will be interpolated on a straight-line basis to generate the applicable performance score, as further described on Exhibit II. Once these performance scores are determined, an overall indicated performance factor will be determined by averaging the performance scores for the one- and three-year comparison periods.

The overall indicated performance factor will be reported to the Committee after the expiration of the Plan year, together with such supporting documentation as the Committee may require. The Committee may consider such additional information as it deems necessary or appropriate in its discretion. Such information may include, without limitation:

- the primary investment factors that are responsible for favorable or unfavorable results relative to the Investment Benchmark, such as the Company's duration and yield curve position and the extent of its exposure to sectors of the fixed-income markets, including corporate bonds, residential mortgage-backed securities, commercial mortgage-backed securities, other asset-backed securities, government bonds, preferred stocks and non-investment-grade bonds;
- the Company's holdings within each sector relative to the general market composition of each sector;
- the extent to which material investment decisions may have been driven by Company strategic or capital considerations; and
- the impact on investment results of significant portfolio cash flows driven by Company operations, strategic decisions or capital transactions.

In addition, the Committee may choose to consult with others, including, without limitation, management, the Investment and Capital Committee, other members of the Board of Directors, and outside compensation and investment professionals, in evaluating the performance of the Company's investment professionals for the year. The Committee will then determine the Performance Factor, which may vary among participants; provided that under no circumstances may the Performance Factor for any participant exceed 2.00 for the year.

E. In the event that the Independent Data Source (or its successor or assigns) discontinues providing the data that is necessary to make the calculations required by this Plan, or modifies the information in such a way as to render the comparisons required by this Plan to be not meaningful, in the Committee's sole judgment, the determinations required above shall be made using investment return data for comparable Firms satisfying the criteria set forth on Exhibit I as may be available from another recognized provider of investment industry data as the Committee may approve in its sole discretion.

F. Notwithstanding any other provision of this Plan, the Fixed Income Portfolio shall not include any portfolio managed by, or any investment made at the direction of, any business unit or area other than PCM.

4. **Payment Procedures; Deferral.** The Annual Incentive Payments will be determined and paid to Plan participants as soon as practicable after the Performance Factor has been determined by the Committee, but no later than March 15th of the year immediately following the Plan year.

   Any Plan participant who is then eligible to participate in The Progressive Corporation Executive Deferred Compensation Plan ("Deferral Plan") may elect to defer all or a portion of the Annual Incentive Payment otherwise payable to such participant under this Plan, subject to and in accordance with the terms of the Deferral Plan. If a Plan participant has made such an election under the Deferral Plan, then to the extent of such election, the Annual Incentive Payment will, instead of being paid to such participant as described in the immediately preceding paragraph, be credited to such participant's account under the Deferral Plan in accordance with the terms of the Deferral Plan.

5. **Qualification Date; Leave of Absence; Withholding.** Unless otherwise determined by the Committee, and except as otherwise expressly provided herein, in order to be entitled to receive an Annual Incentive Payment for any Plan year, the participant must be an active officer or regular employee of the Company on November 30 of the Plan year ("Qualification Date"). An individual (a) who is hired on or after December 1 of any Plan year, or (b) whose employment terminates for any reason prior to the Qualification Date is not entitled to an Annual Incentive Payment for that Plan year. Annual Incentive Payments are not earned until paid.

   Any participant who is on a leave of absence covered by the Family and Medical Leave Act of 1993, as amended (or equivalent state or local law), the Americans with Disabilities Act of 1991, as amended (or equivalent state or local law), personal leave of absence with the approval of the Company, military leave or short- or long-term disability (provided that, in the case of a long-term disability, the participant is still an employee of the Company) on the Qualification Date with respect to any Plan year will be entitled to receive an Annual Incentive Payment for such Plan year based on the Paid Eligible Earnings received by the participant during the Plan year.

Progressive shall have the right to deduct from any Annual Incentive Payment, prior to payment, the amount of any taxes required to be withheld by any federal, state, local or foreign government with respect to such payments.

6. **Other Plans.** Participants may be selected to participate in this Plan and in one or more other incentive plans offered by the Company. In the case of the CIO or any other executive officer, all determinations with respect to such incentive plans and the executive's participation therein shall be made by the Committee. In all other cases, the Designated Executives shall have full authority to determine the incentive plan or plans in which any employee shall participate during any Plan year and the weighting factor (if any) that will apply to each such plan.

7. **Non-Transferability.** Annual Incentive Payments shall be payable only to the participant or, in the event of the participant's death, to the participant's estate. The right to any Annual Incentive Payment hereunder may not be sold, transferred, assigned or encumbered, voluntarily or involuntarily, other than by will or the laws of descent or distribution. Nothing herein shall prevent any participant's interest hereunder from being subject to involuntary attachment, levy or other legal process.

8. **Administration.** The Plan will be administered by or under the direction of the Committee. The Committee will have the authority to adopt, alter, amend, modify, revise and repeal such rules, guidelines, procedures and practices governing the Plan as it, from time to time, in its sole discretion deems advisable.

The Committee will have full authority to determine the manner in which the Plan will operate, to interpret the provisions of the Plan and to make all determinations hereunder. All such interpretations and determinations shall be final and binding on Progressive, all Plan participants, their estates and beneficiaries and all other parties. No such interpretation or determination shall be relied on as a precedent for any similar action or decision. No member of the Committee shall incur any liability for any action taken or omitted, or any determination made, in good faith with respect to the Plan.

Unless otherwise determined by the Committee, all of the authority of the Committee hereunder (including, without limitation, the authority to administer the Plan, select the persons entitled to participate herein, interpret the provisions hereof, waive any of the requirements specified herein and make determinations hereunder and to select, approve, establish, change or modify the Investment Benchmarks, Performance Targets and Target Percentages) may be exercised by the Designated Officers. If one or more of the Designated Officers is unavailable or unable to participate, or if such position is vacant, the Chief Financial Officer may act instead of such officer.

Notwithstanding anything in this Plan to the contrary: (a) all determinations made under this Plan with respect to the CIO or any other individual deemed to be an executive officer of the Company must be made only by the Committee; and (b) only the Committee may make the determination of the Performance Factor required by Paragraph 3.D. above.

9. **Miscellaneous.**

A. *Recoupment*. Progressive shall have the right to recoup any Annual Incentive Payment (or an appropriate portion thereof, as hereinafter provided) with respect to any Plan year paid to a participant hereunder who was an executive officer of Progressive at any time during such Plan year, if: (i) the Annual Incentive Payment was calculated by reference to the achievement during such Plan year of certain financial or operating results (which includes, for purposes hereof, the performance of the Fixed-Income Portfolio); (ii) such financial or operating results were incorrect and were subsequently the subject of a restatement by Progressive within three (3) years after the date on which such Annual Incentive Payment was paid to the participant; and (iii) the Annual Incentive Payment would not have been paid, in whole or in part, to the participant if the restated financial or operating results had been known at the time the payment was made. Such recoupment right shall be available to Progressive whether or not the participant in question was at fault or responsible in any way in causing such restatement. In such circumstances, Progressive will have the right to recover from each such participant for such Plan year, and each such participant will refund to Progressive promptly upon demand, the amount by which the Annual Incentive Payment paid to such participant for the Plan year in question exceeded the payment that would have been made if the Annual Incentive Payment had been calculated by reference to the restated results, without interest; provided, however, that Progressive will not seek to recover such amounts from any participant who was not an executive officer at any time during the Plan year unless the amount due would exceed the lesser of five percent (5%) of the Annual Incentive Payment previously paid or twenty-thousand dollars ($20,000). Such recovery, at the Committee's discretion, may be made by lump sum payment, installment payments, credits against future Annual Incentive Payments, annual Gainshare payments or other bonus payments, credits against any other compensation, or other appropriate mechanism. References in this paragraph to payments and amounts paid shall be deemed to include amounts deposited in the Deferral Plan as a result of an election by the participant.

B. *Further Rights*. Notwithstanding the foregoing subsection A., if any participant that was an executive officer at any time during such Plan year engaged in fraud or other misconduct (as determined by the Committee or the Board of Directors, in their respective sole discretion) resulting, in whole or in part, in a restatement of the financial or operating results used hereunder to determine the Annual Incentive Payments for a specific Plan year, Progressive will further have the right to recover from such participant, and the participant will refund to Progressive upon demand, an amount equal to the entire Annual Incentive Payment paid to such participant for such Plan year plus interest at the rate of eight percent (8%) per annum or, if lower, the highest rate permitted by law, calculated from the date that such bonus was paid to the participant. Progressive shall further have the right to recover from such participant Progressive's costs and expenses incurred in connection with recovering such Annual Incentive Payment from the participant and enforcing its rights under this subsection B., including, without limitation, reasonable attorneys' fees. There shall be no time limit on the Company's right to recover such amounts under this subsection B., except as otherwise provided by applicable law. References in this paragraph to payments and amounts paid shall be deemed to include amounts deposited into the Deferral Plan as a result of an election by the participant.

C. *Compliance with Law and Exchange Requirements*. The Annual Incentive Payments determined and paid pursuant to the Plan shall be subject to all applicable laws and regulations. Without limiting the foregoing, and notwithstanding anything to the contrary contained in this Plan, the Annual Incentive Payment paid to a participant (and any payment made to such participant pursuant to a similar plan) shall be subject to The Progressive Corporation Dodd-Frank Clawback Policy, as may be amended from time to time (collectively, the "Clawback Policy") and recoupment pursuant to the Federal securities laws and the rules of the SEC and any applicable national securities exchange. The Clawback Policy is incorporated herein by reference. References in this paragraph to payments and amounts paid shall be deemed to include amounts deposited into the Deferral Plan as a result of an election by the participant.

D. *Rights Not Exclusive*. The rights contained in the foregoing subsections A. through C. shall be in addition to, and shall not limit, any other rights or remedies that the Company may have under any applicable law or regulation. Nothing contained in subsections A. through C. shall be deemed to limit any additional legal or equitable rights or remedies the Company may have under applicable law with respect to any participant who may have caused or contributed to the Company's need to restate its financial results. If any of the provisions of subsections A. through C., or any part thereof, are held to be unenforceable, the court making such determination shall have the power to revise or modify such provision to make it enforceable to the maximum extent permitted by applicable law and, in its revised or modified form, said provision shall then be enforceable.

10. **Termination; Amendments.** The Plan may be suspended, terminated, amended or revised, in whole or in part, at any time and from time to time by the Committee, in its sole discretion.

11. **Unfunded Obligations.** The Plan will be unfunded and all payments due under the Plan will be made from Progressive's general assets.

12. **No Employment Rights.** Nothing in the Plan, and no action hereunder, shall be construed as conferring upon any person the right to remain a participant in the Plan or to remain employed by Progressive, nor shall the Plan limit Progressive's right to discipline or discharge any of its officers or employees or change any of their job titles, duties, authority or compensation, at any time and without assigning a reason therefor.

13. **Set-off Rights.** Progressive shall have the unrestricted right to set off against or recover out of any Annual Incentive Payment or other sums owed to any participant under the Plan any amounts owed by such participant (including pursuant to Paragraph 9) to Progressive.

14. **Misconduct.** No participant shall have the right to receive any Annual Incentive Payment if, prior to such payment being made, participant's employment is terminated as a result of any action or inaction that, under Progressive's employment practices or policies as then in effect, constitutes grounds for immediate termination of employment, as determined by Progressive (or, in the case of an executive officer, the Committee) in its sole discretion. In addition, no participant who is an executive officer shall have the right to receive any Annual Incentive Payment if, prior to such payment being made, participant's employment is terminated by Progressive for Cause, or if there occurs any action or inaction that constitutes grounds for termination for Cause or otherwise constitutes grounds for immediate termination of employment under the Company's employment practices or policies as then in effect, as determined by the Committee in its sole discretion. For purposes of this Paragraph 14, "Cause" shall mean a felony conviction of a participant or the failure of a participant to contest prosecution for a felony; a participant's willful misconduct or dishonesty, any of which, in the judgment of the Committee, is harmful to the business or reputation of Progressive; or any material violation (in the judgment of the Committee) of any of the provisions of the Company's Code of Business Conduct and Ethics or the Chief Executive Officer/Senior Financial Officer Code of Ethics (if applicable to the participant), or any confidentiality agreement, non-solicitation agreement, non-competition agreement or other agreement between the participant and Progressive.

15. **Employees Subject to Foreign Jurisdictions.** To the extent the Committee deems it necessary, appropriate or desirable to comply with foreign law or practice or taxation and to further the

purposes of the Plan, the Committee may, without amending the Plan, exclude any employee not temporarily or permanently residing in the United States from participating in the Plan or establish rules applicable to Annual Incentive Payments to participants who are foreign nationals or foreign residents, are employed outside the United States, or both, including rules that differ from those set forth in this Plan.

16. **Section 409A.** Payments under the Plan are intended to be exempt from Section 409A because no legally binding right to any Annual Incentive Payment arises until the payment date, and, in the alternative, because any payment is a short term deferral under Section 409A; the Plan shall be administered and interpreted accordingly. Notwithstanding any provision of the Plan to the contrary, if the Committee determines that any payment under the Plan may constitute deferred compensation subject to Section 409A, the Committee may take any actions necessary to preserve the intended tax treatment of the benefits provided with respect to such payment. Any benefit under the Plan that is subject to Section 409A because deferred pursuant to the terms of the Deferral Plan shall be paid according to the terms of such plan.

17. **Prior Plans.** This Plan supersedes all prior plans, agreements, understandings and arrangements regarding bonuses or other cash incentive compensation payable or due to any participant from Progressive with respect to the performance of Progressive's investment portfolio. Without limiting the generality of the foregoing, this Plan supersedes and replaces the 2024 Progressive Capital Management Annual Incentive Plan (the "Prior Plan"), which is and shall be deemed to have terminated on the last day of the Company's 2024 fiscal year (the "Prior Plan Termination Date"); provided, however, that (a) any bonuses or other sums earned and payable under the Prior Plan with respect to any Plan year ended on or prior to the Prior Plan Termination Date shall be unaffected by such termination and shall be paid to the appropriate participants when and as provided thereunder, and (b) any provisions regarding recoupment of payments from executive officers and the administrative and interpretive authority of the Committee and/or the Designated Officers under the Prior Plan shall survive.

18. **Effective Date.** This Plan is adopted, and is effective, as of the first day of the Company's 2025 fiscal year and will be effective for the 2025 Plan year (which coincides with Progressive's 2025 fiscal year, except that investment returns are calculated on a calendar year basis).

19. **Governing Law.** This Plan shall be governed by, and interpreted and construed in accordance with, the laws of the State of Ohio applicable to contracts made and performed wholly within such state by residents thereof.

EXHIBIT I

INVESTMENT BENCHMARK CRITERIA

At the beginning of the Plan year, the Independent Data Source will determine the investment firm products (“Firms”) comprising the Investment Benchmark for the Plan year from its records.

A Firm will be included in the Investment Benchmark if the Independent Data Source is able to determine from its records that:

1. The Firm has provided quarterly data regarding its holdings, as necessary to evaluate such Firm’s compliance with each of the criteria set forth below, including a minimum of four quarters of Duration, for the three-year period ending on December 31 of the preceding Plan year; and

2. During the three-year period ending on December 31 of the preceding Plan year, the information provided by the Firm shows, or the Independent Data Source is able to calculate, that such firm’s investment portfolio satisfies each of the following criteria:

Duration:	Effective Duration between 1.5 years and 5.0 years
Credit Quality Average	= A, or = AA, or = AAA, or = AAA+
Convexity (%)	>= -1
Sector Allocation:	U.S. High Yield Corporate Debt <= 10%
Sector Allocation:	Mortgages <= 60%
Sector Allocation:	U.S. Investment Grade Corporate Debt <= 60%
Sector Allocation:	CMBS <= 60%
Sector Allocation:	ABS <= 60%
Sector Allocation:	Emerging Markets Debt <= 5%

3. Firms that are primarily an index fund or trust fund as determined by the Independent Data Source will be excluded from the Investment Benchmark.

4. The Company will have no discretion to alter the Investment Benchmark list after it is finalized by the Independent Data Source.

After the end of the Plan year, the Independent Data Source will supply to the Company the monthly total returns and any other relevant data for each of those Firms in the Investment Benchmark for the three- year period ending on December 31 of the Plan year.

A Firm will be included in the Investment Benchmark performance factor calculation if the Independent Data Source is able to determine from its records that:

1. The Firm has provided monthly data regarding its investment return as necessary to determine or calculate such Firm’s monthly total return for the entire three- year period ending on December 31 of the Plan year; and

2. During the three-year period ending on December 31 of the Plan year, the information provided by the Firm demonstrates, or the Independent Data Source is able to calculate, that such Firm’s investment portfolio satisfies each of the criteria listed above.

EXHIBIT II

DETERMINATION OF PERFORMANCE RANKING AND PERFORMANCE FACTOR

Once all the total returns are calculated, the data is sorted in descending order from highest to lowest total return (rounded to nearest one-hundredth). From here, the process to compute the Performance Factor is as follows (this Exhibit shows the procedures and related calculations for the three-year comparison period required by the Plan; the calculations for the one-year comparison period would follow the same procedures, except that necessary adjustments would be made to determine the top and bottom 15% levels and the performance score variances between those levels):

Interpolated Values for Setting the 25th and 75th Percentiles

The 25th and 75th percentiles for total return rankings are computed based on the total number of Firms in the Investment Benchmark, excluding the PCM Fixed-Income Portfolio return. For example, if there were 114 Firms, the return required to earn a 2.00 portfolio performance factor would be determined by interpolating between the twenty-eighth and twenty-ninth Firm's returns, since 25% of 114 = 28.50. The same procedure would be used to determine the 0.00 portfolio performance factor.

Percentile	Performance Factor	Interpolated Position Calculation (based upon 114 Firms)
75th	2.00	114 * .25 = 28.50
25th	0.00	114 * .75 = 85.50

The total returns, computed by Investment Accounting, for the interpolated positions are calculated as follows (continuing to use an example of 114 Firms and pseudo results):

Interpolated Value (75th Percentile) = Firm 28 return – ((Firm 28 Return - Firm 29 Return) * 0.75)
Firm 28 result = .12%
Firm 29 result = .11%

The same procedure would be used to determine the 25th percentile returns.

Percentile	Interpolated Position	Firm Investment Results (Firm above and below Interpolated Position)	Interpolated Investment Results Calculation (based upon 114 Firm)
75th	28.50	Firm 28 = .12% Firm 29 = .11%	.12% - ((.12% - .11%) *.75) = .11%
25th	85.50	Firm 85 = -3.10% Firm 86 = -3.10%	-3.10% - ((-3.10% - -3.10%) *.25) = -3.10%

In this case, the PCM Performance Factor will equal 2.00 if its total return equals the interpolated value for Firm 28.50 or .11%.

Once the percentile groups are computed, the remainder of the performance scores are calculated as follows:

Firms ranking between the 75^{th} and the 25^{th} percentile:

Performance score variance = (2.00) / Number of positions from the 75^{th} percentile (the interpolated position) to the last Firm prior to the 25^{th} percentile (the interpolated position). In the case of 114 Firms, the number of positions to divide the 2.00 performance factor by would be 59.

The calculation for the performance score variance from 2.00 – 0.00 would be:

2.00 / 59 = .033898 per position for 114 Firm

In the case of a tie in total returns between Firms, each Firm will have the same performance score, one step under the next higher position. The next lowest position would then be stepped down by a factor based on the number of Firms who tie. In the case of a tie between two Firms, the step down will be twice the performance score variance to maintain the proper stepping to the 0.00 performance score level.

> Example: If Firms 29 and 30 each had the same total return in the 114 Firm example, then Firms 29 and 30 would each have a Performance Factor of 1.966102, which is 2.00 - .033898. The number 31 position in this example would have a performance score of 1.898305, which is the required step down from 29 to 31.

In addition, if the returns are tied between the interpolated value set for the 2.00 performance score and any position below the 2.00 level, those lower positions will also be set to a 2.00 performance score. The step-down factor in the performance score will work similarly as noted in the example above. For the 25th percentile and lower, all Firms with total returns equaling the last interpolated total return value would have the same performance score as the last interpolated value (0.033898), and all others in the lower 25% group would have a 0.00 Portfolio Performance Factor.

PCM Ranking:

Once all the performance scores have been created, from 2.00 to 0.00, PCM's return is compared to the rankings to determine its Performance Factor. If the PCM return is not exactly the value of the 25^{th} or 75^{th} percentile and does not match the return of any Firm, then PCM's Performance Factor is an interpolated value between the Firms with the next highest and next lowest returns.

The interpolation computation for the Performance Factor based on PCM's return is as follows:

> Performance score of Firm below PCM return + (PCM's Return – Return below PCM) / (Return above PCM – Return below PCM) * (Performance score of Firm above PCM – Performance score of Firm below PCM)

Assuming the following data, using the 114 Firm example:

Firm	**Performance score**	**Total return**
Firm above PCM	1.86	-0.13
PCM		-0.26
Firm below PCM	1.83	-0.30

The calculation of PCM's Performance Factor is:

1.83 + (-0.26 - -0.30) / (-0.13 - -0.30) * (1.86 – 1.83) = 1.84

The performance scores and the final Performance Factor are rounded to the nearest one-hundredth, if necessary.

Exhibit 13

THE PROGRESSIVE CORPORATION

2024 ANNUAL REPORT TO SHAREHOLDERS

The Progressive Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31,

(millions - except per share amounts)	2024	2023	2022
Revenues			
Net premiums earned	$ 70,799	$ 58,665	$ 49,241
Investment income	2,832	1,892	1,260
Net realized gains (losses) on securities:			
Net realized gains (losses) on security sales	(414)	14	197
Net holding period gains (losses) on securities	679	348	(2,100)
Net impairment losses	(1)	(9)	(9)
Total net realized gains (losses) on securities	264	353	(1,912)
Fees and other revenues	1,064	889	722
Service revenues	413	310	300
Total revenues	75,372	62,109	49,611
Expenses			
Losses and loss adjustment expenses	49,060	45,655	38,123
Policy acquisition costs	5,383	4,665	3,917
Other underwriting expenses	9,462	6,242	5,859
Investment expenses	29	26	24
Service expenses	446	349	297
Interest expense	279	268	244
Goodwill impairment	0	0	225
Total expenses	64,659	57,205	48,689
Net Income			
Income before income taxes	10,713	4,904	922
Provision for income taxes	2,233	1,001	200
Net income	8,480	3,903	722
Other Comprehensive Income (Loss)			
Change in total net unrealized gains (losses) on fixed-maturity securities	193	1,186	(2,843)
Comprehensive income (loss)	$ 8,673	$ 5,089	$ (2,121)
Computation of Earnings Per Common Share			
Net income	$ 8,480	$ 3,903	$ 722
Less: Preferred share dividends and other[1]	17	38	27
Net income available to common shareholders	$ 8,463	$ 3,865	$ 695
Average common shares outstanding – Basic	585.5	584.9	584.4
Net effect of dilutive stock-based compensation	2.2	2.6	2.7
Total average equivalent common shares – Diluted	587.7	587.5	587.1
Basic: Earnings per common share	$ 14.45	$ 6.61	$ 1.19
Diluted: Earnings per common share	$ 14.40	$ 6.58	$ 1.18

[1] All of our outstanding Serial Preferred Shares, Series B, were redeemed in February 2024. See *Note 1 – Reporting and Accounting Policies, Earnings Per Common Share* and *Note 14 – Dividends* for further discussion.

See notes to consolidated financial statements.

The Progressive Corporation and Subsidiaries

Consolidated Balance Sheets

December 31,

(millions - except per share amounts)	2024	2023
Assets		
Available-for-sale securities, at fair value:		
Fixed maturities (amortized cost: $77,126 and $62,442)	$ 75,332	$ 60,378
Short-term investments (amortized cost: $615 and $1,790)	615	1,790
Total available-for-sale securities	75,947	62,168
Equity securities, at fair value:		
Nonredeemable preferred stocks (cost: $756 and $977)	728	902
Common equities (cost: $745 and $706)	3,575	2,929
Total equity securities	4,303	3,831
Total investments	80,250	65,999
Cash and cash equivalents	143	85
Restricted cash and cash equivalents	11	15
Total cash, cash equivalents, restricted cash, and restricted cash equivalents	154	100
Accrued investment income	594	438
Premiums receivable, net of allowance for credit losses of $460 and $369	14,369	11,958
Reinsurance recoverables	4,765	5,094
Prepaid reinsurance premiums	349	250
Deferred acquisition costs	1,961	1,687
Property and equipment, net of accumulated depreciation of $1,461 and $1,655	790	881
Net federal deferred income taxes	954	936
Other assets	1,559	1,348
Total assets	$ 105,745	$ 88,691
Liabilities and Shareholders' Equity		
Unearned premiums	$ 23,858	$ 20,134
Loss and loss adjustment expense reserves	39,057	34,389
Accounts payable, accrued expenses, and other liabilities[1]	10,346	7,002
Debt[2]	6,893	6,889
Total liabilities	80,154	68,414
Serial Preferred Shares, Series B, no par value (cumulative, liquidation preference of $1,000 per share) (authorized, issued, and outstanding 0 and 0.5)	0	494
Common shares, $1.00 par value (authorized 900; issued 798, including treasury shares of 212 and 213)	586	585
Paid-in capital	2,145	2,013
Retained earnings	24,283	18,801
Accumulated other comprehensive income (loss):		
Net unrealized gains (losses) on fixed-maturity securities	(1,408)	(1,601)
Net unrealized losses on forecasted transactions	(14)	(14)
Foreign currency translation adjustment	(1)	(1)
Total accumulated other comprehensive income (loss)	(1,423)	(1,616)
Total shareholders' equity	25,591	20,277
Total liabilities and shareholders' equity	$ 105,745	$ 88,691

[1] See *Note 1 – Reporting and Accounting Policies, Commitments and Contingencies* and *Litigation Reserves, Note 12 – Litigation,* and *Note 14 – Dividends* for further discussion.
[2] Consists solely 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

For the years ended December 31,

(millions - except per share amounts)	2024	2023	2022
Serial Preferred Shares, No Par Value			
Balance, beginning of year	$ 494	$ 494	$ 494
Redemption of Serial Preferred Shares, Series B[1]	(494)	0	0
Balance, end of year	0	494	494
Common Shares, $1.00 Par Value			
Balance, beginning of year	585	585	584
Treasury shares purchased	(1)	(1)	(1)
Net restricted equity awards issued/vested	2	1	2
Balance, end of year	586	585	585
Paid-In Capital			
Balance, beginning of year	2,013	1,893	1,773
Amortization of equity-based compensation	122	121	123
Treasury shares purchased	(2)	(3)	(2)
Net restricted equity awards issued/vested	(2)	(1)	(2)
Reinvested dividends on restricted stock units	14	3	1
Balance, end of year	2,145	2,013	1,893
Retained Earnings			
Balance, beginning of year	18,801	15,721	15,340
Net income	8,480	3,903	722
Treasury shares purchased	(131)	(137)	(96)
Cash dividends declared on common shares ($4.90, $1.15, and $0.40 per share)[1]	(2,869)	(673)	(234)
Cash dividends declared on Serial Preferred Shares, Series B ($15.688377, $60.354787, and $53.75 per share)[1]	(8)	(30)	(27)
Reinvested dividends on restricted stock units	(14)	(3)	(1)
Other, net	24	20	17
Balance, end of year	24,283	18,801	15,721
Accumulated Other Comprehensive Income (Loss)			
Balance, beginning of year	(1,616)	(2,802)	41
Other comprehensive income (loss)	193	1,186	(2,843)
Balance, end of year	(1,423)	(1,616)	(2,802)
Total shareholders' equity	$ 25,591	$ 20,277	$ 15,891

[1] See *Note 14 – Dividends* for further discussion.

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

See notes to consolidated financial statements.

The Progressive Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31,

(millions)	2024	2023	2022
Cash Flows From Operating Activities			
Net income	$ 8,480	$ 3,903	$ 722
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	284	285	306
Net amortization (accretion) of fixed-income securities	(30)	41	(25)
Amortization of equity-based compensation	122	121	123
Net realized (gains) losses on securities	(264)	(353)	1,912
Net (gains) losses on disposition of property and equipment	13	36	(1)
Goodwill impairment	0	0	225
Changes in:			
Premiums receivable	(2,411)	(1,541)	(1,017)
Reinsurance recoverables	329	738	(852)
Prepaid reinsurance premiums	(99)	46	162
Deferred acquisition costs	(274)	(143)	(189)
Income taxes	(358)	181	(515)
Unearned premiums	3,724	2,840	1,678
Loss and loss adjustment expense reserves	4,668	4,030	4,195
Accounts payable, accrued expenses, and other liabilities	1,236	700	199
Other, net	(301)	(241)	(74)
Net cash provided by operating activities	15,119	10,643	6,849
Cash Flows From Investing Activities			
Purchases:			
Fixed maturities	(47,778)	(25,777)	(26,510)
Equity securities	(168)	(86)	(158)
Sales:			
Fixed maturities	25,634	8,235	14,055
Equity securities	267	791	1,496
Maturities, paydowns, calls, and other:			
Fixed maturities	7,006	4,990	5,380
Equity securities	110	65	84
Net (purchases) sales of short-term investments	1,217	1,156	(1,868)
Net change in unsettled security transactions	171	(11)	(178)
Purchases of property and equipment	(285)	(252)	(292)
Sales of property and equipment	77	47	35
Net cash used in investing activities	(13,749)	(10,842)	(7,956)
Cash Flows From Financing Activities			
Redemption of preferred shares[1]	(500)	0	0
Dividends paid to common shareholders[1]	(674)	(234)	(234)
Dividends paid to preferred shareholders[1]	(8)	(43)	(27)
Acquisition of treasury shares for restricted stock tax liabilities	(121)	(95)	(77)
Acquisition of treasury shares acquired in open market	(13)	(46)	(22)
Net proceeds from debt issuance	0	496	1,486
Net cash provided by (used in) financing activities	(1,316)	78	1,126
Increase (decrease) in cash, cash equivalents, restricted cash, and restricted cash equivalents	54	(121)	19
Cash, cash equivalents, restricted cash, and restricted cash equivalents - beginning of year	100	221	202
Cash, cash equivalents, restricted cash, and restricted cash equivalents - end of year	$ 154	$ 100	$ 221

[1] See *Note 14 – Dividends* for further discussion.

See notes to consolidated financial statements.

1. REPORTING AND ACCOUNTING POLICIES

Nature of Operations The Progressive insurance organization began business in 1937. The financial results of The Progressive Corporation include its subsidiaries and affiliates (references to "subsidiaries" in these notes include affiliates as well). Our insurance subsidiaries write personal and commercial auto insurance, personal residential property insurance, business-related general liability and commercial property insurance predominantly for small businesses, workers' compensation insurance primarily for the transportation industry, and other specialty property-casualty insurance and provide related services.

We report two operating segments. Our Personal Lines segment writes insurance for personal autos and special lines products (i.e., recreational vehicles), collectively referred to as our personal vehicle business, and, beginning in the fourth quarter 2024, personal residential property insurance for homeowners and renters. Our Commercial Lines segment writes auto-related liability and physical damage insurance, business-related general liability and commercial property insurance predominately for small businesses, and workers' compensation insurance primarily for the transportation industry. We operate our businesses throughout the United States, through both the independent agency and direct channels.

Basis of Consolidation and Reporting The accompanying consolidated financial statements include the accounts of The Progressive Corporation and our wholly owned insurance and non-insurance subsidiaries in which we have a controlling financial interest. All intercompany accounts and transactions are eliminated in consolidation. All revenues are generated from external customers and we do not have a reliance on any major customer.

Estimates We are required to make estimates and assumptions when preparing our financial statements and accompanying notes in conformity with accounting principles generally accepted in the United States of America (GAAP). As estimates develop into fact, results may, and will likely, differ from those estimates.

Investments Our fixed-maturity securities and short-term investments are accounted for on an available-for-sale basis. Fixed-maturity securities are debt securities, which may have fixed or variable principal payment schedules, may be held for indefinite periods of time, and may be used as a part of our asset/liability strategy or sold in response to changes in interest rates, anticipated prepayments, risk/reward characteristics, liquidity needs, or other economic factors. These securities are carried at fair value with the corresponding unrealized gains (losses), net of deferred income taxes, reported in accumulated other comprehensive income.

Short-term investments may include commercial paper, repurchase transactions, and other securities expected to mature within one year. From time to time, we may also invest in municipal bonds that have maturity dates that are longer than one year but have either liquidity facilities or mandatory put features within one year.

Equity securities include common stocks, nonredeemable preferred stocks, and other risk investments. Common stocks and nonredeemable preferred stocks are carried at fair value, with the changes in fair value reported in net holding period gains (losses) on securities on the consolidated statements of comprehensive income. Our other risk investments are accounted for under the equity method of accounting. These securities are carried at cost and adjusted for our share of the investee's earnings or losses, with the changes in carrying value reported in investment income.

We did not have any open derivative instruments at December 31, 2024, 2023, or 2022. From time to time, we entered into interest rate swaps to hedge the exposure to variable cash flows of a forecasted transaction (i.e., cash flow hedge).

Derivatives designated as hedges are required to be evaluated on established criteria to determine the effectiveness of their correlation to, and ability to reduce the designated risk of, specific securities or transactions. Effectiveness is required to be reassessed regularly. For cash flow hedges that are deemed to be effective, the changes in fair value of the hedge would be reported as a component of accumulated other comprehensive income and subsequently amortized into earnings over the life of the hedged transaction. If a hedge is deemed to become ineffective or discontinued, changes in fair value of the derivative instrument would be reported in income for the current period. See *Note 4 – Debt* for a summary of our closed debt issuance cash flow hedges.

Investment securities are exposed to various risks such as interest rate, market, credit, and liquidity risk. Fair values of securities fluctuate based on the nature and magnitude of changing market conditions; significant changes in market conditions could materially affect the portfolio's value in the near term. We routinely monitor our fixed-maturity portfolio for pricing changes that might indicate potential credit losses exist and perform detailed reviews of securities with unrealized losses. For an unrealized loss that we determined to be related to current market conditions, we will not record an allowance for credit losses or write off the unrealized loss for the securities we do not intend to sell. We will continue to monitor these securities to determine if the unrealized loss is due to credit deterioration. If we believe that a potential credit loss exists, we record an allowance for the credit loss and recognize the realized loss as a component of realized gains (losses) in the income statement. Once a credit loss allowance has been established, we continue to evaluate the security, at least quarterly, to determine if changes in conditions have created the need to either increase or decrease the allowance recorded. If we determine that a security with a credit loss allowance previously recorded is likely to be sold prior to the potential recovery of the credit loss, or if we determine that the loss is uncollectible, we reverse the allowance and write down the security to its fair value.

Investment income consists of interest, dividends, accretion, and amortization. Interest is recognized on an accrual basis using the effective yield method, except for asset-backed securities as discussed below. Depending on the nature of the equity instruments, dividends are recorded at either the ex-dividend date or on an accrual basis.

Interest income for asset-backed securities is based on estimated cash flows, including expected changes in interest rates and estimated prepayments of principal. Prepayment assumptions are reviewed and updated quarterly, and effective yields are recalculated when differences arise between the prepayments originally estimated, and the actual prepayments received and currently estimated. For asset-backed securities of high credit quality, the effective yield is recalculated on a retrospective basis to the inception of the investment holding period, and applies the required adjustment, if any, to the cost basis, with the offset recorded to investment income. For those securities below high credit quality, interest-only securities, and certain asset-backed securities where there is a greater risk of non-performance, the effective yield is recalculated on a prospective basis for future period adjustments, resulting in no current period impact.

Realized gains (losses) on securities are computed based on the first-in first-out method. Realized gains (losses) also include holding period valuation changes on equity securities and hybrid instruments (e.g., securities with embedded options, where the option is a feature of the overall change in the value of the instrument), as well as initial and subsequent changes in credit allowance losses and write-offs for losses deemed uncollectible or securities in a loss position that are expected to be sold prior to the recovery of the credit loss.

Insurance Premiums and Receivables Insurance premiums written are earned into income on a pro rata basis over the period of risk, based on a daily earnings convention. Accordingly, unearned premiums represent the portion of premiums written with unexpired risk. We write insurance and provide related services to individuals and commercial accounts and offer a variety of payment plans. Generally, premiums are collected prior to providing risk coverage, minimizing our exposure to credit risk.

For our Personal Lines vehicles and Commercial Lines businesses, we perform a policy-level evaluation to determine the extent to which the premiums receivable balance exceeds the unearned premiums balance. To determine an allowance for credit losses, we evaluate the collectibility of premiums receivables based on historical and current collections experience of the aged exposures, using actuarial analysis. Our estimate of the future recoverability of our projected ultimate at-risk exposures also takes into consideration any unusual circumstances that we may encounter, such as moratoriums or other programs that may suspend collections.

For our Personal Lines property business, the risk of uncollectibility is relatively low. If premiums are unpaid by the policy due date, we provide advance notice of cancellation in accordance with each state’s requirements and, if the premiums remain unpaid after the indicated cancellation date, we cancel the policy and write off any remaining balance.

The following table summarizes changes in our allowance for credit loss exposure on our premiums receivable:

(millions)	**2024**	**2023**
Balance at January 1	$ 369	$ 343
Increase in allowance[1]	590	540
Write-offs[2]	(499)	(514)
Balance at December 31	$ 460	$ 369

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

Deferred Acquisition Costs Deferred acquisition costs include commissions, premium taxes, and other variable underwriting and direct sales costs incurred in connection with the successful acquisition or renewal of insurance contracts. These acquisition costs, net of ceding allowances, are deferred and amortized over the policy period in which the related premiums are earned. We consider anticipated investment income in determining recoverability of these costs. Management believes these costs will be fully recoverable in the near term.

We do not defer any advertising costs. Total advertising costs, which are expensed as incurred, for the years ended December 31, were:

(millions)		Advertising Costs
2024	$	4,003
2023		1,600
2022		2,033

Loss and Loss Adjustment Expense Reserves Loss reserves represent the estimated liability on claims reported to us, plus reserves for losses incurred but not recorded. These estimates are reported net of amounts estimated to be recoverable from salvage and subrogation. Loss adjustment expense reserves represent the estimated expenses required to settle these claims. The methods of making estimates and establishing these reserves are reviewed regularly and resulting adjustments are reflected in income in the current period. Such loss and loss adjustment expense reserves are susceptible to change.

Reinsurance Our reinsurance activity includes transactions which are categorized as Regulated and Non-Regulated. Regulated refers to plans in which we participate that are governed by insurance regulations and include state-provided reinsurance facilities (e.g., Michigan Catastrophic Claims Association, North Carolina Reinsurance Facility, Florida Hurricane Catastrophe Fund), as well as state-mandated involuntary plans for commercial vehicles (Commercial Automobile Insurance Procedures/Plans – CAIP) and federally regulated plans for flood (National Flood Insurance Program – NFIP); we act as a participant in the “Write Your Own” program for the NFIP.

Non-Regulated includes voluntary contractual arrangements primarily related to our Personal Lines property business and to the transportation network company (TNC) business written by our Commercial Lines segment. Prepaid reinsurance premiums are earned on a pro rata basis over the period of risk, based on a daily earnings convention, which is consistent with premiums earned. See *Note 7 – Reinsurance* for further discussion.

We routinely monitor changes in the credit quality and concentration risks of the reinsurers who are counterparties to our reinsurance recoverables to determine if an allowance for credit losses should be established.

Income Taxes The income tax provision is calculated under the balance sheet approach. Deferred tax assets and liabilities are recorded based on the temporary difference between the financial statement and tax bases of assets and liabilities at the enacted tax rates. The principal items giving rise to such differences include:

- unearned premiums reserves;
- investment securities (e.g., net unrealized gains (losses) and net holding period gains (losses) on securities);
- deferred acquisition costs;
- loss and loss adjustment expense reserves;
- non-deductible accruals;
- software development costs; and
- property and equipment.

We review our deferred tax assets regularly for recoverability. See *Note 5 – Income Taxes* for further discussion.

Property and Equipment Property and equipment are recorded at cost, less accumulated depreciation. Depreciation is recognized over the estimated useful lives of the assets using accelerated methods for computer equipment and the straight-line method for all other fixed assets. We evaluate impairment whenever events or circumstances warrant such a review and write off the impaired assets if appropriate.

The cost and useful lives for property and equipment at December 31, were:

($ in millions)		2024		2023	Useful Lives
Land	$	52	$	103	NA
Buildings, improvements, and integrated components		576		733	7-40 years
Capitalized software		469		468	3-10 years
Software licenses (internal use)		396		486	1-6 years
Computer equipment		370		353	3 years
All other property and equipment		388		393	4-10 years
Total cost		2,251		2,536	
Accumulated depreciation		(1,461)		(1,655)	
Balance at end of year	$	790	$	881	

NA = Not applicable; land is not a depreciable asset.

At December 31, 2024 and 2023, we had held for sale properties of $129 million and $77 million, respectively, and capitalized cloud computing arrangement implementation costs, net of amortization, of $121 million and $88 million, which are included in other assets in our consolidated balance sheets. When a property is determined to be held for sale, it is written down to its fair value less estimated costs to sell, as applicable. The increase in held for sale properties since December 31, 2023, primarily reflects a decision to sell certain properties to optimize our real estate portfolio by consolidating employees into other existing properties.

Goodwill and Intangible Assets Goodwill is the excess of the purchase price over the estimated fair value of the assets and liabilities acquired and represents the future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. At December 31, 2024 and 2023, we had goodwill of $228 million included in other assets in our consolidated balance sheets, which is primarily attributable to our Personal Lines auto business written through the independent agency channel and related to the April 1, 2015, acquisition of a controlling interest in ARX Holding Corp. There were no changes to the carrying amount of goodwill during the year ended December 31, 2024.

We evaluate our goodwill for impairment at least annually using a qualitative approach. If events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable, we will evaluate it for impairment using a quantitative approach.

In 2022, we recorded an impairment loss of $225 million, related to the goodwill assigned to the reporting units of our Personal Lines property business. There were no previously recorded goodwill impairment losses on any of the outstanding goodwill.

Intangible assets are non-financial assets lacking physical substance (e.g., customer and agency relationships, trade names, software rights) and represent the future economic benefit of those acquired assets.

Goodwill and intangible assets are included in other assets in our consolidated balance sheets. The amortization of intangible assets is included in the other, net line item, and is a component of net cash provided by operating activities, in our consolidated statements of cash flows. The December 31, 2023 and 2022 amounts, which were presented separately in the prior year, were reclassified to conform to the current year presentation.

Guaranty Fund Assessments We are subject to state guaranty fund assessments, which provide for the payment of covered claims or other insurance obligations of insurance companies deemed insolvent. These assessments are accrued after a determination of insolvency has occurred, and we have written the premiums on which the assessments will be based. Assessments are expensed when incurred except for assessments that are available for recoupment from policyholders or are eligible to offset premiums taxes payable, which are capitalized to the extent allowable.

Fees and Other Revenues Fees and other revenues are considered as part of our underwriting operations and primarily represent fees collected from policyholders relating to installment charges in accordance with our bill plans, as well as late payment and insufficient funds fees, and revenue from ceding commissions. Fees and other revenues are generally earned when invoiced, except for excess ceding commissions, which are earned over the policy period.

Service Revenues and Expenses Our service businesses primarily provide insurance-related services. Service revenues and expenses from our commission-based businesses are recorded in the period in which they are earned or incurred.

Equity-Based Compensation We issue time-based and performance-based restricted stock unit awards to key members of management as our form of equity compensation and time-based restricted stock awards to non-employee directors. Collectively, we refer to these awards as restricted equity awards. Generally, restricted equity awards are expensed pro rata over their respective vesting periods (i.e., requisite service period), based on the market value of the awards at the time of grant, with accelerated expense for participants who satisfy qualified retirement eligibility. We record an estimate for expected forfeitures of restricted equity awards based on our historical forfeiture rates.

We credit dividend equivalent units to the unvested management restricted equity awards. Dividend equivalent units for these unvested time-based and performance-based awards are based on the amount of common share dividends declared by the Board of Directors, credited to outstanding restricted equity awards at the time a dividend is paid to shareholders, and distributed upon, or after, vesting of the underlying award.

The total compensation expense recognized for all equity-based compensation for the years ended December 31, was:

(millions)	2024	2023	2022
Pretax expense	$ 122	$ 121	$ 123
Tax benefit[1]	17	17	16

[1] Differs from statutory rate of 21% due to the expected disallowance of certain executive compensation deductions.

Earnings Per Common Share Basic earnings per common share is computed using the weighted average number of common shares outstanding during the reporting period, excluding unvested, non-employee director, time-based restricted equity awards. Diluted earnings per common share includes common stock equivalents assumed outstanding during the period. Our common stock equivalents, which are calculated using the treasury stock method, include the incremental shares assumed to be issued for:

- earned but unvested time-based restricted equity awards; and
- performance-based restricted equity awards that satisfied certain contingency conditions for unvested common stock equivalents during the period and are highly likely to continue to satisfy the conditions until the date of vesting.

During 2024, we redeemed all of our outstanding Serial Preferred Shares, Series B. See *Note 14 – 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.

For periods when a net loss is reported, earnings per common share would be calculated using basic average equivalent common shares since diluted earnings per share would be antidilutive.

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 December 31, 2024, 2023, and 2022, were $127 million, $68 million, and $126 million. Restricted cash and restricted cash equivalents include collateral held against unpaid deductibles and cash that is restricted to pay flood claims under the NFIP's "Write Your Own" program, for which certain subsidiaries are participants.

For the years ended December 31, non-cash activity included the following:

(millions)	2024	2023	2022
Common share dividends[1]	$ 2,695	$ 498	$ 58
Preferred share dividends and redemption[1]	3	0	13
Operating lease liabilities[2]	96	114	36

[1] Includes declared but unpaid dividends and unpaid excise taxes on redemption. See *Note 14 – Dividends* for further discussion.
[2] From obtaining right-of-use assets. See *Note 13 – Leases* for further discussion.

For the years ended December 31, we paid the following:

(millions)	2024	2023	2022
Income taxes[1]	$ 2,585	$ 821	$ 719
Interest	276	265	229
Operating lease liabilities	84	77	83

[1] The increase in income taxes paid in 2024 was primarily driven by higher profitability, compared to the prior years.

Commitments and Contingencies We have certain noncancelable purchase obligations for goods and services with minimum commitments of $1,594 million at December 31, 2024, primarily consisting of software licenses, maintenance on information technology equipment, and media placements. Aggregate payments on these obligations for the years ended December 31, are as follows:

(millions)	Payments
2025	$ 1,001
2026	298
2027	114
2028	36
2029	12
Thereafter	133
Total	$ 1,594

In addition, we have commitments for reinsurance agreements, primarily related to multiple-layer property catastrophe reinsurance contracts with various reinsurers with terms ranging from one to three years. The minimum commitment under these agreements at December 31, 2024, was $341 million, of which $270 million, $56 million, and $15 million will be paid in 2025, 2026, and 2027, respectively.

Litigation Reserves We establish accruals for pending 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, even though outcomes of these lawsuits are uncertain until final disposition. 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. For lawsuits that have settled, but for which settlement is not complete, an accrual is established at our best estimate of the loss exposure. We regularly 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.

New Accounting Standards 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 comprehensive 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 year ended December 31, 2024, and the carrying amount of the tax credit investments at December 31, 2024, were not material to our financial condition or results of operations and, therefore, no additional disclosure is provided.

Effective for our 2024 year end reporting, we adopted the ASU related to additional disclosures on segment reporting. The additional disclosures are intended to provide users of the financial statements with more transparent information about an entity's significant segment expenses, measures of segment profit or loss, and a discussion of how these measures are used by the chief operating decision maker to assess operating segment performance. Other than the new disclosures added to *Note 10 – Segment Information*, there was no impact to our financial condition or results of operations related to this standard.

2. INVESTMENTS

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

($ in millions)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Net Holding Period Gains (Losses)	Fair Value	% of Total Fair Value
December 31, 2024						
Available-for-sale securities:						
Fixed maturities:						
U.S. government obligations	$ 47,103	$ 36	$ (1,151)	$ 0	$ 45,988	57.3 %
State and local government obligations	2,893	2	(117)	0	2,778	3.5
Foreign government obligations	16	0	0	0	16	0
Corporate and other debt securities	14,111	65	(215)	(7)	13,954	17.4
Residential mortgage-backed securities	1,600	9	(11)	3	1,601	2.0
Commercial mortgage-backed securities	4,721	7	(376)	0	4,352	5.4
Other asset-backed securities	6,682	26	(65)	0	6,643	8.3
Total fixed maturities	77,126	145	(1,935)	(4)	75,332	93.9
Short-term investments	615	0	0	0	615	0.7
Total available-for-sale securities	77,741	145	(1,935)	(4)	75,947	94.6
Equity securities:						
Nonredeemable preferred stocks	756	0	0	(28)	728	0.9
Common equities	745	0	0	2,830	3,575	4.5
Total equity securities	1,501	0	0	2,802	4,303	5.4
Total portfolio[1]	$ 79,242	$ 145	$ (1,935)	$ 2,798	$ 80,250	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	$ 204	$ (1,158)	$ 0	$ 36,869	55.9 %
State and local government obligations	2,338	3	(138)	0	2,203	3.3
Foreign government obligations	17	0	(1)	0	16	0.1
Corporate and other debt securities	11,634	87	(335)	(28)	11,358	17.2
Residential mortgage-backed securities	427	0	(10)	0	417	0.6
Commercial mortgage-backed securities	4,536	2	(598)	0	3,940	6.0
Other asset-backed securities	5,667	16	(107)	(1)	5,575	8.4
Total fixed maturities	62,442	312	(2,347)	(29)	60,378	91.5
Short-term investments	1,790	0	0	0	1,790	2.7
Total available-for-sale securities	64,232	312	(2,347)	(29)	62,168	94.2
Equity securities:						
Nonredeemable preferred stocks	977	0	0	(75)	902	1.4
Common equities	706	0	0	2,223	2,929	4.4
Total equity securities	1,683	0	0	2,148	3,831	5.8
Total portfolio[1]	$ 65,915	$ 312	$ (2,347)	$ 2,119	$ 65,999	100.0 %

[1] At December 31, 2024, we had $125 million of net unsettled security transactions included in other liabilities, compared to $46 million of net unsettled security transactions included in other assets at December 31, 2023.

The total fair value of the portfolio at December 31, 2024 and 2023, included $6.2 billion and $4.2 billion, respectively, of securities held in a consolidated, non-insurance subsidiary of the holding company, net of any unsettled security transactions. A portion of these investments were sold and proceeds used to pay our common share dividends in January 2025; see *Note 14 – Dividends* for additional information.

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 December 31, 2023 amounts, which were previously 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 December 31, 2024, bonds and certificates of deposit in the principal amount of $774 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 December 31, 2024 or 2023. At December 31, 2024, we did not hold any debt securities that were non-income producing during the preceding 12 months.

Hybrid Securities Certain securities in our fixed-maturity portfolio are accounted for as hybrid securities 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 at December 31:

(millions)	2024	2023
Fixed Maturities:		
Corporate and other debt securities	$ 608	$ 672
Residential mortgage-backed securities	479	324
Other asset-backed securities	1	14
Total hybrid securities	$ 1,088	$ 1,010

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 December 31, 2024, was:

(millions)	Cost	Fair Value
Less than one year	$ 7,620	$ 7,588
One to five years	56,663	55,465
Five to ten years	12,590	12,027
Ten years or greater	253	252
Total	$ 77,126	$ 75,332

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	Gross Unrealized Losses	No. of Sec.	Fair Value	Gross Unrealized Losses
December 31, 2024									
U.S. government obligations	113	$ 38,782	$ (1,151)	39	$ 30,257	$ (418)	74	$ 8,525	$ (733)
State and local government obligations	379	2,339	(117)	127	783	(6)	252	1,556	(111)
Corporate and other debt securities	304	7,034	(215)	122	2,935	(33)	182	4,099	(182)
Residential mortgage-backed securities	40	428	(11)	12	377	(4)	28	51	(7)
Commercial mortgage-backed securities	153	3,294	(376)	8	264	(16)	145	3,030	(360)
Other asset-backed securities	84	1,907	(65)	34	912	(8)	50	995	(57)
Total fixed maturities	1,073	$ 53,784	$ (1,935)	342	$ 35,528	$ (485)	731	$ 18,256	$ (1,450)

				Less than 12 Months			12 Months or Greater		
($ in millions)	Total No. of Sec.	Total Fair Value	Gross Unrealized Losses	No. of Sec.	Fair Value	Gross Unrealized Losses	No. of Sec.	Fair Value	Gross Unrealized Losses
December 31, 2023									
U.S. government obligations	147	$ 28,225	$ (1,158)	25	$ 11,890	$ (100)	122	$ 16,335	$ (1,058)
State and local government obligations	324	1,846	(138)	31	170	(1)	293	1,676	(137)
Foreign government obligations	1	16	(1)	0	0	0	1	16	(1)
Corporate and other debt securities	316	6,675	(335)	26	617	(14)	290	6,058	(321)
Residential mortgage-backed securities	39	88	(10)	2	0	0	37	88	(10)
Commercial mortgage-backed securities	189	3,913	(598)	1	31	(3)	188	3,882	(595)
Other asset-backed securities	207	3,299	(107)	41	640	(1)	166	2,659	(106)
Total fixed maturities	1,223	$ 44,062	$ (2,347)	126	$ 13,348	$ (119)	1,097	$ 30,714	$ (2,228)

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 19 securities, across 12 issuers, that had their credit ratings downgraded, with a combined fair value of $429 million and an unrealized loss of $61 million as of December 31, 2024. Based on our analysis of these securities, no credit loss allowance was required.

Allowance For Credit and Uncollectible Losses We are required to measure the amount of potential credit losses for all fixed-maturity securities in an unrealized loss position. We did not record any allowances for credit losses or any write-offs for credit losses deemed to be uncollectible during 2024 or 2023 and did not have a material credit loss allowance balance as of December 31, 2024 or 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 full unrealized loss. At December 31, 2024, we wrote down $1 million of unrealized loss on securities we intended to sell prior to their recovery; we did not record any write-downs on securities we intended to sell during 2023.

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 December 31, 2024 and 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 December 31, 2024 and 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 December 31, 2024 or 2023.

Realized Gains (Losses) The components of net realized gains (losses) for the years ended December 31, were:

(millions)	2024	2023	2022
Gross realized gains on security sales			
Available-for-sale securities:			
U.S. government obligations	$ 64	$ 12	$ 11
Corporate and other debt securities	13	1	8
Residential mortgage-backed securities	1	1	1
Commercial mortgage-backed securities	1	0	0
Total available-for-sale securities	79	14	20
Equity securities:			
Nonredeemable preferred stocks	0	0	18
Common equities	33	381	846
Total equity securities	33	381	864
Subtotal gross realized gains on security sales	112	395	884
Gross realized losses on security sales			
Available-for-sale securities:			
U.S. government obligations	(443)	(64)	(434)
State and local government obligations	(1)	0	(1)
Corporate and other debt securities	(54)	(86)	(88)
Commercial mortgage-backed securities	(22)	(107)	(72)
Other asset-backed securities	0	(6)	(4)
Total available-for-sale securities	(520)	(263)	(599)
Equity securities:			
Nonredeemable preferred stocks	(18)	(118)	(10)
Common equities	(24)	(22)	(78)
Total equity securities	(42)	(140)	(88)
Subtotal gross realized losses on security sales	(562)	(403)	(687)
Net realized gains (losses) on security sales			
Available-for-sale securities:			
U.S. government obligations	(379)	(52)	(423)
State and local government obligations	(1)	0	(1)
Corporate and other debt securities	(41)	(85)	(80)
Residential mortgage-backed securities	1	1	1
Commercial mortgage-backed securities	(21)	(107)	(72)
Other asset-backed securities	0	(6)	(4)
Total available-for-sale securities	(441)	(249)	(579)
Equity securities:			
Nonredeemable preferred stocks	(18)	(118)	8
Common equities	9	359	768
Total equity securities	(9)	241	776
Subtotal net realized gains (losses) on security sales	(450)	(8)	197
Other assets			
Gain	36	22	0
Net holding period gains (losses)			
Hybrid securities	25	45	(82)
Equity securities	654	303	(2,018)
Subtotal net holding period gains (losses)	679	348	(2,100)
Impairment losses			
Fixed-maturity securities	(1)	0	0
Other assets	0	(9)	(9)
Subtotal impairment losses	(1)	(9)	(9)
Total net realized gains (losses) on securities	$ 264	$ 353	$ (1,912)

During 2024 and 2022, the majority of our security sales were U.S. Treasury Notes that were sold for duration management. We also selectively sold securities that we viewed as having less attractive risk/reward profiles. During 2023, the gross losses were primarily related to: (i) commercial mortgage-backed securities, as we reduced certain positions that we believed would be sensitive to potential future economic uncertainty; (ii) corporate debt securities, as we sold some longer duration securities that had less attractive risk/reward profiles; and (iii) nonredeemable preferred stocks, predominantly due to the sale of certain holdings in U.S. bank preferred stocks.

During both 2023 and 2022, 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 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 periods ended December 31:

(millions)	2024	2023	2022
Total net gains (losses) recognized during the period on equity securities	$ 645	$ 544	$ (1,242)
Less: Net gains (losses) recognized on equity securities sold during the period	(9)	241	776
Net holding period gains (losses) recognized during the period on equity securities held at period end	$ 654	$ 303	$ (2,018)

Net Investment Income The components of net investment income for the years ended December 31, were:

(millions)	2024	2023	2022
Available-for-sale securities:			
Fixed maturities:			
U.S. government obligations	$ 1,489	$ 864	$ 339
State and local government obligations	61	48	40
Corporate and other debt securities	572	376	300
Residential mortgage-backed securities	47	29	31
Commercial mortgage-backed securities	195	196	191
Other asset-backed securities	332	193	175
Total fixed maturities	2,696	1,706	1,076
Short-term investments	53	92	53
Total available-for-sale securities	2,749	1,798	1,129
Equity securities:			
Nonredeemable preferred stocks	39	51	70
Common equities	44	43	61
Total equity securities	83	94	131
Investment income	2,832	1,892	1,260
Investment expenses	(29)	(26)	(24)
Net investment income	$ 2,803	$ 1,866	$ 1,236

On a year-over-year basis, investment income (interest and dividends) increased 50% in both 2024 and 2023, compared to the prior years. 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:

(millions)	Fair Value Level 1	Level 2	Level 3	Total	Cost
December 31, 2024					
Fixed maturities:					
U.S. government obligations	$ 45,988	$ 0	$ 0	$ 45,988	$ 47,103
State and local government obligations	0	2,778	0	2,778	2,893
Foreign government obligations	0	16	0	16	16
Corporate and other debt securities	0	13,949	5	13,954	14,111
Residential mortgage-backed securities	0	1,601	0	1,601	1,600
Commercial mortgage-backed securities	0	4,352	0	4,352	4,721
Other asset-backed securities	0	6,643	0	6,643	6,682
Total fixed maturities	45,988	29,339	5	75,332	77,126
Short-term investments	613	2	0	615	615
Total available-for-sale securities	46,601	29,341	5	75,947	77,741
Equity securities:					
Nonredeemable preferred stocks	0	676	52	728	756
Common equities:					
Common stocks	3,527	0	23	3,550	720
Other risk investments	0	0	25	25	25
Subtotal common equities	3,527	0	48	3,575	745
Total equity securities	3,527	676	100	4,303	1,501
Total portfolio	$ 50,128	$ 30,017	$ 105	$ 80,250	$ 79,242
Debt	$ 0	$ 6,173	$ 0	$ 6,173	$ 6,893

(millions)	Fair Value Level 1	Level 2	Level 3	Total	Cost
December 31, 2023					
Fixed maturities:					
U.S. government obligations	$ 36,869	$ 0	$ 0	$ 36,869	$ 37,823
State and local government obligations	0	2,203	0	2,203	2,338
Foreign government obligations	0	16	0	16	17
Corporate and other debt securities	0	11,355	3	11,358	11,634
Residential mortgage-backed securities	0	417	0	417	427
Commercial mortgage-backed securities	0	3,940	0	3,940	4,536
Other asset-backed securities	0	5,575	0	5,575	5,667
Total fixed maturities	36,869	23,506	3	60,378	62,442
Short-term investments	1,757	33	0	1,790	1,790
Total available-for-sale securities	38,626	23,539	3	62,168	64,232
Equity securities:					
Nonredeemable preferred stocks	0	838	64	902	977
Common equities:					
Common stocks	2,886	0	22	2,908	685
Other risk investments	0	0	21	21	21
Subtotal common equities	2,886	0	43	2,929	706
Total equity securities	2,886	838	107	3,831	1,683
Total portfolio	$ 41,512	$ 24,377	$ 110	$ 65,999	$ 65,915
Debt	$ 0	$ 6,431	$ 0	$ 6,431	$ 6,889

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 both December 31, 2024 and 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 December 31, 2024 and 2023, vendor-quoted prices comprised 100% of our Level 2 classifications (excluding short-term investments). 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 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.

During 2024 and 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 years ended December 31, 2024 and 2023:

	Level 3 Fair Value							
(millions)	Fair Value at Dec. 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 Dec. 31, 2024
Fixed maturities:								
Corporate and other debt securities	$ 3	$ 0	$ 2	$ 0	$ 0	$ 0	$ 0	$ 5
Equity securities:								
Nonredeemable preferred stocks	64	0	0	0	0	(12)	0	52
Common equities:								
Common stocks	22	0	0	0	0	1	0	23
Other risk investments	21	4	0	0	0	0	0	25
Total Level 3 securities	$ 110	$ 4	$ 2	$ 0	$ 0	$ (11)	$ 0	$ 105

	Level 3 Fair Value							
(millions)	Fair Value at Dec. 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 Dec. 31, 2023
Fixed maturities:								
Corporate and other debt securities	$ 0	$ 0	$ 3	$ 0	$ 0	$ 0	$ 0	$ 3
Equity securities:								
Nonredeemable preferred stocks	84	(8)	1	0	0	(13)	0	64
Common equities:								
Common stocks	18	8	0	(10)	9	(3)	0	22
Other risk investments	20	1	0	0	0	0	0	21
Total Level 3 securities	$ 122	$ 1	$ 4	$ (10)	$ 9	$ (16)	$ 0	$ 110

[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 December 31:

	Quantitative Information about Level 3 Fair Value Measurements				
($ in millions)	Fair Value at Dec. 31, 2024	Valuation Technique	Unobservable Input	Range of Input Values Increase (Decrease)	Weighted Average Increase (Decrease)
Fixed maturities:					
Corporate and other debt securities	$ 5	Market comparables	Weighted average market capitalization price change %	(1.4)% to (1.3)%	(1.4)%
Equity securities:					
Nonredeemable preferred stocks	52	Market comparables	Weighted average market capitalization price change %	(14.1)% to 6.0%	(2.7)%
Common stocks	23	Market comparables	Weighted average market capitalization price change %	(41.3)% to 95.9%	6.0 %
Subtotal Level 3 securities	80				
Pricing exemption securities	25				
Total Level 3 securities	$ 105				

	Quantitative Information about Level 3 Fair Value Measurements				
($ in millions)	Fair Value at Dec. 31, 2023	Valuation Technique	Unobservable Input	Range of Input Values Increase (Decrease)	Weighted Average Increase (Decrease)
Fixed maturities:					
Corporate and other debt securities	$ 3	Market comparables	Weighted average market capitalization price change %	0.3% to 7.7%	2.6 %
Equity securities:					
Nonredeemable preferred stocks	64	Market comparables	Weighted average market capitalization price change %	17.2% to 39.7%	21.7%
Common stocks	22	Market comparables	Weighted average market capitalization price change %	(45.8)% to 95.6%	39.7%
Subtotal Level 3 securities	89				
Pricing exemption securities	21				
Total Level 3 securities	$ 110				

4. DEBT

Debt at December 31, consisted of the following Senior Notes:

($ in millions)				2024		2023	
Principal Amount	Interest Rate	Issuance Date	Maturity Date	Carrying Value	Fair Value	Carrying Value	Fair Value
$ 500	2.45 %	August 2016	2027	$ 499	$ 479	$ 499	$ 469
500	2.50	March 2022	2027	499	479	498	469
300	6 5/8	March 1999	2029	298	320	298	329
550	4.00	October 2018	2029	547	534	547	543
500	3.20	March 2020	2030	498	462	497	462
500	3.00	March 2022	2032	497	439	496	446
400	6.25	November 2002	2032	397	430	397	446
500	4.95	May 2023	2033	497	495	496	513
350	4.35	April 2014	2044	347	298	347	314
400	3.70	January 2015	2045	396	308	396	325
850	4.125	April 2017	2047	842	684	842	756
600	4.20	March 2018	2048	591	490	591	534
500	3.95	March 2020	2050	491	386	491	422
500	3.70	March 2022	2052	494	369	494	403
Total				$ 6,893	$ 6,173	$ 6,889	$ 6,431

All of the outstanding debt was issued by The Progressive Corporation and includes amounts that were borrowed for general corporate purposes, which may include contributions to the capital of its insurance subsidiaries, payments of debt at maturity, or may be used, or made available for use, for other business purposes. Fair values for these debt instruments are obtained from external sources. There are no restrictive financial covenants or credit rating triggers on the outstanding debt.

Interest on all debt is payable semiannually at the stated rates. All principal is due at the stated maturity. Each note is redeemable, in whole or in part, at any time; however, the redemption price will equal the greater of the principal amount of the note or a "make whole" amount calculated by reference to the present values of remaining scheduled principal and interest payments under the note. There was no short-term debt outstanding at December 31, 2024 or 2023.

Aggregate required principal payments on debt outstanding at December 31, 2024, were as follows:

(millions)	Payments
2025	$ 0
2026	0
2027	1,000
2028	0
2029	850
Thereafter	5,100
Total	$ 6,950

Prior to certain issuances of our debt securities, we entered into forecasted transactions to hedge against possible rises in interest rates. When the contracts were closed upon the issuance of the applicable debt securities, we recognized the unrealized gains (losses) on these contracts as part of accumulated other comprehensive income (see *Note 1 – Reporting and Accounting Policies, Investments* for further discussion). These unrealized gains (losses) are amortized as adjustments to interest expense over the life of the related notes.

The following table shows the original gain (loss) recognized at debt issuance and the unamortized balance at December 31, 2024, on a pretax basis:

(millions)	Unrealized Gain (Loss) at Issuance	Unamortized Balance at December 31, 2024
6 5/8% Senior Notes due 2029	$ (4)	$ (2)
6.25% Senior Notes due 2032	5	2
4.35% Senior Notes due 2044	(2)	(1)
3.70% Senior Notes due 2045	(13)	(10)
4.125% Senior Notes due 2047	(8)	(7)

In 2024, 2023, and 2022, there were minimal net reclassifications of net pretax unrealized losses from accumulated other comprehensive income to interest expense on our closed debt issuance cash flow hedges.

During 2024, The Progressive Corporation renewed its line of credit with PNC Bank, National Association (PNC), in the maximum principal amount of $300 million. Subject to the terms and conditions of the line of credit documents, advances under the line of credit, if any, will bear interest at a variable rate equal to the 1-month term Secured Overnight Financing Rate (SOFR) plus 1.10%. Each advance must be repaid on the 30th day after the date of the advance or, if earlier, on April 30, 2025, the expiration date of the line of credit. Prepayments are permitted without penalty. The line of credit is uncommitted and, as such, all advances are subject to PNC's discretion. We had no borrowings under the line of credit in 2024 or 2023.

5. INCOME TAXES

The components of our income tax provision for the years ended December 31, were as follows:

(millions)	2024	2023	2022
Current tax provision			
Federal	$ 2,247	$ 1,102	$ 733
State	58	19	13
Deferred tax expense (benefit)			
Federal	(70)	(120)	(529)
State	(2)	0	(17)
Total income tax provision	$ 2,233	$ 1,001	$ 200

The provision for income taxes in the consolidated statements of comprehensive income differed from the statutory rate for the years ended December 31, as follows:

	2024		2023		2022	
($ in millions)	Expense (Benefit)	Rate Impact	Expense (Benefit)	Rate Impact	Expense (Benefit)	Rate Impact
Income before income taxes	$ 10,713		$ 4,904		$ 922	
Tax at statutory federal rate	$ 2,250	21 %	$ 1,030	21 %	$ 194	21 %
Tax effect of:						
State income taxes, net of federal taxes	44	0	15	0	(3)	0
Stock-based compensation	(34)	0	(22)	(1)	(18)	(2)
Tax-deductible dividends	(18)	0	(5)	0	(2)	0
Nondeductible compensation expense	10	0	10	0	11	1
Tax-preferenced investment income	(10)	0	(10)	0	(13)	(1)
Tax credits	(7)	0	(17)	0	(15)	(2)
Goodwill impairment[1]	0	0	0	0	47	5
Other items, net	(2)	0	0	0	(1)	0
Total income tax provision	$ 2,233	21 %	$ 1,001	20 %	$ 200	22 %

[1] The ARX Holding Corp. acquisition did not create goodwill for income tax purposes. As a result, the impairment was not deductible for income tax purposes.

Deferred income taxes reflect the tax effects of temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities. The following table shows the components of the net deferred tax assets and liabilities at December 31:

(millions)	**2024**	**2023**
Federal deferred income tax assets:		
Unearned premiums reserve	$ 991	$ 836
Net unrealized losses on fixed-maturity securities	376	427
Loss and loss adjustment expense reserves	342	293
Non-deductible accruals	274	238
Software development costs	89	66
Operating lease liabilities	41	37
Hedges on forecasted transactions	4	4
Other	27	13
Federal deferred income tax liabilities:		
Net holding period gains on equity securities	(588)	(451)
Deferred acquisition costs	(412)	(354)
Property and equipment	(85)	(88)
Operating lease assets	(41)	(37)
Investment basis differences	(22)	0
Prepaid expenses	(10)	(6)
Loss and loss adjustment expense reserve transition adjustment	(8)	(16)
Other	(24)	(26)
Net federal deferred income taxes	954	936
State deferred income tax assets[1]	42	40
Total	$ 996	$ 976

[1] State deferred tax assets are recorded in other assets on our consolidated balance sheets.

Although realization of the deferred tax assets is not assured, management believes that it is more likely than not that the deferred tax assets will be realized based on our expectation that we will be able to fully utilize the deductions that are ultimately recognized for tax purposes and, therefore, no valuation allowance was needed at December 31, 2024 or 2023. We believe our deferred tax asset related to net unrealized losses on fixed-maturity securities will be realized based on the existence of current temporary differences related to unrealized gains in our equity portfolio and prior-year capital gains.

At December 31, 2024 and 2023, we had net current income taxes payable of $26 million and $312 million, respectively, which were reported in accounts payable, accrued expenses, and other liabilities on our consolidated balance sheets. This balance, which represented our estimated tax liability for the year less payments made during the year, and less any taxes paid in prior years recoverable through carryback, may fluctuate from period to period due to normal timing differences.

At December 31, 2024 and 2023, we have not recorded any unrecognized tax benefits or related interest and penalties. For the years ended December 31, 2024, 2023, and 2022, we recognized immaterial amounts of interest and penalties as a component of the income tax provision.

The Progressive Corporation and its subsidiaries file a consolidated federal income tax return. All federal income tax years prior to 2021 are generally closed to examination; however, 2016 remains open for a tax credit partnership investment. The statute of limitations also remains open for the final consolidated federal income tax return for the Protective Insurance Corporation and subsidiaries for the period from January 1, 2021 through the June 2021 acquisition date. The statute of limitations for state income tax purposes generally remains open for three to four years from the return filing date, depending upon the jurisdiction. There has been no significant state income tax audit activity.

6. LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES

We write personal and commercial auto insurance, personal residential property insurance, business-related general liability and commercial property insurance predominantly for small businesses, workers' compensation insurance primarily for the transportation industry, and other specialty property-casualty insurance and provide related services throughout the United States. As a property-casualty insurance company, we are exposed to hurricanes or other catastrophes. We are unable to predict the frequency or severity of any such events that may occur in the near term or thereafter. To help mitigate this risk in our Personal Lines property business, we currently maintain excess of loss reinsurance coverage, both on an aggregate and a per occurrence basis.

As we are primarily an insurer of motor vehicles and residential property, we have minimal exposure to environmental and asbestos claims.

Loss and Loss Adjustment Expense Reserves Loss and loss adjustment expense (LAE) reserves represent our best estimate of our ultimate liability for losses and LAE relating to events that occurred prior to the end of any given accounting period but have not yet been paid. For our Personal and Commercial Lines vehicle businesses, which represented about 91% of our total carried reserves at December 31, 2024, we establish loss and LAE reserves after completing reviews at a disaggregated level of grouping. Progressive's actuarial staff reviews approximately 400 subsets of business data, which are at a combined state, product, and line coverage level, to calculate the needed loss and LAE reserves. During a reserve review, ultimate loss amounts are estimated using several industry standard actuarial projection methods. These methods take into account historical comparable loss data at the subset level and estimate the impact of various loss development factors, such as the frequency (number of losses per exposure), severity (dollars of loss per each claim), and average premium (dollars of premium per earned car year), as well as the frequency and severity of loss adjustment expense costs.

We begin our review of a set of data by producing multiple estimates of needed reserves, using both paid and incurred data, to determine if a reserve change is required. In the event of a wide variation among results generated by the different projections, our actuarial group will further analyze the data using additional quantitative analysis. Each review develops a point estimate for a relatively small subset of the business, which allows us to establish meaningful reserve levels for that subset. We believe our comprehensive process of reviewing at a subset level provides us more meaningful estimates of our aggregate loss reserves.

The actuarial staff completes separate projections of needed case and incurred but not recorded (IBNR) reserves. Since a large majority of the parties involved in an accident report their claims within a short time period after the occurrence, we do not carry a significant amount of IBNR reserves for older accident years. Based on the methodology we use to estimate case reserves for our personal vehicle and Commercial Lines auto businesses, we generally do not have expected development on reported claims included in our IBNR reserves. We do, however, include anticipated salvage and subrogation recoveries in our IBNR reserves, which could result in negative carried IBNR reserves, primarily in our physical damage reserves.

Changes from our historical data trends, or third-party modeled data trends, may reduce the predictiveness of our projected future loss costs. Internal considerations that are process-related, which generally result from changes in our claims organization's activities, include claim closure rates, the number of claims that are closed without payment, and the level of the claims representatives' estimates of the needed case reserve for each claim. These changes and their effect on the historical data are studied at the state level versus on a larger, less indicative, countrywide basis. External items considered include the litigation atmosphere, state-by-state changes in medical costs, and the availability of services to resolve claims. These also are better understood at the state level versus at a more macro, countrywide level. The actuarial staff takes these changes into consideration when making their assumptions to determine needed reserve levels.

Similar to our vehicle businesses, our actuarial staff analyzes loss and LAE data for our Commercial Lines non-vehicle business and our Personal Lines property business on a claim occurrence period basis. Many of the methodologies and key parameters reviewed are similar. In addition, for our Progressive Fleet & Specialty Programs (previously referred to as Protective Insurance) and Personal Lines property businesses, since claims adjusters primarily establish the case reserves, the actuarial staff includes expected development on case reserves as a component of the overall IBNR reserves.

Activity in the loss and LAE reserves is summarized as follows:

(millions)	2024	2023	2022
Balance at January 1	$ 34,389	$ 30,359	$ 26,164
Less reinsurance recoverables on unpaid losses	4,789	5,559	4,734
Net balance at January 1	29,600	24,800	21,430
Incurred related to:			
Current year	49,476	44,561	38,209
Prior years	(416)	1,094	(86)
Total incurred	49,060	45,655	38,123
Paid related to:			
Current year	28,909	26,875	23,543
Prior years	15,181	13,980	11,210
Total paid	44,090	40,855	34,753
Net balance at December 31	34,570	29,600	24,800
Plus reinsurance recoverables on unpaid losses	4,487	4,789	5,559
Balance at December 31	$ 39,057	$ 34,389	$ 30,359

We experienced favorable development of $416 million and $86 million in 2024 and 2022, respectively, compared to unfavorable reserve development of $1,094 million in 2023, which is reflected as “Incurred related to prior years” in the table above.

2024

- The favorable prior year reserve development included approximately $180 million attributable to accident year 2023, $55 million to accident year 2022, and the remainder to accident years 2021 and prior.
- Our personal auto products incurred about $550 million of favorable loss and LAE reserve development, with about 60% attributable to the agency auto business and the balance to 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 personal property products experienced about $80 million of unfavorable development primarily due to higher LAE costs than anticipated.
- Our Commercial Lines business experienced about $50 million of unfavorable development primarily driven by higher than anticipated severity in our commercial auto business for California, New York, and Texas.

2023

- The unfavorable reserve development for 2023 included approximately $950 million attributable to accident year 2022 and $125 million to accident year 2021.
- Our personal auto products incurred about $715 million of unfavorable loss and LAE reserve development, with the agency and direct auto businesses each contributing about half. About half of this unfavorable development was attributable to higher than anticipated severity in auto property and physical damage coverages. 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 $365 million of unfavorable development, primarily driven by higher than anticipated severity and frequency of late reported injury claims and large loss emergence on injury claims, with about half attributable to our TNC business.

2022

- The favorable reserve development for 2022 reflected approximately $22 million of favorable prior year reserve development that was attributable to accident year 2021, $47 million to accident year 2020, and the remainder to accident years 2019 and prior.
- Our personal auto products incurred $157 million of favorable loss and LAE reserve development, with the agency and direct auto businesses each contributing about half. The favorable development was primarily attributable to more subrogation and salvage recoveries and lower LAE than originally anticipated, partially offset by higher than anticipated severity and frequency of auto property damage payments on previously closed claims and late reported injury claims.
- Our Commercial Lines business experienced $82 million of unfavorable development, primarily driven by our TNC business, due to higher than anticipated severity of injury case reserves and higher than anticipated severity and frequency of late reported claims.

Incurred and Paid Claims Development by Accident Year The following tables present our incurred, net of reinsurance, and paid claims development by accident year for the number of years that generally have historically represented the maximum development period for claims. The tables below include inception-to-date information for companies acquired and wholly exclude companies disposed of, rather than including information from the date of acquisition, or until the date of disposition. We believe the most meaningful presentation of claims development is through the retrospective approach by presenting all relevant historical information for all periods presented.

We have elected to present our incurred and paid claims development in consideration with our GAAP reportable segments (see *Note 10 – Segment Information* for a discussion of our segment reporting), with a further disaggregation of our Personal Lines vehicles and Commercial Lines auto business claims development between liability and physical damage, since the loss patterns are significantly different between them. The Commercial Lines other business includes coverages for Progressive Fleet & Specialty Programs (Fleet & Specialty) other than liability and physical damage. Reserves for our run-off products are not considered material and, therefore, are not included in a separate claims development table.

Only 2024 is audited; all prior years are considered required supplementary information and, therefore, are unaudited. Expected development on our case reserves is excluded from the IBNR reserves on our vehicle businesses, as discussed above. For the Personal Lines property business and the Commercial Lines other business, the IBNR reserves include expected case development based on the methodology used in establishing the case reserves. The cumulative number of incurred claims are based on accident coverages (e.g., bodily injury, collision, comprehensive, personal injury protection, property damage) related to opened claims. Coverage counts related to claims closed without payment are excluded from the cumulative number of incurred claims.

Personal Lines - Vehicles - Agency - Liability
($ in millions)

Accident Year	For the years ended December 31, 2020[1]	2021[1]	2022[1]	2023[1]	2024	As of December 31, 2024: Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Incurred Claim Counts
	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance						
2020	$ 5,434	$ 5,405	$ 5,386	$ 5,458	$ 5,335	$ 0	757,059
2021		6,716	6,862	6,936	6,943	139	885,883
2022			7,077	7,302	7,226	168	842,089
2023				8,616	8,365	458	899,528
2024					9,700	1,991	922,906
				Total	$ 37,569		

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

Accident Year	For the years ended December 31, 2020[1]	2021[1]	2022[1]	2023[1]	2024
2020	$ 2,383	$ 4,112	$ 4,797	$ 5,122	$ 5,257
2021		2,855	5,239	6,183	6,569
2022			3,019	5,564	6,486
2023				3,527	6,311
2024					3,753
				Total	$ 28,376
				All outstanding liabilities before 2020, net of reinsurance[1]	101
				Liabilities for claims and claim adjustment expenses, net of reinsurance	$ 9,294

[1] Required supplementary information (unaudited)

Personal Lines - Vehicles - Agency - Physical Damage
($ in millions)

Accident Year	For the years ended December 31, 2020[1]	2021[1]	2022[1]	2023[1]	2024	As of December 31, 2024: Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Incurred Claim Counts
	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance						
2020	$ 3,329	$ 3,320	$ 3,327	$ 3,323	$ 3,334	$ 0	1,785,155
2021		4,708	4,624	4,629	4,619	0	2,106,004
2022			5,429	5,545	5,584	27	2,033,436
2023				5,775	5,880	(16)	2,116,608
2024					6,214	(262)	2,110,655
				Total	$ 25,631		

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

Accident Year	For the years ended December 31, 2020[1]	2021[1]	2022[1]	2023[1]	2024
2020	$ 3,250	$ 3,323	$ 3,323	$ 3,328	$ 3,332
2021		4,438	4,621	4,612	4,617
2022			5,176	5,542	5,549
2023				5,584	5,883
2024					5,932
				Total	$ 25,313
				All outstanding liabilities before 2020, net of reinsurance[1]	6
				Liabilities for claims and claim adjustment expenses, net of reinsurance	$ 324

[1] Required supplementary information (unaudited)

Personal Lines - Vehicles - Direct - Liability
($ in millions)

	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance					As of December 31, 2024	
	For the years ended December 31,						
Accident Year	2020[1]	2021[1]	2022[1]	2023[1]	2024	Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Incurred Claim Counts
2020	$ 5,357	$ 5,323	$ 5,302	$ 5,343	$ 5,235	$ 0	789,868
2021		6,965	7,180	7,244	7,235	118	981,585
2022			7,563	7,870	7,799	160	973,940
2023				9,628	9,424	436	1,095,697
2024					11,584	2,218	1,224,816
				Total	$ 41,277		

	Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance				
	For the years ended December 31,				
Accident Year	2020[1]	2021[1]	2022[1]	2023[1]	2024
2020	$ 2,301	$ 4,019	$ 4,721	$ 5,036	$ 5,165
2021		2,915	5,461	6,488	6,899
2022			3,132	5,983	7,023
2023				3,926	7,160
2024					4,496
				Total	$ 30,743
		All outstanding liabilities before 2020, net of reinsurance[1]			83
		Liabilities for claims and claim adjustment expenses, net of reinsurance			$ 10,617

[1] Required supplementary information (unaudited)

Personal Lines - Vehicles - Direct - Physical Damage
($ in millions)

	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance					As of December 31, 2024	
	For the years ended December 31,						
Accident Year	2020[1]	2021[1]	2022[1]	2023[1]	2024	Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Incurred Claim Counts
2020	$ 3,776	$ 3,753	$ 3,766	$ 3,762	$ 3,773	$ 0	2,139,157
2021		5,752	5,568	5,573	5,570	3	2,602,980
2022			6,613	6,724	6,763	22	2,608,806
2023				7,578	7,678	(32)	2,858,910
2024					8,241	(398)	2,978,088
				Total	$ 32,025		

	Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance				
	For the years ended December 31,				
Accident Year	2020[1]	2021[1]	2022[1]	2023[1]	2024
2020	$ 3,720	$ 3,766	$ 3,762	$ 3,767	$ 3,771
2021		5,422	5,579	5,560	5,565
2022			6,326	6,732	6,732
2023				7,362	7,692
2024					7,851
				Total	$ 31,611
		All outstanding liabilities before 2020, net of reinsurance[1]			1
		Liabilities for claims and claim adjustment expenses, net of reinsurance			$ 415

[1] Required supplementary information (unaudited)

Personal Lines - Property
($ in millions)

	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance					As of December 31, 2024	
	For the years ended December 31,						
Accident Year	**2020[1]**	**2021[1]**	**2022[1]**	**2023[1]**	**2024**	**Total of IBNR Liabilities Plus Expected Development on Reported Claims**	**Cumulative Number of Incurred Claim Counts**
2020	$ 1,224	$ 1,247	$ 1,261	$ 1,256	$ 1,258	$ 2	88,732
2021		1,540	1,516	1,503	1,498	6	89,934
2022			1,665	1,622	1,612	28	90,182
2023				1,583	1,605	95	81,801
2024					1,696	392	75,902
				Total	$ 7,669		

	Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance				
	For the years ended December 31,				
Accident Year	**2020[1]**	**2021[1]**	**2022[1]**	**2023[1]**	**2024**
2020	$ 833	$ 1,141	$ 1,211	$ 1,237	$ 1,250
2021		1,035	1,375	1,444	1,476
2022			1,042	1,470	1,545
2023				1,078	1,441
2024					1,050
				Total	$ 6,762
				All outstanding liabilities before 2020, net of reinsurance[1]	4
				Liabilities for claims and claim adjustment expenses, net of reinsurance	$ 911

[1] Required supplementary information (unaudited)

Commercial Lines - Liability
($ in millions)

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance						As of December 31, 2024	
	For the years ended December 31,						
Accident Year	2020[1]	2021[1]	2022[1]	2023[1]	2024	Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Incurred Claim Counts
2020	$ 2,336	$ 2,389	$ 2,419	$ 2,437	$ 2,418	$ 15	117,487
2021		3,447	3,527	3,574	3,581	79	156,656
2022			4,526	4,835	4,862	180	182,645
2023				5,456	5,502	472	189,384
2024					5,552	1,136	187,406
				Total	$ 21,915		

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance					
	For the years ended December 31,				
Accident Year	2020[1]	2021[1]	2022[1]	2023[1]	2024
2020	$ 441	$ 1,110	$ 1,629	$ 2,044	$ 2,255
2021		574	1,546	2,414	2,990
2022			749	2,086	3,232
2023				848	2,307
2024					853
				Total	$ 11,637
All outstanding liabilities before 2020, net of reinsurance[1]					134
Liabilities for claims and claim adjustment expenses, net of reinsurance					$ 10,412

[1] Required supplementary information (unaudited)

Commercial Lines - Physical Damage
($ in millions)

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance						As of December 31, 2024	
	For the years ended December 31,						
Accident Year	2020[1]	2021[1]	2022[1]	2023[1]	2024	Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Incurred Claim Counts
2020	$ 632	$ 625	$ 622	$ 625	$ 623	$ 0	99,612
2021		921	910	910	910	2	121,945
2022			1,315	1,330	1,329	3	147,349
2023				1,352	1,336	(4)	162,717
2024					1,200	(7)	151,280
				Total	$ 5,398		

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance					
	For the years ended December 31,				
Accident Year	2020[1]	2021[1]	2022[1]	2023[1]	2024
2020	$ 541	$ 622	$ 620	$ 621	$ 622
2021		764	903	902	906
2022			1,114	1,315	1,321
2023				1,184	1,328
2024					1,066
				Total	$ 5,243
All outstanding liabilities before 2020, net of reinsurance[1]					1
Liabilities for claims and claim adjustment expenses, net of reinsurance					$ 156

[1] Required supplementary information (unaudited)

Commercial Lines - Other
($ in millions)

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

Accident Year	For the years ended December 31, 2015[1]	2016[1]	2017[1]	2018[1]	2019[1]	2020[1]	2021[1]	2022[1]	2023[1]	2024	As of December 31, 2024: Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Incurred Claim Counts
2015	$ 51	$ 45	$ 46	$ 48	$ 47	$ 45	$ 45	$ 45	$ 45	$ 45	$ 3	9,528
2016		52	43	41	42	40	40	40	40	40	2	7,649
2017			63	55	51	49	46	48	55	54	9	17,683
2018				82	81	77	77	77	82	83	11	15,494
2019					81	83	85	88	88	88	8	10,732
2020						75	81	82	83	83	11	9,561
2021							84	87	89	85	16	9,409
2022								84	81	82	18	7,740
2023									85	85	27	7,512
2024										61	35	5,028
									Total	$ 706		

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

Accident Year	For the years ended December 31, 2015[1]	2016[1]	2017[1]	2018[1]	2019[1]	2020[1]	2021[1]	2022[1]	2023[1]	2024
2015	$ 7	$ 18	$ 27	$ 31	$ 34	$ 36	$ 37	$ 38	$ 39	$ 40
2016		9	21	27	31	33	34	35	36	36
2017			10	24	31	35	37	40	42	42
2018				18	40	50	57	62	65	67
2019					20	42	56	65	71	75
2020						16	39	52	60	64
2021							17	40	52	61
2022								18	40	51
2023									18	42
2024										13
Total										$ 491
All outstanding liabilities before 2015, net of reinsurance[1]										31
Liabilities for claims and claim adjustment expenses, net of reinsurance										$ 246

[1] Required supplementary information (unaudited)

The following table reconciles the net incurred and paid claims development tables to the liability for claims and claim adjustment expenses:

(millions)	2024	2023
Net outstanding liabilities		
Personal Lines		
Vehicles		
Agency, Liability	$ 9,294	$ 8,109
Agency, Physical Damage	324	213
Direct, Liability	10,617	8,818
Direct, Physical Damage	415	223
Property	911	745
Commercial Lines		
Liability	10,412	9,192
Physical Damage	156	197
Other	246	261
Other business	177	89
Liabilities for unpaid claims and claim adjustment expenses, net of reinsurance	32,552	27,847
Reinsurance recoverables on unpaid claims		
Personal Lines		
Vehicles		
Agency, Liability	912	875
Agency, Physical Damage	0	0
Direct, Liability	1,559	1,471
Direct, Physical Damage	0	0
Property	567	632
Commercial Lines		
Liability	845	1,078
Physical Damage	1	1
Other	218	216
Other business	354	475
Total reinsurance recoverables on unpaid claims	4,456	4,748
Unallocated claims adjustment expense related to:		
Liabilities for unpaid claims and claim adjustment expenses, net of reinsurance	2,018	1,753
Reinsurance recoverables on unpaid claims	31	41
Total gross liability for unpaid claims and claim adjustment expense	$ 39,057	$ 34,389

The following table shows the average historical claims duration as of December 31, 2024:

(Required Supplementary Information - Unaudited)

	Years				
Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance	**1**	**2**	**3**	**4**	**5**
Personal Lines					
Vehicles					
Agency, Liability	41.4%	33.9%	13.1%	5.8%	2.5%
Agency, Physical Damage	95.1	4.7	0	0.1	0.1
Direct, Liability	40.6	34.9	13.7	5.8	2.5
Direct, Physical Damage	95.8	3.9	(0.1)	0.1	0.1
Property	65.7	24.1	4.9	2.1	1.0
Commercial Lines					
Liability	15.8	27.1	23.3	16.5	8.7
Physical Damage	86.5	13.5	0.1	0.3	0.2
Other	20.7	26.8	14.6	9.4	5.6

7. REINSURANCE

The effect of reinsurance on premiums written and earned for the years ended December 31, was as follows:

	2024		2023		2022	
(millions)	Written	Earned	Written	Earned	Written	Earned
Direct premiums	$ 75,893	$ 72,169	$ 62,721	$ 59,881	$ 52,336	$ 50,650
Ceded premiums:						
Regulated	(620)	(619)	(535)	(545)	(622)	(675)
Non-Regulated	(849)	(751)	(636)	(671)	(633)	(734)
Total ceded premiums	(1,469)	(1,370)	(1,171)	(1,216)	(1,255)	(1,409)
Net premiums	$ 74,424	$ 70,799	$ 61,550	$ 58,665	$ 51,081	$ 49,241

Regulated refers to federal or state run plans and primarily includes the following:

- Federal reinsurance plan
  - National Flood Insurance Program (NFIP)
- State-provided reinsurance facilities
  - Michigan Catastrophic Claims Association (MCCA)
  - North Carolina Reinsurance Facility (NCRF)
  - Florida Hurricane Catastrophe Fund (FHCF)
- State-mandated involuntary plans
  - Commercial Automobile Insurance Procedures/Plans (CAIP)

Non-Regulated refers to voluntary external reinsurance. We do not reinsure our personal vehicle businesses. For our personal property business, we have both property catastrophic excess of loss and aggregate excess of loss reinsurance agreements. In our Commercial Lines business, we reinsure certain of our TNC business and our Fleet & Specialty workers' compensation insurance and commercial auto products under either a quota share reinsurance agreement or a combination of quota share and excess of loss agreements.

The increase in ceded written and earned premiums in our Regulated plans during 2024 was primarily due to increases in both rates and the number of policies ceded to the NCRF. The increase in Non-Regulated ceded written and earned premiums during 2024 primarily reflected renewing certain TNC programs for a 12-month policy term from the previous 6-month term, thus we wrote more direct premiums during 2024, compared to 2023, and, therefore, ceded more premiums than in the prior year.

Our reinsurance recoverables and prepaid reinsurance premiums were comprised of the following at December 31:

	Reinsurance Recoverables				Prepaid Reinsurance Premiums			
($ in millions)	2024		2023		2024		2023	
Regulated:								
MCCA	$ 2,381	50 %	$ 2,272	45 %	$ 29	9 %	$ 40	16 %
CAIP	415	9	539	10	0	0	0	0
NFIP	361	8	11	0	69	20	67	27
NCRF	214	4	185	4	85	24	75	30
FHCF	169	3	306	6	0	0	0	0
Other	5	0	4	0	1	0	1	0
Total Regulated	3,545	74	3,317	65	184	53	183	73
Non-Regulated:								
Commercial Lines	1,137	24	1,386	27	157	45	56	23
Personal property	78	2	381	8	8	2	11	4
Other	5	0	10	0	0	0	0	0
Total Non-Regulated	1,220	26	1,777	35	165	47	67	27
Total	$ 4,765	100 %	$ 5,094	100 %	$ 349	100 %	$ 250	100 %

The decrease in our Commercial Lines reinsurance recoverable in 2024, compared to 2023, was primarily due to a change in the reinsurance program structure of certain TNC products during 2023, whereby we wrote and ceded less premiums. In our personal property business, the decrease primarily reflected a reduction of our estimate of the ultimate losses and allocated LAE on prior year storms, mainly related to Hurricane Ian. The current year storms also drove the increase in our reinsurance recoverable under the NFIP.

Our prepaid reinsurance premiums increased in 2024, primarily due to the TNC reinsurance program structure changes discussed above.

Reinsurance contracts do not relieve us from our obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to us. Our exposure to losses from the failure of Regulated plans is minimal since these plans are funded by the federal government or by mechanisms supported by insurance companies in applicable states. We evaluate the financial condition of our other reinsurers and monitor concentrations of credit risk to minimize our exposure to significant losses from reinsurer insolvencies.

For our Non-Regulated reinsurers, we routinely monitor changes in the credit quality and concentration risks of the reinsurers who are counterparties to our reinsurance recoverables to determine if an allowance for credit losses should be established. For at-risk uncollateralized recoverable balances, we evaluate several reinsurer specific factors, including reinsurer credit quality rating, credit rating outlook, historical experience, reinsurer surplus, recoverable duration, and collateralization composition in respect to our net exposure (i.e., the reinsurance recoverable amount less premiums payable to the reinsurer, where the right to offset exists). At December 31, 2024 and 2023, the allowance for credit losses related to these contracts was not material to our financial condition or results of operations.

8. STATUTORY FINANCIAL INFORMATION

Consolidated statutory surplus was $27,171 million and $22,250 million at December 31, 2024 and 2023, respectively. Statutory net income was $7,670 million, $3,502 million, and $2,764 million for the years ended December 31, 2024, 2023, and 2022, respectively.

At December 31, 2024, $1,650 million of consolidated statutory surplus represented net admitted assets of our insurance subsidiaries and affiliates that are required to meet minimum statutory surplus requirements in such entities' states of domicile. The companies may be licensed in states other than their states of domicile, which may have higher minimum statutory surplus requirements. Generally, the net admitted assets of insurance companies that, subject to other applicable insurance laws and regulations, are available for transfer to the parent company cannot include the net admitted assets required to meet the minimum statutory surplus requirements of the states where the companies are licensed.

During 2024, the insurance subsidiaries paid aggregate dividends of $3,667 million to their parent company. Based on the dividend laws currently in effect, the insurance subsidiaries could pay aggregate dividends of $7,021 million in 2025, without prior approval from regulatory authorities, subject to other potential state specific limitations, capital requirements, and restrictions on the amount of dividends that can be paid within a 12-month period by the applicable subsidiary.

9. EMPLOYEE BENEFIT PLANS

Retirement Plans Progressive has a defined contribution pension plan (401(k) Plan) that covers employees who have been employed with the company for at least 30 days. Under Progressive's 401(k) Plan, we match up to a maximum of 6% of an employee's eligible compensation contributed to the plan, with employees vesting in the company match after providing two years of service. Matching contributions to the 401(k) Plan for the years ended December 31, 2024, 2023, and 2022, were $235 million, $206 million, and $180 million, respectively.

Employee and company matching contributions are invested, at the direction of the employee, in a number of investment options available under the plan, including various mutual funds, a self-directed brokerage option, and a Progressive common stock fund. Progressive's common stock fund is an employee stock ownership program (ESOP) within the 401(k) Plan. At December 31, 2024, the ESOP held 17 million of our common shares, all of which are included in shares outstanding. Dividends on these shares are reinvested in common shares or paid out in cash, at the election of the participant, and the related tax benefit is recorded as part of our tax provision.

Postemployment Benefits Progressive provides various postemployment benefits to former or inactive employees who meet eligibility requirements and to their beneficiaries and covered dependents. Postemployment benefits include salary continuation and disability-related benefits, including workers' compensation and, if elected, continuation of health-care benefits for specified limited periods. The liability for these benefits was $21 million and $19 million at December 31, 2024 and 2023, respectively.

Incentive Compensation Plans – Employees Progressive's incentive compensation programs include both non-equity incentive plans (cash) and equity incentive plans. Progressive's cash incentive compensation includes an annual cash incentive program (Gainshare Program) for nearly all employees. Progressive's equity incentive compensation plans provide for the granting of restricted stock unit awards to key members of management.

The amounts charged to expense for incentive compensation plans for the years ended December 31, were:

	2024		2023		2022	
(millions)	Pretax	After Tax	Pretax	After Tax	Pretax	After Tax
Non-equity incentive plans – cash	$ 1,040	$ 822	$ 897	$ 709	$ 381	$ 301
Equity incentive plans[1]	122	105	121	104	123	107

[1] After-tax amounts differ from the statutory rate of 21% due to the expected disallowance of certain executive compensation deductions.

Progressive's 2024 Equity Incentive Plan (2024 Plan), which provides for the granting of equity-based compensation to officers and other key employees, authorized awards of just over 10 million shares for issuance, in the aggregate, which includes 4 million shares previously authorized under the 2015 Equity Incentive Plan (2015 Plan). The 2024 Plan was approved by our shareholders in May 2024 and replaced the 2015 Plan. At December 31, 2024, there were 3.5 million shares remaining in the 2015 Plan to satisfy awards previously issued under that plan and representing the maximum potential payout of performance-based awards outstanding. No further grants will be made under the 2015 Plan.

The restricted equity awards are issued as either time-based or performance-based awards. Generally, equity awards are expensed pro rata over their respective vesting periods (i.e., requisite service period), based on the market value of the awards at the time of grant, with accelerated expense for participants who satisfy qualified retirement eligibility. The time-based awards vest in equal installments upon the lapse of specified periods of time, typically three, four, and five years, subject to the retirement provisions of the applicable award agreements.

Performance-based awards that contain variable vesting criteria are expensed based on management's expectation of the percentage of the award, if any, that will ultimately vest. These estimates can change periodically throughout the measurement period. Vesting of performance-based awards is contingent upon the achievement of predetermined performance goals within specified time periods.

In addition to their time-based awards, performance-based awards are granted to executives and other senior managers to provide additional incentive to achieve pre-established profitability and growth targets and/or relative investment performance. The targets for the performance-based awards, as well as the number of units that ultimately may vest, vary by grant.

The following shows the performance measurement criteria for our performance-based restricted equity awards outstanding at December 31, 2024:

Performance Measurement	Year(s) of Grant	Vesting range (as a percentage of target)
Growth of our personal auto and commercial auto businesses, both compared to its respective market	2023-2024	0-250%
Growth of our personal auto and commercial auto businesses and homeowners multi-peril business, each compared to its respective market	2022	0-250%
Investment results relative to peer group	2024	0-250%
Investment results relative to peer group	2022-2023	0-200%

All restricted equity awards are settled at or after vesting in Progressive common shares from existing treasury shares on a one-to-one basis.

A summary of all employee restricted equity award activity during the years ended December 31, follows:

	2024		2023		2022	
Restricted Equity Awards	Number of Shares[1]	Weighted Average Grant Date Fair Value	Number of Shares[1]	Weighted Average Grant Date Fair Value	Number of Shares[1]	Weighted Average Grant Date Fair Value
Beginning of year	2,893,742	$ 101.18	3,198,150	$ 81.71	3,539,022	$ 67.24
Add (deduct):						
Granted[2]	826,377	160.13	1,080,658	110.93	1,154,838	96.54
Vested	(1,186,442)	81.84	(1,338,466)	63.10	(1,378,070)	57.79
Forfeited	(28,015)	111.35	(46,600)	84.86	(117,640)	72.44
End of year[3,4]	2,505,662	$ 129.66	2,893,742	$ 101.18	3,198,150	$ 81.71

[1] Includes restricted stock units. All performance-based awards are included at their target amounts.
[2] We reinvest dividend equivalents on restricted stock units. For 2024, 2023, and 2022, the number of units "granted" shown in the table above includes 23,153, 36,656, and 44,327 of dividend equivalent units, respectively, at a weighted average grant date fair value of $0, since the dividends were factored into the grant date fair values of the original grants.
[3] At December 31, 2024, the number of shares included 447,819 performance-based restricted stock units at their target amounts. We expect 859,619 units to vest based upon our current estimates of the likelihood of achieving the predetermined performance measures applicable to each award.
[4] At December 31, 2024, the total unrecognized compensation cost related to unvested restricted equity awards was $94 million, which includes performance-based awards at their currently estimated vesting value. This compensation expense will be recognized into our consolidated statements of comprehensive income over the weighted average vesting period of 2.3 years.

The aggregate fair value of the restricted equity awards that vested during the years ended December 31, 2024, 2023, and 2022, was $226 million, $195 million, and $154 million, respectively, based on the actual stock price on the applicable vesting dates.

Incentive Compensation Plans – Directors Progressive's Amended and Restated 2017 Directors Equity Incentive Plan, which was approved by shareholders in 2022, provides for the granting of equity-based awards, including restricted stock awards, to non-employee directors. Under the amended and restated plan, an additional 150,000 shares are eligible to be granted, bringing the total authorized shares under the directors plan to 650,000 shares.

The Progressive Corporation permits each non-employee director to indicate a preference to receive either 100% of their compensation in the form of a restricted stock award or 60% in the form of a restricted stock award and 40% in the form of cash. If the director does not state a preference, it is presumed that they preferred to receive 100% of their compensation in the form of restricted stock. The Compensation and Talent Committee of the Board of Directors will consider such preferences when making a determination with respect to the allocation (restricted stock, or restricted stock and cash) and approval of the annual awards for each non-employee director.

The restricted stock awards are issued as time-based awards. The vesting period is typically 11 months from the date of each grant. To the extent a director is newly appointed during the year, or a director's committee assignments change, the vesting period may be shorter. Both the restricted stock awards and cash, if elected, may be expensed pro rata over their respective vesting periods based on the market value of the awards at the time of grant.

A summary of all directors' restricted stock activity during the years ended December 31, follows:

	2024		2023		2022	
Restricted Stock	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Beginning of year	25,075	$ 133.43	30,439	$ 109.75	29,206	$ 105.16
Add (deduct):						
Granted	15,553	215.77	25,075	133.43	30,439	109.75
Vested[1]	(25,979)	136.29	(30,439)	109.75	(29,206)	105.16
End of year[2]	14,649	$ 215.77	25,075	$ 133.43	30,439	$ 109.75

[1] In 2024, 904 shares granted in 2024 vested upon the disability of a director, pursuant to the terms of the plan.
[2] The remaining unrecognized compensation cost was $1 million at December 31, 2024, 2023, and 2022.

The aggregate fair value of the restricted stock vested during the years ended December 31, 2024, 2023, and 2022, was $5 million, $4 million, and $3 million, respectively, based on the actual stock price at time of vesting.

Deferred Compensation The Progressive Corporation Executive Deferred Compensation Plan (Deferral Plan) permits eligible Progressive executives to defer receipt of some or all of their annual cash incentive payments and all of their annual equity awards. Deferred cash compensation is deemed invested in one or more investment funds, including Progressive common shares, offered under the Deferral Plan and elected by the participant. All Deferral Plan distributions attributable to deferred cash compensation will be paid in cash.

For equity awards deferred pursuant to the Deferral Plan, the deferred amounts are deemed invested in our common shares and are ineligible for transfer to other investment funds in the Deferral Plan; distributions of these deferred awards will be made in Progressive common shares. We reserved 11 million of our common shares for issuance under the Deferral Plan.

An irrevocable grantor trust has been established to provide a source of funds to assist us in meeting our liabilities under the Deferral Plan. The Deferral Plan Irrevocable Grantor Trust account held the following assets at December 31:

(millions)	2024	2023
Progressive common shares[1]	$ 117	$ 119
Other investment funds[2]	176	165
Total	$ 293	$ 284

[1] Included 1,138,191 and 1,551,846 common shares as of December 31, 2024 and 2023, respectively, to be distributed in common shares, and are reported at grant date fair value.
[2] Amount is included in other assets on our consolidated balance sheets.

10. SEGMENT INFORMATION

We write personal and commercial auto insurance, personal residential property insurance, business-related general liability and commercial property insurance predominantly for small businesses, workers' compensation insurance primarily for the transportation industry, and other specialty property-casualty insurance and provide related services throughout the United States.

Our operating segments are Personal Lines and Commercial Lines, which we report based on product. Our Chief Executive Officer assesses performance and makes key operating decisions for each of our reportable operating segments and, therefore, is considered our chief operating decision maker.

Our Personal Lines segment writes insurance for personal autos, special lines products (e.g., recreational vehicles, such as motorcycles, RVs, and watercraft), personal residential property insurance for homeowners and renters, umbrella insurance, and flood insurance through the "Write Your Own" program for the National Flood Insurance Program. Beginning in the fourth quarter 2024, our personal property products are reported along with our personal vehicle products as part of our Personal Lines operating segment. Property information for 2023 and 2022 was recast to conform to the current year presentation.

The Personal Lines segment is written through both the independent agency and direct channels. The agency channel includes business written by our network of more than 40,000 independent insurance agencies, including brokerages in New York and California, and strategic alliance business relationships (including other insurance companies, financial institutions, and national agencies). The direct channel includes business written directly by us online or by phone. We operate this segment throughout the United States.

Our Commercial Lines segment writes auto-related liability and physical damage insurance, business-related general liability and commercial property insurance predominately for small businesses, and workers' compensation insurance primarily for the transportation industry. This segment operates throughout the United States and is distributed through both the independent agency, including brokerages, and direct channels.

We evaluate operating segment profitability based on pretax underwriting profit (loss). 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.

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. Pretax profit (loss) is the difference between service business revenues and service business expenses.

Assets and income taxes are not allocated to operating segments, as such allocation would be impractical. Expense allocations are based on certain assumptions and estimates primarily related to revenue and volume; stated segment operating results would change if different methods were applied. We also do not separately identify depreciation expense by segment. Companywide depreciation expense for 2024, 2023, and 2022, was $284 million, $285 million, and $306 million, respectively. The accounting policies of the operating segments are consistent with those described in *Note 1 – Reporting and Accounting Policies*.

Operating segment results for the years ended December 31, were as follows:

(millions)	Personal Lines	Commercial Lines	Other[1]	Companywide
December 31, 2024				
Net premiums earned	$ 60,091	$ 10,707	$ 1	$ 70,799
Fees and other revenues	893	171	0	1,064
Total underwriting revenue	60,984	10,878	1	71,863
Losses and loss adjustment expenses:				
Losses (excluding catastrophe losses)	33,684	6,421	10	40,115
Catastrophe losses	2,434	80	0	2,514
Loss adjustment expenses	5,325	1,109	(3)	6,431
Total losses and loss adjustment expenses	41,443	7,610	7	49,060
Underwriting expenses:				
Distribution expenses[2]	7,969	1,168	1	9,138
Other underwriting expenses[3]	4,732	964	11	5,707
Total underwriting expenses	12,701	2,132	12	14,845
Pretax underwriting profit (loss)	$ 6,840	$ 1,136	$ (18)	7,958
Investment profit (loss)[4]				3,067
Service businesses				(33)
Interest expense				(279)
Total pretax profit (loss)				$ 10,713

(millions)	Personal Lines	Commercial Lines	Other[1]	Total
December 31, 2023				
Net premiums earned	$ 48,765	$ 9,899	$ 1	$ 58,665
Fees and other revenues	740	149	0	889
Total underwriting revenue	49,505	10,048	1	59,554
Losses and loss adjustment expenses:				
Losses (excluding catastrophe losses)	31,509	6,866	3	38,378
Catastrophe losses	1,753	41	0	1,794
Loss adjustment expenses	4,487	993	3	5,483
Total losses and loss adjustment expenses	37,749	7,900	6	45,655
Underwriting expenses:				
Distribution expenses[2]	4,904	1,073	1	5,978
Other underwriting expenses[3]	3,967	952	10	4,929
Total underwriting expenses	8,871	2,025	11	10,907
Pretax underwriting profit (loss)	$ 2,885	$ 123	$ (16)	2,992
Investment profit (loss)[4]				2,219
Service businesses				(39)
Interest expense				(268)
Total pretax profit (loss)				$ 4,904

(millions)	Personal Lines	Commercial Lines	Other[1]	Total
December 31, 2022				
Net premiums earned	$ 40,150	$ 9,088	$ 3	$ 49,241
Fees and other revenues	594	128	0	722
Total underwriting revenue	40,744	9,216	3	49,963
Losses and loss adjustment expenses:				
Losses (excluding catastrophe losses)	26,158	5,669	3	31,830
Catastrophe losses	1,626	34	0	1,660
Loss adjustment expenses	3,788	842	3	4,633
Total losses and loss adjustment expenses	31,572	6,545	6	38,123
Underwriting expenses:				
Distribution expenses[2]	4,699	1,000	1	5,700
Other underwriting expenses[3]	3,208	861	7	4,076
Total underwriting expenses	7,907	1,861	8	9,776
Pretax underwriting profit (loss)[5]	$ 1,265	$ 810	$ (11)	2,064
Investment profit (loss)[4]				(676)
Service businesses				3
Interest expense				(244)
Goodwill impairment[5]				(225)
Total pretax profit (loss)				$ 922

NA = Not applicable.
[1] Includes other underwriting businesses and run-off operations.
[2] Includes policy acquisition costs, agents' contingent commissions, and advertising costs attributable to our operating segments. A portion of our companywide advertising costs are also related to our service businesses.
[3] Primarily consists of employee compensation and benefit costs, and the increase in the allowance for credit loss exposure on our premiums receivable.
[4] Calculated as recurring investment income plus total net realized gains (losses) on securities, less investment expenses.
[5] Including the goodwill impairment, the total pretax profit (loss) for the Personal Lines segment was $1,040 million for 2022.

The reconciliation of total underwriting revenues to consolidated revenues for the years ended December 31, were as follows:

(millions)	2024	2023	2022
Total underwriting revenue	$ 71,863	$ 59,554	$ 49,963
Investment income	2,832	1,892	1,260
Total net realized gains (losses) on securities	264	353	(1,912)
Service revenues	413	310	300
Total revenues	$ 75,372	$ 62,109	$ 49,611

Our management uses underwriting margin and combined ratio as primary measures of underwriting profitability, as defined above. The underwriting margin is the pretax underwriting profit (loss) expressed as a percentage of net premiums earned (i.e., revenues from underwriting operations). Combined ratio is the complement of the underwriting margin. 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. Following are the underwriting margins and combined ratios for our underwriting operations for the years ended December 31:

	2024		2023		2022	
	Underwriting Margin	Combined Ratio	Underwriting Margin	Combined Ratio	Underwriting Margin	Combined Ratio
Personal Lines	11.4 %	88.6	5.9 %	94.1	3.2 %	96.8
Commercial Lines	10.6	89.4	1.2	98.8	8.9	91.1
Total underwriting operations	11.2	88.8	5.1	94.9	4.2	95.8

11. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss), including reclassification adjustments by income statement line item, for the years ended December 31, 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 gains (losses) on forecasted transactions	Foreign currency translation adjustment
Balance at December 31, 2023	$ (2,053)	$ 437	$ (1,616)	$ (1,601)	$ (14)	$ (1)
Other comprehensive income (loss) before reclassifications:						
Investment securities	(197)	41	(156)	(156)	0	0
Total other comprehensive income (loss) before reclassifications	(197)	41	(156)	(156)	0	0
Less: Reclassification adjustment for amounts realized in net income by income statement line item:						
Net impairment losses recognized in earnings	(1)	0	(1)	(1)	0	0
Net realized gains (losses) on securities	(440)	92	(348)	(348)	0	0
Total reclassification adjustment for amounts realized in net income	(441)	92	(349)	(349)	0	0
Total other comprehensive income (loss)	244	(51)	193	193	0	0
Balance at December 31, 2024	$ (1,809)	$ 386	$ (1,423)	$ (1,408)	$ (14)	$ (1)

(millions)	Pretax total accumulated other comprehensive income (loss)	Total tax (provision) benefit	After tax total accumulated other comprehensive income (loss)	Components of Changes in Accumulated Other Comprehensive Income (after tax): Total net unrealized gains (losses) on securities	Net unrealized gains (losses) on forecasted transactions	Foreign currency translation adjustment
Balance at December 31, 2022	$ (3,557)	$ 755	$ (2,802)	$ (2,787)	$ (14)	$ (1)
Other comprehensive income (loss) before reclassifications:						
Investment securities	1,257	(266)	991	991	0	0
Total other comprehensive income (loss) before reclassifications	1,257	(266)	991	991	0	0
Less: Reclassification adjustment for amounts realized in net income by income statement line item:						
Net realized gains (losses) on securities	(247)	52	(195)	(195)	0	0
Total reclassification adjustment for amounts realized in net income	(247)	52	(195)	(195)	0	0
Total other comprehensive income (loss)	1,504	(318)	1,186	1,186	0	0
Balance at December 31, 2023	$ (2,053)	$ 437	$ (1,616)	$ (1,601)	$ (14)	$ (1)

(millions)	Pretax total accumulated other comprehensive income (loss)	Total tax (provision) benefit	After tax total accumulated other comprehensive income (loss)	Components of Changes in Accumulated Other Comprehensive Income (after tax): Total net unrealized gains (losses) on securities	Net unrealized gains (losses) on forecasted transactions	Foreign currency translation adjustment
Balance at December 31, 2021	$ 52	$ (11)	$ 41	$ 56	$ (14)	$ (1)
Other comprehensive income (loss) before reclassifications:						
Investment securities	(4,169)	879	(3,290)	(3,290)	0	0
Total other comprehensive income (loss) before reclassifications	(4,169)	879	(3,290)	(3,290)	0	0
Less: Reclassification adjustment for amounts realized in net income by income statement line item:						
Net realized gains (losses) on securities	(560)	113	(447)	(447)	0	0
Total reclassification adjustment for amounts realized in net income	(560)	113	(447)	(447)	0	0
Total other comprehensive income (loss)	(3,609)	766	(2,843)	(2,843)	0	0
Balance at December 31, 2022	$ (3,557)	$ 755	$ (2,802)	$ (2,787)	$ (14)	$ (1)

In an effort to manage interest rate risk, we entered into forecasted transactions on Progressive's debt issuances. During the next 12 months, we expect to reclassify less than $1 million (pretax) into interest expense, related to net unrealized losses on forecasted transactions (see *Note 4 – Debt* for further discussion).

12. 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.

We describe litigation contingencies for which a loss is probable. We also describe litigation contingencies for which a loss is reasonably possible (but not probable). When disclosing reasonably possible litigation contingencies, we will disclose the amount or range of possible loss, if we are able to make that determination and if material. We may also be exposed to litigation contingencies that are remote. Remote litigation contingencies are those for which the likelihood of a loss is slight at the balance sheet date. We do not disclose, or establish accruals for, remote litigation contingencies. See *Note 1 – Reporting and Accounting Policies, Litigation Reserves* for a discussion of our litigation reserving policy.

Each year, certain of our pending litigation matters may be brought to conclusion. Settlements that are complete are fully reflected in our financial statements. The amounts accrued and/or paid for settlements during the periods presented were not material to our consolidated financial condition, cash flows, or results of operations.

The pending lawsuits summarized below are in various stages of development, and the outcomes are uncertain until final disposition or, if probable and estimable, are accrued and immaterial as of December 31, 2024. At year end 2024, except to the extent an immaterial accrual has been established, we do not consider the losses from these pending cases to be both probable and estimable, and we are unable to estimate a range of loss at this time. It is not possible to determine loss exposure for a number of reasons, including, without limitation, one or more of the following:

- liability appears to be remote;
- putative class action lawsuits generally pose immaterial exposure until a class is actually certified, which, historically, has not been granted by courts in the vast majority of our cases in which class certification has been sought;
- even certified class action lawsuits are subject to decertification, denial of liability, and/or appeal;
- class definitions are often indefinite and preclude detailed exposure analysis; and
- complaints rarely state an amount sought as relief, and when such amount is stated, it often is a function of pleading requirements and may be unrelated to the potential exposure.

We plan to contest these suits vigorously, but may pursue settlement negotiations in some cases, as we deem appropriate. In the event that any one or more of these cases 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.

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 December 31, 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. This includes nine states in which classes have been certified, and lawsuits styled as putative class actions pending in additional states. These lawsuits, which were filed at different times by different plaintiffs, feature certain similar claims and also include different allegations and are subject to various state laws. While we believe we have meritorious defenses and we are vigorously contesting these lawsuits, an unfavorable result in, or a settlement of, a significant number of these lawsuits could, in aggregation, have a material adverse effect on our financial condition, cash flows, and/or results of operations. Based on information available to us, we determined that losses from these lawsuits are reasonably possible but neither probable nor reasonably estimable, other than for suits for which accruals have been established and are not material, as of December 31, 2024.

At December 31, 2024, the pending lawsuits summarized below, including those discussed above, are in various stages of development, and the outcomes are uncertain until final disposition or, if probable and estimable, are accrued and immaterial:

Lawsuits seeking class/collective action status alleging that:

- we improperly handle, adjust, and pay physical damage claims, including how we value total loss claims, the application of a negotiation adjustment in calculating total loss valuations, the payment of fees and taxes associated with total losses, and the payment of diminution of value damages.
- we improperly adjust personal injury protection (PIP) claims in Florida.
- we improperly adjust medical bills submitted by insureds or medical providers in medical claims.
- we improperly pay and reimburse Medicare Advantage Plans or Medicaid on first party medical, PIP, and bodily injury claims.
- we sell illusory uninsured and/or underinsured motorist coverage.
- we wrongfully withheld or delayed payments owed to insureds under uninsured/underinsured motorist coverage.
- we provided an insufficient amount of premium relief to California insureds in response to the COVID-19 pandemic.
- we improperly use marital status as a rating factor when setting premium in California.
- we fail to timely and fully refund premiums to insureds upon taking title to vehicles that have been deemed total losses.
- we mistitle vehicles by failing to include a salvage designation.
- we improperly pay post-arbitration award interest.
- we improperly funded a grant program for small businesses.
- we improperly raised insureds' premiums during their current policy term.
- we improperly restrict the sale of optional physical damage coverage during weather-related events.
- we improperly communicate with insureds regarding payments during prohibited hours in Florida.
- we improperly share claimants' contact information with a third party.
- we improperly fail to timely process and pay PIP claims in Texas.
- we improperly impose surcharges on employees in violation of the Employee Retirement Income Security Act of 1974 (ERISA).

Lawsuits certified or conditionally certified as class/collective actions alleging that:

- we improperly value total loss claims by applying a negotiation adjustment in Alabama, Arkansas, Colorado, Georgia, Indiana, New York, Ohio, Pennsylvania, and South Carolina.
- we improperly fail to pay fees and taxes associated with total losses in Michigan and New York.
- we improperly calculate basic economic loss as it relates to wage loss coverage in New York.
- we improperly reduce or deny PIP benefits when medical expenses are paid initially by health insurance in Arkansas.
- we sell illusory underinsured motorist coverage in New Mexico.
- we failed, based on a vendor data security incident, to properly secure and safeguard personally identifiable information.

Non-class/collective/representative lawsuits filed by different plaintiffs and subject to various state laws, alleging that certain business operations, commercial matters, and/or employment policies, practices, or decisions are improper.

13. LEASES

Included in our consolidated balance sheets are certain operating leases for office space, computer equipment, and vehicles. The leased assets represent our right to use an underlying asset for the lease term and the lease liabilities represent our obligation to make lease payments arising from the lease using an incremental borrowing rate to calculate the present value of the remaining lease payments. Leased assets and leased liabilities are reported as a component of other assets and accounts payable, accrued expenses, and other liabilities, respectively, in our consolidated balance sheets.

Contracts are reviewed at inception to determine if it contains a lease and whether the lease qualifies as an operating or financing lease. We do not have material financing leases.

Operating leases are expensed on a straight-line basis over the term of the lease. In determining the lease term, we consider the probability of exercising renewal options. We elected to account for leases with both lease and non-lease components as a single lease component and to apply a portfolio approach to account for our vehicle leases.

The following table summarizes the carrying amounts of our operating leased assets and liabilities at December 31, along with key inputs used to discount our lease liabilities:

($ in millions)		**2024**		**2023**
Operating lease assets	$	193	$	173
Operating lease liabilities	$	196	$	177
Weighted-average remaining term		3.7 years		3.2 years
Weighted-average discount rate		5.1 %		5.1 %

At December 31, 2024, the following table shows our operating lease liabilities, on an undiscounted basis for the periods indicated:

(millions)		**Commitments**
2025	$	81
2026		63
2027		32
2028		19
2029		13
Thereafter		5
Total		213
Interest		(17)
Present value of lease liabilities	$	196

The operating lease expense for the years ended December 31, was as follows:

(millions)		**Expense**
2024	$	104
2023		94
2022		89

14. DIVIDENDS

Following is a summary of our common and preferred share dividends that were declared and/or paid in the last three years:

(millions, except per share amounts)		Amount	
Declared	Payable	Per Share	Accrued/Paid[1]
Common – Annual-Variable Dividends:			
December 2024	January 2025	$ 4.50	$ 2,637
December 2023	January 2024	0.75	439
Common – Quarterly Dividends:			
December 2024	January 2025	0.10	58
August 2024	October 2024	0.10	59
May 2024	July 2024	0.10	58
March 2024	April 2024	0.10	59
December 2023	January 2024	0.10	59
August 2023	October 2023	0.10	58
May 2023	July 2023	0.10	59
March 2023	April 2023	0.10	59
December 2022	January 2023	0.10	58
August 2022	October 2022	0.10	58
May 2022	July 2022	0.10	59
March 2022	April 2022	0.10	59
December 2021	January 2022	0.10	58
Preferred Dividends:			
January 2024	February 2024	15.688377	8
October 2023	December 2023	20.753157	10
August 2023	September 2023	20.67700	10
May 2023	June 2023	18.92463	10
December 2022	March 2023	26.875	13
August 2022	September 2022	26.875	14
December 2021	March 2022	26.875	13

[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.

Common Share Dividends The Board of Directors adopted a policy of declaring regular quarterly common share dividends, and on at least an annual basis, to consider declaring an additional, variable common share dividend. For 2022, the Board decided not to declare an annual-variable dividend after assessing our capital position, existing capital resources, and expected future capital needs.

Preferred Share Dividends During 2024, we redeemed all of the previously issued 500,000 Series B Fixed-to-Floating Rate Cumulative Perpetual Serial Preferred Shares, without par value (the Series B Preferred Shares), at the stated liquidation preference of $1,000 per share, for an aggregate payout of $508 million, including accrued and unpaid dividends of $8 million through, but excluding February 22, 2024, which was the redemption date.

Beginning March 15, 2023 and until redemption, holders of the Series B Preferred Shares were entitled to receive cumulative cash dividends quarterly at a floating dividend rate. Prior to March 15, 2023, dividends were payable semiannually at a fixed annual dividend rate. Cash dividends were payable if and when declared by the Board of Directors.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of The Progressive Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of The Progressive Corporation and its subsidiaries (the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in shareholders' equity, and of cash flows for each of the three years in the period ended December 31, 2024, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Loss and Loss Adjustment Expense Reserves

As described in Notes 1 and 6 to the consolidated financial statements, as of December 31, 2024, the Company reported a $39.1 billion loss and loss adjustment expense ("LAE") reserve liability, of which about 91% relates to Personal and Commercial Lines vehicle businesses. Reserves are based on estimates of ultimate liability for losses and LAE relating to events that occurred prior to the end of any given accounting period but have not yet been paid. Management establishes loss and LAE reserves after completing reviews at a disaggregated level of grouping. During a reserve review, ultimate loss amounts are estimated using several industry standard actuarial projection methods. These methods take into account historical comparable loss data at the subset level and estimate the impact of various loss development factors, such as the frequency (number of losses per exposure), severity (dollars of loss per each claim), and average premium (dollars of premium per earned car year), as well as the frequency and severity of LAE costs.

The principal considerations for our determination that performing procedures relating to the valuation of loss and LAE reserves is a critical audit matter are (i) the significant judgment by management when developing the estimate of loss and LAE reserves, which in turn led to a significant degree of auditor judgment and subjectivity in performing procedures relating to the valuation; (ii) the significant audit effort and judgment in evaluating audit evidence relating to the various actuarial projection methods and aforementioned loss development factors; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's valuation of loss and LAE reserves, including controls over the various actuarial projection methods, and development of the loss development factors. These procedures also included, among others, testing the completeness and accuracy of historical data provided by management and the involvement of professionals with specialized skill and knowledge to assist in (i) independently estimating reserves for certain lines of business using actual historical comparable loss data, independently derived loss development factors, and industry data and comparing this independent estimate to management's actuarial determined reserves and (ii) evaluating the appropriateness of the actuarial projection methods and reasonableness of the aforementioned loss development factors used by management for determining the reserve balances for certain lines of business.

/s/ PricewaterhouseCoopers LLP
Cleveland, Ohio
March 3, 2025

We have served as the Company's auditor since 1984.

Management’s Report on Internal Control over Financial Reporting

Progressive’s management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Our internal control structure was designed under the supervision of our Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and our directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our evaluation under the framework in *Internal Control – Integrated Framework (2013),* management concluded that our internal control over financial reporting was effective as of December 31, 2024.

PricewaterhouseCoopers LLP, an independent registered public accounting firm that audited the financial statements included in this Annual Report, has audited, and issued an attestation report on the effectiveness of, our internal control over financial reporting as of December 31, 2024; such report appears herein.

CEO and CFO Certifications

Susan Patricia Griffith, President and Chief Executive Officer of The Progressive Corporation, and John P. Sauerland, Vice President and Chief Financial Officer of The Progressive Corporation, have issued the certifications required by Sections 302 and 906 of The Sarbanes-Oxley Act of 2002 and applicable SEC regulations with respect to Progressive’s Annual Report on Form 10-K for the year ended December 31, 2024, including the financial statements provided in this Report. Among other matters required to be included in those certifications, Mrs. Griffith and Mr. Sauerland have each certified that, to the best of their knowledge, the financial statements, and other financial information included in the 2024 Annual Report on Form 10-K, fairly present in all material respects the financial condition, results of operations, and cash flows of Progressive as of, and for, the periods presented. See Exhibits 31 and 32 to Progressive’s 2024 Annual Report on Form 10-K for the complete Section 302 and 906 Certifications, respectively.

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to help the reader understand our financial condition and results of operations. MD&A should be read in conjunction with the consolidated financial statements and the related notes, and supplemental information.

I. OVERVIEW

The Progressive insurance organization has been offering insurance to consumers since 1937. The Progressive Corporation is a holding company that does not have any revenue producing operations, physical property, or employees of its own. The Progressive Corporation, together with its insurance and non-insurance subsidiaries and affiliates, comprise what we refer to as Progressive.

For the year ended December 31, 2024, we are reporting two operating segments – Personal Lines and Commercial Lines. Our Personal Lines segment, which represents 85% of companywide net premiums written, writes insurance for personal vehicles, which include autos and special lines products (e.g, recreational vehicles, such as motorcycles, RVs, and watercraft), personal residential property insurance for homeowners and renters, umbrella insurance, and flood insurance through the "Write Your Own" program for the National Flood Insurance Program. Our personal auto product comprises 90% of our Personal Lines net premiums written and just over 75% of our companywide premiums and has the biggest impact on our underwriting results. Our special lines and personal property insurance products each represent about 5% of our total Personal Lines premiums.

Our Commercial Lines segment writes auto-related liability and physical damage insurance, business-related general liability and commercial property insurance predominantly for small businesses, and workers' compensation insurance primarily for the transportation industry and represents 15% of our companywide net premiums written. Our core commercial auto products, which excludes our transportation network company (TNC) business, our Progressive Fleet & Specialty Programs (Fleet & Specialty) products, and our business owners' policy (BOP) product, represented 80% of our total Commercial Lines net premiums written and just over 10% of companywide premiums.

We operate both segments throughout the United States through both the independent agency and direct distribution channels. We are the second largest private passenger auto insurer in the U.S., the largest writer of motorcycle insurance, the eleventh largest homeowners insurance carrier, and the number one writer of commercial auto insurance, in each case based on 2023 premiums written.

Our underwriting operations, combined with our service and investment operations, make up the consolidated group.

A. Operating Results

Progressive reported strong year-over-year growth in both premiums written and policies in force, an underwriting profit better than our 4% companywide calendar-year underwriting profit goal in 2024, and a 50% increase in recurring investment income, compared to 2023.

We wrote $74.4 billion of net premiums written during 2024, which was $12.9 billion more than we generated during 2023. We ended 2024 with 35 million policies in force, or just over 5 million more policies in force than at the end of 2023. Our underwriting profit margin was 11.2%, which was 6.1 points better than the 5.1% underwriting margin we earned in 2023.

During 2024, companywide net premiums written and earned each increased 21%, over the prior year, and policies in force increased 18%. Both segments contributed to premium and policies in force growth year over year. Net premiums written and earned both grew 23% in Personal Lines and 8% in Commercial Lines. In Personal Lines and Commercial Lines, policies in force grew 18% and 4%, respectively. The Personal Lines growth was mainly attributable to increases in new personal auto applications generated from greater advertising spend, the lifting the non-rate actions we put in place in the personal auto business in 2023, and our continued efforts to work closely with our independent agents to leverage our agent compensation program to reward writing profitable business. In addition to new application growth, during 2024, we increased personal auto and core commercial auto rates 3% and 5% in the aggregate, respectively, compared to rate increases of 19% and 17% during 2023.

Both our Personal Lines and Commercial Lines operating segments generated strong profitability during the year, reporting underwriting profit margins of 11.4% and 10.6%, respectively, compared to 5.9% and 1.2% for 2023. Several factors contributed to the change in our underwriting profit. First, the average earned premium per policy was higher in our personal and commercial auto businesses than during 2023, primarily due to the rate increases we took during 2023 to meet our companywide profitability target.

Second, in addition to rate increases, on a year-over-year basis for 2024, our incurred personal auto accident frequency decreased 5% and severity trends remained relatively stable, with a 1% increase over 2023. The companywide favorable prior accident years reserve development of 0.6 points during 2024, compared to unfavorable development during 2023 of 1.9 points, also contributed to our increased underwriting profitability. Our incurred catastrophe losses were fairly consistent on a year-over-year basis.

Lastly, partially offsetting the impact the improved loss ratio had on profitability, was a 2.4 point increase in our expense ratio over 2023, primarily driven by increased advertising expenses. During 2024, on a year-over-year basis, our companywide advertising spend increased 150%, bringing our 2024 advertising costs to $4.0 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 2024, the year-over-year increase in underwriting profitability was the primary contributor to the $4.6 billion increase in net income. The remainder of the increase reflected an increase in recurring investment income, during 2024, primarily due to investing new cash from insurance operations and proceeds from maturing bonds in higher coupon rate securities.

Comprehensive income increased $3.6 billion over 2023. The increase in net income was in part offset by a relatively modest decrease of $0.2 billion in net unrealized losses on our fixed-maturity securities, compared to a $1.2 billion decrease in unrealized losses during 2023, which were primarily driven by the then-current economic environment.

We ended 2024 with total capital (debt plus shareholders' equity) of $32.5 billion, which was up $5.3 billion from year-end 2023, primarily due to the $8.7 billion of comprehensive income earned during 2024, offset by the $2.9 billion, quarterly and annual-variable common share dividends declared during 2024 and the $0.5 billion redemption of our outstanding Serial Preferred Shares, Series B, in the first quarter 2024, as discussed in further detail below under *Financial Condition*.

B. Insurance Operations

Personal Lines is comprised of our personal vehicle and property products. Our Personal Lines vehicles include both personal autos and our special lines products. Our personal vehicle and property products produced underwriting profits of 11.9% and 1.7%, respectively, for 2024. In total, our special lines products had a minimal impact on our total Personal Lines vehicle combined ratio for the year. Our personal property business generated an underwriting profit for the second consecutive year.

Our Commercial Lines segment includes our core commercial auto products, our TNC business, our Fleet & Specialty products, and our BOP product. Our total Commercial Lines underwriting profitability for 2024 was 10.6%.

During 2024, our personal auto and core commercial auto businesses' profitability benefited from higher average earned premium per policy, lower incurred loss frequency trends, and, in personal auto, 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 product and in our core commercial auto product we expect to have relatively modest rate increases in 2025. Our TNC business generated a calendar-year underwriting profit in 2024, as a result of the rate increases taken on this business in 2024 and prior years to achieve our target profitability.

We will continue to monitor the factors that could impact our loss costs for both our personal 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, tariffs, and other factors, on a state-by-state basis. Aggregate personal auto rate changes during 2024 were modest, relative to the prior two years, and we expect rates to stay relatively stable in 2025. In our personal property business, we increased rates about 19% countrywide, in the aggregate during 2024, and we expect continued rate increases in 2025.

Throughout the first half 2024, we continued to lift the temporary non-rate actions implemented in prior years in our personal auto and core commercial auto businesses, as our focus shifted from achieving our target profit margin to driving growth, delivering competitive rates to consumers, and continuing to provide a high-quality customer experience to our policyholders.

For 2024, both segments generated strong net premiums written growth. Personal Lines net premiums written grew 23%, with the agency and direct personal vehicle businesses growing 21% and 27%, respectively, and personal property growing 8%. Commercial Lines net premiums written also grew 8%, with the majority of the growth generated from our contractor and business auto business market targets (BMT).

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

During 2024, we experienced a significant increase in total Personal Lines new business applications, with increases in both our personal vehicle and personal property products. The increase in the total segment new business applications was primarily driven by our personal auto business, and reflects increased advertising spend, the lifting of the personal auto non-rate restrictions, and our efforts to get back into the independent agents' quote flows. New personal auto applications increased 44% in 2024, compared to the prior year.

New applications in our personal property business were up 31%, driven by significant growth in our renters policies. The new application growth in our homeowners/condo products was up 3% on a year-over-year basis for 2024, with growth in less volatile weather-related states being almost fully offset by decreases in new applications in more volatile weather-related states (e.g., coastal and hail-prone states).

Throughout 2024, in our personal property business, we continued to focus on improving profitability and reducing exposure in more volatile markets and, where permitted, slowed growth and non-renewed policies. We prioritized insuring lower-risk properties (e.g., new construction, existing homes with newer roofs), accepting new business for homeowners/condo products only when bundled with a Progressive personal auto policy, where permitted, and began exiting the non-owner occupied home market. In addition, we expanded our cost sharing through mandatory wind and hail deductibles and roof depreciation schedules in markets where permitted. We plan to continue these actions to improve our personal property profitability and reduce exposure during 2025 in the more volatile markets.

New applications in our core commercial auto business increased 8% during 2024, compared to 2023, primarily due to an increase in quote volume and improved conversion in all of our BMTs, other than for-hire transportation and for-hire specialty, 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 15% during 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.

During 2024, on a year-over-year basis, average written premium per policy grew 8% in personal auto and 5% in core commercial auto products. The growth in our personal and commercial auto products 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.

For our personal property business, average written premium per policy was down 5% year over year. Our mix of business shifted as we continued to focus on growing in less volatile weather states, which generally have less risk and, therefore, lower average premiums per policy than more volatile weather-related states. We are also seeing a mix shift towards more renters policies, which have lower average written premiums. These mix shifts in our personal 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 personal 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 personal auto rating is Snapshot®, our usage-based insurance offering. During 2024, the adoption rates for consumers enrolling in the program decreased 9% in agency auto and increased 6% in direct auto, compared to 2023. During the second half of 2024, the agency auto adoption rate was up significantly, compared to the first half of the year, due to a shift in the mix of agencies through which we wrote new business, as we continued to relax restrictions on new business throughout 2024 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 75% of our countrywide personal auto net premiums written (excluding California) at year-end 2024. We continue to invest in our mobile application, with the majority of new enrollments choosing mobile devices for Snapshot monitoring.

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 and Commercial Lines businesses.

We evaluate 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. Our trailing 12-month total personal auto policy life expectancy was down 4% year over year, with agency personal auto up 2% and direct down 7%. On a trailing 3-month basis, our personal auto policy life expectancy was down 4% year over year, which we believe is due to increased shopping and the competitiveness in the marketplace.

Our trailing 12-month policy life expectancy was flat for special lines products and decreased 12% and 14% for personal property and core commercial auto, respectively. Our personal property retention decreased primarily as a result of a mix shift to more renters policies, which generally have a lower policy life expectancy, while rate increases and our plans to non-renew policies also contributed to the decrease. The decrease in the core commercial auto policy life expectancy was across 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.

C. Investments

The fair value of our investment portfolio was $80.3 billion at December 31, 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 payment of our quarterly and annual variable common share dividends and the redemption of all of our outstanding Serial Preferred Shares, Series B.

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 December 31, 2024 and 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 3.9% for 2024, compared to 3.1% for 2023. The increase from prior year primarily reflected investing new cash from insurance operations, and proceeds from maturing bonds, in higher coupon rate securities. Our investment portfolio produced a fully taxable equivalent (FTE) total return of 4.6% for 2024 and of 6.3% for 2023. Our fixed-income and common stock portfolios had FTE total returns of 3.8% and 22.9%, respectively, for 2024, compared to 5.4% and 26.7%, respectively, for 2023. The decrease in the fixed-income portfolio FTE total return primarily reflected movement in U.S. Treasury yields year over year. The increase in the common stock portfolio FTE total return reflected general market conditions.

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

At December 31, 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 dynamic interest rate environment. We believe that we are in a very strong position as we move into 2025.

II. FINANCIAL CONDITION

A. Liquidity and Capital Resources

The Progressive Corporation receives cash through subsidiary dividends, capital raising, and other transactions, and uses these funds to contribute to its subsidiaries (e.g., to support growth), to make payments to shareholders and debt holders (e.g., dividends and interest, respectively), to repurchase its common shares, and to redeem or pay off debt, as well as for acquisitions and other business purposes that may arise.

During 2024, The Progressive Corporation received $3.7 billion, in the form of dividends, from its insurance and non-insurance subsidiaries.

The Progressive Corporation deployed capital through the following actions in 2024:

- Common Share Dividends - declared aggregate dividends of $4.90 per common share, or $2.9 billion.
- Common Share Repurchases - acquired 0.7 million of our common shares at a total cost of $134 million either in the open market or to satisfy tax withholding obligations in connection with the vesting of equity awards under our employee equity compensation plan.
    - Pursuant to 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.
- Preferred Share Redemption and Dividends - redeemed all of the outstanding Serial Preferred Shares, Series B, for $500 million in aggregate and declared and paid aggregate dividends of $8 million.
- Capital Contributions - contributed a net $182 million to its insurance and non-insurance subsidiaries.

Over the last three years, The Progressive Corporation received dividends from its subsidiaries, net of capital contributions, of $3.0 billion, and issued $2.0 billion, in the aggregate, of senior notes.

Aggregate payments made for the last three years, were as follows:

- $1.1 billion for common share dividends and $0.4 billion to repurchase our common shares;
- $0.8 billion for interest on our outstanding debt; and
- $0.6 billion for preferred share redemptions and dividends.

The covenants on The Progressive Corporation's existing debt securities do not include any rating or credit triggers that would require an adjustment of the interest rate or an acceleration of principal payments in the event that our debt securities are downgraded by a rating agency. While we had an unsecured discretionary line of credit available to us during each of the last three years in the amount of $300 million for 2024 and 2023, and $250 million for 2022, we did not borrow under this arrangement, or engage in other short-term borrowings, to fund our operations or for liquidity purposes.

Progressive's insurance operations create liquidity by collecting and investing premiums from new and renewal business in advance of paying claims, as well as our insurance subsidiaries producing aggregate calendar-year underwriting profits and positive cash flows. As primarily an auto insurer, our claims liabilities generally have a short-term duration. At December 31, 2024, our loss and loss adjustment expense (LAE) reserves were $39.1 billion. Typically, at any point in time, approximately 50% of our outstanding loss and LAE reserves are paid within the following twelve months and less than 20% are still outstanding after three years. See *Note 6 – Loss and Loss Adjustment Expense Reserves* for further information on the timing of claims payments.

For the three years ended December 31, 2024, operations generated positive cash flows of $32.6 billion. In 2024, operating cash flows increased $4.5 billion, compared to 2023. The increase in operating cash flow, compared to the prior year, was primarily driven by the growth in underwriting profitability. 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 December 31, 2024, we held $46.6 billion in short-term investments and U.S. Treasury securities, which represented nearly 60% of our total portfolio at year end. 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 2024 Form 10-K filed with the U.S. Securities and Exchange Commission for a discussion of certain matters that may affect our portfolio and capital position.

Insurance companies are required to satisfy regulatory surplus and premiums-to-surplus ratio requirements. As of December 31, 2024, our consolidated statutory surplus was $27.2 billion, compared to $22.2 billion at December 31, 2023. Our net premiums written-to-surplus ratio was 2.7 to 1 at year-end 2024, 2.8 to 1 at year-end 2023, and 2.9 to 1 at year-end 2022. At December 31, 2024, we also had access to $6.2 billion of securities held 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. In January 2025, a portion of these securities were used to pay the $2.7 billion common share dividends declared in December 2024.

Insurance companies are also required to satisfy risk-based capital ratios. These ratios are determined by a series of dynamic surplus-related calculations required by the laws of various states that contain a variety of factors that are applied to financial balances based on the degree of certain risks (e.g., asset, credit, and underwriting). Our insurance subsidiaries' risk-based capital ratios were in excess of applicable minimum regulatory requirements at year-end 2024. Nonetheless, the payment of dividends by our insurance subsidiaries are subject to certain limitations. See *Note 8 – Statutory Financial Information* for additional information on insurance subsidiary dividends.

We seek to deploy our 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. Management views our capital position as consisting of three layers, each with a specific size and purpose:

- The first layer of capital is the amount of capital we need to satisfy state insurance regulatory requirements and support our objective of writing all the business we can write and service, consistent with our underwriting discipline of achieving a combined ratio of 96 or better. This first layer of capital, which we refer to as "regulatory capital," is held by our various insurance entities.
- While our regulatory capital layer is, by definition, a cushion for absorbing financial consequences of adverse events, such as loss reserve development, litigation, weather catastrophes, and investment market changes, we view that as a base and hold a second layer of capital for even more extreme conditions. The modeling used to quantify capital needs for these conditions is extensive, including tens of thousands of simulations, representing our best estimates of such contingencies based on historical experience. This capital is held either at a consolidated non-insurance subsidiary of the holding company or in our insurance entities, where it is potentially eligible for a dividend to the holding company.
- The third layer is capital in excess of the sum of the first two layers and provides maximum flexibility to fund other business opportunities, repurchase stock or other securities, and pay dividends to shareholders, among other purposes. This capital is largely held at a consolidated non-insurance subsidiary of the holding company.

We monitor our total capital position regularly throughout the year to ensure we have adequate capital to support our insurance operations. At December 31, 2024, we held total capital (debt plus shareholders' equity) of $32.5 billion, compared to $27.2 billion at December 31, 2023. Our debt-to-total capital ratios at December 31, 2024, 2023, and 2022, were 21.2%, 25.4%, and 28.7%, respectively. Our debt-to-total capital ratios were consistent with our financial policy of maintaining a ratio of less than 30%.

At December 31, 2024, we had various noncancelable contractual obligations that were outstanding. We had outstanding $7.0 billion principal amount of Senior Notes with maturity dates ranging from 2027 through 2052, with $3.9 billion of future interest payment obligations related to our outstanding debt. The next debt repayments of $1.0 billion, in the aggregate, are due in 2027 upon the maturity of our 2.45% Senior Notes and our 2.50% Senior Notes. See *Note 4 – Debt* for additional information on our long-term debt.

At year-end 2024, we also had $1.6 billion of purchase obligations that are noncancelable commitments for goods and services (e.g., software licenses, maintenance on information technology equipment, and media placements). About 60% of our purchase obligations are payable within one year and just over 10% will be outstanding for longer than three years. In addition, we have $341 million of minimum commitments for reinsurance contracts, primarily related to several multiple-layer property catastrophe reinsurance contracts with various reinsurers for terms ranging from one to three years. See *Note 1 – Reporting and Accounting Policies, Commitments and Contingencies* for a discussion of these obligations. We do not have, and do not expect to enter into, any material commitments for capital expenditures in the reasonably foreseeable future.

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, depositary shares, common stock, purchase contracts, warrants, and units. The shelf registration enables us to raise funds, subject to market conditions, from the offering of any securities covered by the shelf registration as well as any combination thereof.

III. RESULTS OF OPERATIONS – UNDERWRITING

A. Segment Overview

We report our underwriting operations in two segments: Personal Lines and Commercial Lines. As a component of our Personal Lines segment, we include personal vehicles (auto and special lines products) and, beginning in the fourth quarter 2024, personal property products. Since our personal auto products represent 90% of our Personal Lines segment, our discussion will focus primarily on personal auto products, in addition to discussing our personal property products. To provide a further understanding of our personal auto products by distribution channel, we report our agency and direct personal auto business results separately in this MD&A.

Our Commercial Lines segment includes our core commercial auto products, TNC business, Fleet & Specialty products, and BOP business. Of our total Commercial Lines segment, our core commercial auto products represent about 80% of net premiums written and our TNC business represents about 15%. Therefore, much of the following discussion will focus only on our core commercial auto products.

The following table shows the composition of our companywide net premiums written, by segment, for the years ended December 31:

	2024	2023	2022
Personal Lines			
Vehicles			
Agency	36 %	36 %	36 %
Direct	45	43	41
Property	4	5	5
Total Personal Lines	85	84	82
Commercial Lines	15	16	18
Total underwriting operations	100 %	100 %	100 %

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

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

While our personal auto policies primarily have 6-month terms, to promote bundled personal auto and property growth, we write 12-month term personal auto policies in our Platinum agencies. At year-end 2024 and 2023, 12% and 14%, respectively, of our agency personal auto policies in force were 12-month policies. To the extent our agency application mix of annual personal auto 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 and personal property products are written for 12-month terms. About 55% and 75%, respectively, of our special lines products and personal property business net premiums written was generated through the independent agency channel, with the balance through the direct channel.

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.

At year-end 2024, about 90% of our Commercial Lines policies in force had 12-month terms. The majority of our Commercial Lines business is written through the independent agency channel, although we continue to focus on growing our direct business, with about 10% of our core commercial auto premiums written through the direct channel for each of the last three years. 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®).

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 three years ended December 31, our underwriting profitability results were as follows:

	2024		2023		2022	
	Underwriting Profit (Loss)		Underwriting Profit (Loss)		Underwriting Profit (Loss)	
($ in millions)	**$**	**Margin**	**$**	**Margin**	**$**	**Margin**
Personal Lines						
Vehicles						
Agency	$ 3,559	13.9 %	$ 1,029	4.9 %	$ 734	4.1 %
Direct	3,231	10.3	1,828	7.3	769	3.8
Property	50	1.7	28	1.1	(238)	(10.5)
Total Personal Lines	6,840	11.4	2,885	5.9	1,265	3.2
Commercial Lines	1,136	10.6	123	1.2	810	8.9
Other indemnity[1]	(18)	NM	(16)	NM	(11)	NM
Total underwriting operations	$ 7,958	11.2 %	$ 2,992	5.1 %	$ 2,064	4.2 %

[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 change in companywide underwriting profit for the year ended December 31, 2024, compared to the same period in 2023. First, as a result of the rate actions we took in our Personal Lines and Commercial Lines segments, our personal auto and core commercial auto products average written premium per policy were up 8% and 5%, respectively, for 2024, compared to the prior year.

Second, as a result of the favorable loss trends during 2024, we experienced companywide favorable prior accident years reserve development, compared to unfavorable prior year development for 2023. During 2024, our personal auto and core commercial auto products experienced an incurred loss frequency decrease of 5% and 7%, respectively, compared to 2023. In total, our catastrophe losses were 0.5 points higher in 2024, compared to the prior year. See the *Losses and Loss Adjustment Expenses (LAE)* section below for further discussion of our catastrophe losses, frequency and severity trends, and reserve development recognized during the periods.

Lastly, year-over-year change in underwriting profitability included a 2.4 point increase in our companywide expense ratio, primarily due to a 150% increase in advertising spend over 2023. Our total advertising spend for 2024, was $4.0 billion, compared to $1.6 billion in 2023. Throughout the year we increased our media spend to maximize growth and will continue to spend at or above this level as long as we remain on track to achieve our target profitability and can acquire customers at or below our target acquisition cost.

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

Underwriting Performance[1]	**2024**	**2023**	**2022**
Personal Lines			
Vehicles			
Agency			
Loss & loss adjustment expense ratio	67.7	77.0	78.1
Underwriting expense ratio	18.4	18.1	17.8
Combined ratio	86.1	95.1	95.9
Direct			
Loss & loss adjustment expense ratio	69.8	78.4	78.6
Underwriting expense ratio	19.9	14.3	17.6
Combined ratio	89.7	92.7	96.2
Property			
Loss & loss adjustment expense ratio	69.3	69.6	83.3
Underwriting expense ratio	29.0	29.3	27.2
Combined ratio	98.3	98.9	110.5
Total Personal Lines			
Loss & loss adjustment expense ratio	68.9	77.4	78.6
Underwriting expense ratio	19.7	16.7	18.2
Combined ratio	88.6	94.1	96.8
Commercial Lines			
Loss & loss adjustment expense ratio	70.1	79.0	71.5
Underwriting expense ratio	19.3	19.8	19.6
Combined ratio	89.4	98.8	91.1
Total Underwriting Operations			
Loss & loss adjustment expense ratio	69.1	77.6	77.3
Underwriting expense ratio	19.7	17.3	18.5
Combined ratio	88.8	94.9	95.8
Accident year – Loss & loss adjustment expense ratio[2]	69.7	75.7	77.5

[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 each respective year. 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 year are reviewed.

Losses and Loss Adjustment Expenses (LAE)

(millions)	2024	2023	2022
Change in net loss and LAE reserves	$ 4,970	$ 4,800	$ 3,370
Paid losses and LAE	44,090	40,855	34,753
Total incurred losses and LAE	$ 49,060	$ 45,655	$ 38,123

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 personal auto and core commercial auto businesses, are influenced by inflation and driving patterns, among other factors, some of which are discussed below. In our personal 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. See *Critical Accounting Policies – A. Loss and LAE Reserves* for a discussion of the effect of changing estimates.

Our total loss and LAE ratio decreased 8.5 points in 2024 and increased 0.3 points in 2023, each compared to the prior year. During 2024, the decrease in the loss ratio was driven by lower personal auto and core commercial auto loss frequency, relatively stable personal auto severity, higher personal auto and core commercial auto premium per policy, and companywide favorable prior accident years reserve development, compared to unfavorable development for 2023. Our accident year loss and LAE ratio, which excludes the impact of prior accident year reserve development during each calendar year, decreased 6.0 points and 1.8 points in 2024 and 2023, respectively, compared to the prior years.

We experienced severe weather conditions in several areas of the country during each of the last three years. Hurricanes, hail storms, tornadoes, and wind activity contributed to catastrophe losses each year. The following table shows our consolidated catastrophe losses and related combined ratio point impact, excluding loss adjustment expenses, for the years ended December 31:

	2024		2023		2022	
($ in millions)	$	Point[1]	$	Point[1]	$	Point[1]
Personal Lines						
Vehicles	$ 1,693	3.0 pts.	$ 1,094	2.4 pts.	$ 1,046	2.8 pts.
Property	741	24.8	659	25.8	580	25.6
Total Personal Lines	2,434	4.1	1,753	3.6	1,626	4.0
Commercial Lines	80	0.7	41	0.4	34	0.4
Total catastrophe losses incurred	$ 2,514	3.6 pts.	$ 1,794	3.1 pts.	$ 1,660	3.4 pts.

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

During 2024, our catastrophe losses reflected severe weather events throughout the United States, with Hurricanes Helene and Milton accounting for nearly one third of the total losses for the year. 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.

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 auto, special lines, or core commercial auto businesses, but we reinsure portions of our personal property business. The personal 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 Fleet & Specialty business, and on certain BOP product coverages.

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. As a result, during 2024, we entered into new reinsurance contracts under our per occurrence excess of loss program for our personal property business that covers losses from June 1, 2024 through May 31, 2025. This program is comprised of privately placed reinsurance, reinsurance placed through catastrophe bond transactions, and coverage obtained through the Florida Hurricane Catastrophe Fund (FHCF). The reinsurance program has a retention threshold for losses and allocated loss adjustment expenses (ALAE) from a single catastrophic event of $200 million, which is unchanged from the retention threshold on prior contracts. In general, as of December 31, 2024, this program, including the shared limit coverage discussed below, includes coverage for $1.8 billion in losses and ALAE with additional substantial coverage for a second or third hurricane. When including the FHCF, which is specific to Florida, this coverage reaches an estimated $2.1 billion.

From June 1, 2024 through December 31, 2024, which is considered the hurricane season, we had shared limit coverage in our reinsurance program that provided $175 million of coverage for named storms. We renewed this coverage from June 1, 2025 through December 31, 2025, with the same terms. This reinsurance arrangement can, depending on the circumstances, provide additional coverage for a significant covered event, or provide coverage for aggregate losses under our occurrence excess of loss retention. During 2024, we ceded no losses under this coverage.

During 2024, our personal property business also had an aggregate excess of loss program structure with multiple layers providing for catastrophe losses and ALAE. No losses were ceded under this aggregate excess of loss agreement during 2024. In January 2025, a new aggregate excess of loss program was entered for claims occurring in 2025. Under the 2025 program, which is substantially the same as the 2024 program, the first retention layer threshold ranges from $450 million to $475 million, excluding named tropical storms and hurricanes, and the second retention layer threshold is $525 million, including named tropical storms and hurricanes. The first and second layers provide coverage up to $75 million and $100 million, respectively. As part of the 2025 aggregate excess of loss program, we also entered into a severe convective storm modeled loss aggregate coverage, which covers a type of thunderstorm characterized by strong winds, heavy rain, large hail, thunder, lightning, and sometimes tornadoes. This modeled loss coverage provides $15 million of coverage, net of a retention of $665 million.

For further details and additional discussion on our reinsurance programs, see *Item 1, Business – Reinsurance* in our 2024 Form 10-K, filed with the U.S. Securities and Exchange Commission, for the year ended December 31, 2024 and *Note 7 – Reinsurance* for a discussion of our various reinsurance programs.

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 and in early 2025, 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 Form 10-K, for a discussion of certain risks related to catastrophe events.

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 business, 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 periods was as follows:

	Change Over Prior Year		
Coverage Type	**2024**	**2023**	**2022**
Bodily injury	6 %	10 %	8 %
Collision	(2)	5	16
Personal injury protection	(2)	2	(9)
Property damage	(1)	9	20
Total	1	8	13

On a calendar-year basis, the incurred severity in our core commercial auto products increased 9% in 2024, compared to 6% in both 2023 and 2022. Since the loss patterns in the core commercial auto products are not indicative of our other commercial auto products (i.e., TNC and Fleet & Specialty businesses), disclosing severity and frequency trends excluding those businesses is more representative of our overall experience for the majority of our commercial auto 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, tariffs, court decisions, and jury verdicts, along with regulatory changes and other factors that may affect severity.

The change in calendar-year incurred frequency, over the prior-year periods, in our total personal auto products was as follows:

	Change Over Prior Year		
Coverage Type	**2024**	**2023**	**2022**
Bodily injury	(3)%	2 %	(4)%
Collision	(8)	(7)	(8)
Personal injury protection	(4)	2	(5)
Property damage	(4)	0	(5)
Total	(5)	(2)	(6)

The year-over-year decrease in frequency, in part, reflects a shift in the mix of business to a more preferred tier of customers (i.e., Wrights and Robinsons).

On a calendar-year basis, our core commercial auto products' incurred frequency decreased 7% in 2024, compared to an increase of 2% in 2023 and 3% in 2022.

We closely monitor the 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, and the ridesharing economy 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 years ended December 31:

($ in millions)	2024	2023	2022
Actuarial Adjustments			
Reserve decrease (increase)			
Prior accident years	$ (123)	$ (454)	$ (106)
Current accident year	530	(587)	(83)
Calendar year actuarial adjustments	$ 407	$ (1,041)	$ (189)
Prior Accident Years Development			
Favorable (unfavorable)			
Actuarial adjustments	$ (123)	$ (454)	$ (106)
All other development	539	(640)	192
Total development	$ 416	$ (1,094)	$ 86
(Increase) decrease to calendar year combined ratio	0.6 pts.	(1.9) pts.	0.2 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 the Personal Lines auto and special lines products and Commercial Lines business, development for catastrophe losses would be reflected in “all other development,” discussed below, to the extent they relate to prior year reserves. For our Personal Lines property business, 100% of catastrophe losses are reviewed monthly and any development on catastrophe reserves are included as part of the actuarial adjustments. 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.

As reflected in the table above, we experienced slightly favorable prior accident years development during 2024 and 2022, compared to unfavorable development in 2023. The favorable development during 2024 was, in part, due to lower than anticipated personal auto frequency and severity in Florida and lower than anticipated personal auto property damage severity across the majority of states. This was partially offset by unfavorable development resulting from higher than anticipated LAE costs in our personal property products and higher than anticipated severity in core commercial auto products for California, New York, and Texas.

For 2023, about two-thirds of the unfavorable development was in our personal auto products with the remaining one-third in our Commercial Lines business. The personal auto products unfavorable development was equally attributable to higher than anticipated severity in personal auto property and physical damage coverages and increased loss costs in Florida injury and medical coverages and, to a lesser extent, higher than anticipated late reported injury claims, which was partially offset by lower than anticipated LAE. For our Commercial Lines segment, the unfavorable development was mainly due to both late reported and large loss emergence on injury claims, with about half of this development attributable to our TNC business.

See *Note 6 – Loss and Loss Adjustment Expense Reserves*, for a more detailed discussion of our prior accident years development.

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 2024, our underwriting expense ratio increased 2.4 points, compared to the prior year, primarily driven by increases in our advertising spend, partially offset by growth in net premiums earned. In total, our companywide advertising spend increased 150%, or 2.9 points for 2024, compared to 2023.

For 2024, our total companywide advertising costs were $4.0 billion, compared to $1.6 billion in 2023, and exceeded the amount of advertising spend for any previous annual period. As previously discussed, we increased our media spend to maximize growth and will continue to spend at or above this level 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. In 2024, our NAER decreased 0.4 points and 0.6 points in our personal vehicle and core commercial auto businesses, respectively, compared to 2023, and increased 0.3 points in our personal property business. The increase in the property NAER was, in part, due to our investment in headcount and related compensation. 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.

For the years ended December 31,	2024		2023		2022	
($ in millions)	$	% Growth	$	% Growth	$	% Growth
Net Premiums Written						
Personal Lines						
Vehicles						
Agency	$ 26,967	21 %	$ 22,278	22 %	$ 18,334	6 %
Direct	33,432	27	26,303	26	20,944	11
Property	3,071	8	2,831	18	2,402	8
Total Personal Lines	63,470	23	51,412	23	41,680	9
Commercial Lines	10,953	8	10,138	8	9,399	17
Other indemnity[1]	1	NM	0	NM	2	NM
Total underwriting operations	$ 74,424	21 %	$ 61,550	20 %	$ 51,081	10 %
Net Premiums Earned						
Personal Lines						
Vehicles						
Agency	$ 25,640	21 %	$ 21,198	19 %	$ 17,745	5 %
Direct	31,458	26	25,015	24	20,135	9
Property	2,993	17	2,552	12	2,270	11
Total Personal Lines	60,091	23	48,765	21	40,150	7
Commercial Lines	10,707	8	9,899	9	9,088	31
Other indemnity[1]	1	NM	1	NM	3	NM
Total underwriting operations	$ 70,799	21 %	$ 58,665	19 %	$ 49,241	11 %

NM = Not meaningful

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

December 31,	2024		2023		2022	
(# in thousands)	#	% Growth	#	% Growth	#	% Growth
Policies in Force						
Personal Lines						
Agency – auto	9,778	17 %	8,336	7 %	7,767	(1)%
Direct – auto	13,996	25	11,190	10	10,131	6
Special lines[1]	6,520	9	5,969	7	5,558	5
Property	3,517	14	3,096	9	2,851	3
Total Personal Lines	33,811	18	28,591	9	26,307	3
Commercial Lines	1,141	4	1,099	5	1,046	8
Companywide total	34,952	18 %	29,690	9 %	27,353	3 %

[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

Our Personal Lines business offers vehicle (personal auto and special lines) and residential property insurance products to personal consumers, with the operating goal of optimizing the number of insured products within our policyholders' households. In our discussion below, we report our personal auto and personal property business results separately as components of our Personal Lines segment to provide a further understanding of our products. Our personal auto business discussions are further separated between the agency and direct distribution channel. At year-end 2024, 44% of our personal auto business is written through the agency channel and 56% is written through the direct channel.

Personal Auto - Agency

	Change Over Prior Year		
	2024	2023	2022
Applications			
New	32 %	15 %	(3)%
Renewal	8	6	(3)
Total	13	8	(3)
Written premium per policy			
New	5	7	9
Renewal	9	13	11
Total	8	12	11
Policy life expectancy			
Trailing 3 months	(3)	23	(11)
Trailing 12 months	2	29	(24)

The personal auto agency business includes business written by more than 40,000 independent insurance agencies that represent Progressive, as well as brokerages in New York and California. During 2024, 46 states generated new agency personal auto application growth, including 8 of our top 10 largest agency states.

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

- Sams experienced a single digit increase in policies in force, with a low double digit increase in new application growth during 2024; and
- Dianes, Wrights, and Robinsons all experienced very strong policies in force and new application growth during 2024, with the Wrights having the largest year-over-year increases.

During 2024, on a year-over-year basis, we experienced an increase in agency personal auto quote volume of 17%, with a rate of conversion (i.e., converting a quote to a sale) increase of 13%. All four consumer segments experienced an increase in both quote volume and conversion compared to 2023.

The increase in written premium per policy for new and renewal personal auto agency business during 2024, compared to 2023, was primarily attributable to the rate increases previously discussed.

The trailing 12-month policy life expectancy in the personal auto agency business lengthened during 2024. We believe this increase was primarily driven by 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. We believe the trailing 3-month measure was down slightly primarily due to increased shopping and competitiveness in the marketplace.

Personal Auto - Direct

	Change Over Prior Year		
	2024	2023	2022
Applications			
New	51 %	15 %	6 %
Renewal	11	13	3
Total	19	13	3
Written premium per policy			
New	9	5	6
Renewal	8	11	8
Total	7	10	8
Policy life expectancy			
Trailing 3 months	(3)	6	(6)
Trailing 12 months	(7)	19	(19)

The personal auto direct business includes business written directly by Progressive online or by phone. As we increased advertising spend and lifted certain non-rate restrictions during 2024, we saw significant direct personal auto new application growth in all states and across all consumer segments, compared to 2023. At the end of 2024, policies in force grew between 17% and 28% in each consumer segment, compared to the end of 2023.

During 2024, we experienced an increase in direct personal auto quote volume of 65%, compared to 2023, primarily driven by the increased advertising spend and increased shopping in the marketplace. The rate of conversion decreased 9%, compared to 2023, which we believe was primarily due to a greater number of casual shoppers obtaining quotes, who were 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 2024.

The written premium per policy increase for new and renewal personal auto direct business during 2024, compared to 2023, was primarily driven by the rate increases previously discussed.

Our trailing 3- and 12-month policy life expectancy in the direct auto business experienced a decrease in retention during 2024, compared to 2023. We believe the drivers of the change were due to increased shopping and competitiveness in the marketplace.

Personal Property

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

	Change Over Prior Year		
	2024	2023	2022
Applications			
New	31 %	15 %	(8)%
Renewal	6	5	8
Total	14	8	3
Written premium per policy			
New	(15)	5	(2)
Renewal	2	13	6
Total	(5)	10	6
Policy life expectancy Trailing 12 months	(12)	15	(7)

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

In addition to reducing our geographic footprint in more volatile weather-related states (e.g., coastal and hail-prone states), we continued to focus on accelerating growth in markets that are less susceptible to catastrophes for our homeowners products, which we define as our total personal property business excluding renters and umbrella products. Homeowners policies in force in the growth-oriented states increased 15% on a year-over-year basis for 2024.

Policies in force decreased 13% in the volatile weather states at the end of 2024, compared to 2023. Improving profitability and reducing our concentration and exposure in more volatile weather-related markets continued to be the top priority for our personal property business and, during 2024, we continued to move forward on several initiatives, including: (i) prioritizing insuring lower-risk properties (e.g., new construction, existing homes with newer roofs); (ii) putting underwriting restrictions in place in about half of the country, by the end of 2024, to only accept new personal property business (e.g., home or condo) when the property policy is bundled with a Progressive personal auto policy, where permitted; (iii) began restricting new business and non-renewing policies that provide coverage for non-owner occupied properties (e.g., short-term vacation rental, secondary residence, etc.) in the majority of states; and, (iv) expanding our cost sharing with policyholders through mandatory wind and hail deductibles and roof depreciation schedules in markets where permitted.

In addition, beginning in the second quarter 2024, following the required filings and notices, we began our efforts to non-renew up to 115,000 Property policies in Florida. This effort slowed while the moratoriums were in place in response to Hurricanes Helene and Milton, which temporarily limited an insurer's ability to non-renew policies, but resumed once the moratoriums expired in December 2024.

To try to ease the disruption of the non-renewals to our customers and agents, we reached an agreement with an unaffiliated Florida insurer to offer replacement policies to many of these policyholders, subject to the insurer's underwriting and financial guidelines and agent appointments where applicable.

Our written premium per policy decreased on a year-over-year basis, primarily attributable to a decline in homeowners policies in force in volatile states and in non-owner occupied properties, which both have higher average premiums, and a shift in the mix to more renters policies, which have lower average premiums. The effect of these declines were partially offset by rate increases taken during 2024 and higher premium coverages reflecting increased property values. During 2024, we increased rates, in aggregate, about 19% in our personal property business. 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 personal property business shortened during 2024, compared to 2023, 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 policies in volatile weather states.

E. Commercial Lines

The following table and discussion focuses on our core commercial auto products, which account for about 80% of our Commercial Lines segment 2024 net premiums written. Year-over-year changes in our core commercial auto products were as follows:

	Change Over Prior Year		
	2024	2023	2022
Applications			
New	8 %	4 %	(1)%
Renewal	1	4	12
Total	4	4	7
Written premium per policy			
New	(1)	(3)	6
Renewal	8	6	16
Total	5	3	11
Policy life expectancy			
Trailing 12 months	(14)	(12)	(12)

The increases in net premiums written reflected growth in all of our BMTs, except our for-hire transportation BMT, 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 market. The most significant premium growth came from our contractor and business auto BMTs, primarily driven by the aggregate core commercial auto rate increases of 17% taken during 2023.

During 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. We experienced a 6% increase in quote volume and a 2% increase in the rate of conversion in our commercial auto products during 2024, compared to 2023.

The effect the previously discussed rate increases had on written premium per policy for our new core commercial auto business was offset by the change in the mix of business written, compared to 2023, while the increase for renewal business primarily reflected the previously discussed rate increases. During 2024, we increased rates, in aggregate, about 5% in our core commercial auto products. We will continue to evaluate our rate need and adjust rates as we deem necessary.

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

IV. RESULTS OF OPERATIONS – INVESTMENTS

A. Portfolio Summary
At year-end 2024, the fair value of our investment portfolio was $80.3 billion, compared to $66.0 billion at year-end 2023. The increase in value 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 and quarterly common share dividends. Our investment income (interest and dividends) increased 50% in both 2024 and 2023, compared to prior year. Growth in invested assets and an increase in pretax recurring investment book yield contributed to the increase in investment income.

B. 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 unrealized, gains (losses) on securities.

The following summarizes investment results for the years ended December 31:

	2024	2023	2022
Pretax recurring investment book yield	3.9 %	3.1 %	2.4 %
FTE total return:			
Fixed-income securities	3.8	5.4	(6.6)
Common stocks	22.9	26.7	(19.4)
Total portfolio	4.6	6.3	(7.8)

The increase in the book yield during 2024 and 2023, primarily reflected investing new cash from insurance operations, and proceeds from maturing bonds, in higher coupon rate securities. For each year, the change in the fixed-income portfolio FTE total return, compared to prior year, primarily reflected movement in U.S. Treasury yields year-over-year. The common stock FTE total return reflected general market conditions.

A further break-down of our FTE total returns for our fixed-income portfolio for the years ended December 31, follows:

	2024	2023	2022
Fixed-income securities:			
U.S. government obligations	2.2 %	4.6 %	(7.8)%
State and local government obligations	3.9	5.9	(8.3)
Foreign government obligations	(3.7)	6.4	(12.3)
Corporate and other debt securities	4.9	7.1	(6.0)
Residential mortgage-backed securities	7.8	9.2	0.6
Commercial mortgage-backed securities	10.4	6.9	(9.5)
Other asset-backed securities	6.2	7.2	(1.6)
Nonredeemable preferred stocks	8.8	1.4	(8.3)
Short-term investments	5.8	5.0	1.5

C. Portfolio Allocation

The composition of the investment portfolio at December 31, was:

($ in millions)	Fair Value	% of Total Portfolio	Duration (years)	Average Rating[1]
2024				
U.S. government obligations	$ 45,988	57.3 %	4.1	AA+
State and local government obligations	2,778	3.5	2.5	AA+
Foreign government obligations	16	0	1.6	AAA
Corporate and other debt securities	13,954	17.4	2.6	BBB+
Residential mortgage-backed securities	1,601	2.0	2.6	AA
Commercial mortgage-backed securities	4,352	5.4	1.9	A+
Other asset-backed securities	6,643	8.3	1.2	AA+
Nonredeemable preferred stocks	728	0.9	1.4	BBB-
Short-term investments	615	0.7	<0.1	AA-
Total fixed-income securities	76,675	95.5	3.3	AA-
Common equities	3,575	4.5	na	na
Total portfolio[2]	$ 80,250	100.0 %	3.3	AA-
2023				
U.S. government obligations	$ 36,869	55.9 %	3.6	AA+
State and local government obligations	2,203	3.3	3.0	AA+
Foreign government obligations	16	0.1	2.6	AAA
Corporate and other debt securities	11,358	17.2	2.7	BBB
Residential mortgage-backed securities	417	0.6	0.5	A+
Commercial mortgage-backed securities	3,940	6.0	2.3	A
Other asset-backed securities	5,575	8.4	1.2	AA+
Nonredeemable preferred stocks	902	1.4	2.1	BBB-
Short-term investments	1,790	2.7	<0.1	AA-
Total fixed-income securities	63,070	95.6	3.0	AA-
Common equities	2,929	4.4	na	na
Total portfolio[2]	$ 65,999	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 December 31, 2024, we had $125 million of net unsettled security transactions included in other liabilities, compared to $46 million of net unsettled security transactions included in other assets at December 31, 2023.

The total fair value of the portfolio at December 31, 2024 and 2023, included $6.2 billion and $4.2 billion, respectively, of securities held in a consolidated, non-insurance subsidiary of the holding company, net of any unsettled security transactions. A portion of these investments were sold and proceeds used to pay our common share dividends in January 2025; see *Note 14 – Dividends* for additional information.

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

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 at December 31:

	2024		2023	
($ in millions)	**Fair Value**	**% of Total Portfolio**	**Fair Value**	**% of Total Portfolio**
Group I securities:				
Non-investment-grade fixed maturities	$ 385	0.5 %	$ 532	0.8 %
Nonredeemable preferred stocks	728	0.9	902	1.4
Common equities	3,575	4.5	2,929	4.4
Total Group I securities	4,688	5.9	4,363	6.6
Group II securities:				
Other fixed maturities	74,947	93.4	59,846	90.7
Short-term investments	615	0.7	1,790	2.7
Total Group II securities	75,562	94.1	61,636	93.4
Total portfolio	$ 80,250	100.0 %	$ 65,999	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 II securities.

Unrealized Gains and Losses

As of December 31, 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 $1.4 billion, compared to $1.6 billion at December 31, 2023. The decrease in total unrealized losses year over year, was due to valuation increases across fixed-maturity sectors, excluding the U.S. Treasury portfolio. The valuation increase was most prominently in our corporate and other debt and commercial mortgage-backed portfolios as lower interest rates and tighter credit spreads drove strong portfolio performance. The U.S. Treasury valuation decrease was due to rising U.S. Treasury yields.

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 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	$ (34)	$ (29)
Equity securities[1]	2,234	(86)	2,148
Total holding period securities	2,239	(120)	2,119
Current year change in holding period securities			
Hybrid fixed-maturity securities	3	22	25
Equity securities[1]	604	50	654
Total changes in holding period securities	607	72	679
Balance at December 31, 2024			
Hybrid fixed-maturity securities	8	(12)	(4)
Equity securities[1]	2,838	(36)	2,802
Total holding period securities	$ 2,846	$ (48)	$ 2,798

[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 the fixed-income portfolio.

Interest Rate Risk This risk includes the change in value resulting from movements in the underlying market rates of debt securities held. We manage this risk by maintaining the portfolio's duration (a measure of the portfolio's exposure to changes in interest rates) between 1.5 and 5.0 years. The duration of the fixed-income portfolio was 3.3 years at December 31, 2024, compared to 3.0 years at December 31, 2023. The distribution of duration and convexity (i.e., a measure of the speed at which the duration of a security is expected to change based on a rise or fall in interest rates) is monitored on a regular basis.

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, at December 31, was:

Duration Distribution	2024	2023
1 year	9.6 %	18.1 %
2 years	8.2	12.0
3 years	29.5	25.7
5 years	43.6	27.4
7 years	8.2	14.6
10 years	0.9	2.2
Total fixed-income portfolio	100.0 %	100.0 %

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

Average Rating	2024	2023
AAA	12.6 %	10.7 %
AA	64.2	65.1
A	6.4	7.0
BBB	15.7	15.7
Non-investment-grade/non-rated:[1]		
BB	0.8	1.2
B	0.2	0.2
CCC and lower	0	0
Non-rated	0.1	0.1
Total fixed-income portfolio	100.0 %	100.0 %

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

Effective January 1, 2025, in light of the downgrade of the U.S. government obligations, to manage our credit risk exposure, we moved our internal ratings guideline for our portfolio down from an A+ to an A minimum weighted average portfolio credit rating.

Concentration Risk Our investment constraints limit investment in a single issuer, other than U.S. Treasury Notes or a state's general obligation bonds, to 2.5% of shareholders' equity, while the single issuer guideline on preferred stocks and/or non-investment-grade debt is 1.25% of shareholders' equity. Additionally, the guideline applicable to any state's general obligation bonds is 6% of shareholders' equity. We consider concentration risk both overall and in the context of individual asset classes and sectors, including, but not limited to, common equities, residential and commercial mortgage-backed securities, municipal bonds, and high-yield bonds. At December 31, 2024 and 2023, we were within all of the constraints described above.

Prepayment and Extension Risk We are exposed to this risk especially in our asset-backed (i.e., structured product) and preferred stock portfolios. Prepayment risk includes the risk of early redemption of security principal that may need to be reinvested at less attractive rates. Extension risk includes the risk that a security will not be redeemed when anticipated, and that the security that is extended will have a lower yield than a security we might be able to obtain by reinvesting the expected redemption principal. Our holdings of different types of structured debt and preferred securities help manage this risk. During 2024 and 2023, we did not experience significant adverse prepayment or extension of principal relative to our cash flow expectations in the portfolio.

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 2025, we expect approximately $7.6 billion, or 25%, of principal repayment from our fixed-income portfolio, excluding U.S. Treasury Notes and short-term investments. Cash from interest and dividend payments provides an additional source 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 December 31, 2024:

($ in millions)	Fair Value	Duration (years)
U.S. Treasury Notes		
Less than one year	$ 104	0.4
One to two years	807	1.6
Two to three years	3,002	2.6
Three to five years	36,320	4.0
Five to seven years	5,722	5.7
Seven to ten years	33	7.1
Total U.S. Treasury Notes	$ 45,988	4.1

ASSET-BACKED SECURITIES

Included in the fixed-income portfolio are asset-backed securities, which were comprised of the following at December 31:

($ in millions)	Fair Value	Net Unrealized Gains (Losses)	% of Asset-Backed Securities	Duration (years)	Average Rating (at period end)[1]
2024					
Residential mortgage-backed securities	$ 1,601	$ (2)	12.7 %	2.6	AA
Commercial mortgage-backed securities	4,352	(369)	34.6	1.9	A+
Other asset-backed securities	6,643	(39)	52.7	1.2	AA+
Total asset-backed securities	$ 12,596	$ (410)	100.0 %	1.6	AA
2023					
Residential mortgage-backed securities	$ 417	$ (10)	4.2 %	0.5	A+
Commercial mortgage-backed securities	3,940	(596)	39.7	2.3	A
Other asset-backed securities	5,575	(91)	56.1	1.2	AA+
Total asset-backed securities	$ 9,932	$ (697)	100.0 %	1.6	AA-

[1] The credit quality ratings 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 December 31, 2024, to our original investment value (adjusted for returns of principal, amortization, and write-downs):

Residential Mortgage-Backed Securities (at December 31, 2024)

($ in millions) Average Rating[1]	Non-Agency	Government/GSE[2]	Total	% of Total
AAA	$ 1,100	$ 0	$ 1,100	68.7 %
AA	23	1	24	1.5
A	202	0	202	12.6
BBB	273	0	273	17.0
Non-investment-grade/non-rated:				
CCC and lower	1	0	1	0.1
Non-rated	1	0	1	0.1
Total fair value	$ 1,600	$ 1	$ 1,601	100.0 %
Decrease in value	0 %	(2.7)%	0 %	

[1] The credit quality ratings are assigned by NRSROs; when we assigned the NAIC ratings for our RMBS, 88% of our non-investment-grade securities were rated investment grade and reported as Group II securities, with the remainder classified as Group I.
[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 2024, we continued to increase our exposure in this portfolio. Our additions during the year were primarily concentrated in investment-grade securities with most purchases in qualified mortgage securitizations. We also continued to grow our existing exposure to Fannie Mae and Freddie Mac credit risk transfer securities.

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 December 31, 2024, to our original investment value (adjusted for returns of principal, amortization, and write-downs):

Commercial Mortgage-Backed Securities (at December 31, 2024)

($ in millions) Average Rating[1]	Multi-Borrower	Single-Borrower	Total	% of Total
AAA	$ 142	$ 1,735	$ 1,877	43.1 %
AA	0	848	848	19.5
A	0	431	431	9.9
BBB	0	836	836	19.2
Non-investment-grade/non-rated:				
BB	0	348	348	8.0
B	0	12	12	0.3
Total fair value	$ 142	$ 4,210	$ 4,352	100.0 %
Decrease in value	(5.1)%	(7.9)%	(7.8)%	

[1]The credit quality ratings are assigned by NRSROs; when we assigned the NAIC ratings for our CMBS, 92% of our non-investment-grade securities were rated investment grade and reported as Group II securities, with the remainder classified as Group I.

Growth in our portfolio during 2024 was primarily due to new additions in AAA securities in multi-family and industrial sectors, and an increase in the value of the portfolio as spreads tightened, which were in part offset by redemptions of certain single borrower deals. The CMBS market ended the year on a high note as new issuances continued throughout the year at a robust pace and spreads tightened. As of December 31, 2024, we had no delinquencies in our CMBS portfolio.

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

Commercial Mortgage-Backed Securities Sector Details (at December 31, 2024)

($ in millions) Maturity[1]	Office	Lab Office	Multi-family	Multi-family IO	Industrial	Self-storage	Casino	Total	Average Original LTV	Average Current DSCR
2025	$ 0	$ 47	$ 0	$ 38	$ 0	$ 0	$ 0	$ 85	69.9 %	1.6
2026	394	67	270	34	91	64	114	1,034	61.3	1.7
2027	376	0	50	31	0	257	0	714	61.5	1.9
2028	273	0	0	24	0	0	0	297	60.5	2.4
2029	479	129	418	11	388	160	70	1,655	62.5	2.3
2030	80	59	0	4	0	0	96	239	55.5	3.4
2031	237	91	0	0	0	0	0	328	66.5	2.0
Total fair value	$ 1,839	$ 393	$ 738	$ 142	$ 479	$ 481	$ 280	$ 4,352		

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 otherwise, 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 December 31, 2024, to our original investment value (adjusted for returns of principal, amortization, and write-downs):

Other Asset-Backed Securities (at December 31, 2024)

($ in millions) Average Rating	Automobile	Collateralized Loan Obligations	Student Loan	Whole Business Securitizations	Equipment	Other	Total	% of Total
AAA	$ 3,029	$ 526	$ 49	$ 0	$ 1,039	$ 258	$ 4,901	73.8 %
AA	1	117	2	0	40	0	160	2.4
A	3	0	0	0	139	294	436	6.6
BBB	0	0	0	1,072	0	39	1,111	16.7
Non-investment-grade/non-rated:								
BB	0	0	0	0	0	35	35	0.5
Total fair value	$ 3,033	$ 643	$ 51	$ 1,072	$ 1,218	$ 626	$ 6,643	100.0 %
Increase (decrease) in value	0.5 %	(0.1)%	(6.3)%	(3.6)%	0.4 %	(2.1)%	(0.6)%	

During 2024, we selectively added securities to the OABS portfolio that we viewed as having attractive spreads and potential returns. The securities we acquired were predominantly in the automobile and equipment categories in highly-rated, senior, and short-tenor debt tranches in the new issue markets. Additionally, we increased our holdings in whole business securitization assets, in both new issue and secondary markets, and decreased 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 December 31, 2024, without the benefit of credit or bond insurance:

Municipal Securities (at December 31, 2024)

(millions) Average Rating	General Obligations	Revenue Bonds	Total
AAA	$ 761	$ 497	$ 1,258
AA	567	862	1,429
A	0	61	61
BBB	0	30	30
Non-rated	0	0	0
Total	$ 1,328	$ 1,450	$ 2,778

Included in revenue bonds were $593 million of single-family housing revenue bonds issued by state housing finance agencies, of which $305 million were supported by individual mortgages held by the state housing finance agencies and $288 million were supported by mortgage-backed securities.

Of the revenue bonds supported by individual mortgages held by state housing finance agencies, the overall credit quality rating was AA+. Most of these mortgages were supported by the FHA, VA, or private mortgage insurance providers. Of the revenue bonds supported by mortgage-backed securities, 80% were collateralized by Ginnie Mae mortgages, which are fully guaranteed by the U.S. government, and the remaining 20% were collateralized by Fannie Mae and Freddie Mac mortgages.

Although credit spreads of tax-exempt municipal bonds widened during 2024, we still viewed most of the market as relatively unattractive. Credit spreads for taxable municipal bonds tightened during 2024. We selectively added to the municipal portfolio during 2024, 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 December 31, 2024:

Corporate and Other Debt Securities (at December 31, 2024)

(millions) Average Rating	Consumer	Industrial	Communication	Financial Services	Technology	Basic Materials	Energy	Total
AAA	$ 0	$ 0	$ 0	$ 122	$ 0	$ 0	$ 40	$ 162
AA	92	0	0	568	0	0	43	703
A	643	345	62	2,134	59	106	442	3,791
BBB	3,344	1,523	384	1,508	949	69	1,200	8,977
Non-investment-grade/non-rated:								
BB	88	47	56	0	8	0	6	205
B	103	0	0	0	0	8	0	111
Non-rated	0	0	0	2	3	0	0	5
Total fair value	$ 4,270	$ 1,915	$ 502	$ 4,334	$ 1,019	$ 183	$ 1,731	$ 13,954

The size of our corporate and other debt portfolio increased over the year to $14.0 billion at December 31, 2024, from $11.4 billion at December 31, 2023. At both December 31, 2024 and December 31, 2023, corporate and other debt securities made up approximately 18% of our fixed-income portfolio.

The duration of the corporate and other debt portfolio decreased slightly to 2.6 years at December 31, 2024, from 2.7 years at December 31, 2023, as we continued to focus on shorter-maturity investment-grade securities, which we viewed as having more favorable risk/reward profiles.

NONREDEEMABLE PREFERRED STOCKS

The table below shows the exposure break-down for our nonredeemable preferred stocks by sector and rating at year end:

Nonredeemable preferred stocks (at December 31, 2024)

	Financial Services						
(millions) Average Rating	U.S. Banks	Foreign Banks	Insurance	Other Financial	Industrials	Utilities	Total
BBB	$ 462	$ 14	$ 63	$ 30	$ 0	$ 38	$ 607
Non-investment-grade/non-rated:							
BB	64	4	0	0	0	0	68
Non-rated	0	0	23	14	16	0	53
Total fair value	$ 526	$ 18	$ 86	$ 44	$ 16	$ 38	$ 728

The majority of our nonredeemable preferred 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. At year-end 2024, our non-investment-grade nonredeemable preferred stocks were 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 December 31, 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 December 31, 2024, our nonredeemable preferred stock portfolio fair value was $0.7 billion, which is a decrease from $0.9 billion at December 31, 2023. 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 our consolidated balance sheets at December 31, were comprised of the following:

($ in millions)	2024		2023	
Common stocks	$ 3,550	99.3 %	$ 2,908	99.3 %
Other risk investments[1]	25	0.7	21	0.7
Total common equities	$ 3,575	100.0 %	$ 2,929	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 772 out of 1,007, or 77%, of the common stocks comprising the index at December 31, 2024, which made up 95% of the total market capitalization of the index. At December 31, 2024, the full year 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 December 31, 2023, the full year GAAP income total return was within our targeted tracking error.

The following is a summary of our indexed common stock portfolio holdings by sector compared to the Russell 1000 Index composition:

Sector	Equity Portfolio Allocation at December 31, 2024	Russell 1000 Allocation at December 31, 2024	Russell 1000 Sector Return in 2024
Consumer discretionary	15.0 %	16.4 %	30.3 %
Consumer staples	3.8	4.0	5.7
Financial services	11.3	10.7	31.8
Health care	9.9	9.5	3.5
Materials and processing	1.6	1.5	(3.7)
Other energy	3.7	3.3	6.6
Producer durable	12.1	12.2	18.3
Real estate	2.3	2.3	5.1
Technology	35.9	35.4	38.2
Telecommunications	1.9	2.3	22.2
Utilities	2.5	2.4	23.7
Total common stocks	100.0 %	100.0 %	24.5 %

For 2024, our common stock portfolio FTE total return was 22.9%, compared to 24.5% for the Russell 1000 Index, due to common stocks we hold outside of the index.

V. CRITICAL ACCOUNTING POLICIES

Progressive is required to make certain estimates and assumptions when preparing its financial statements and accompanying notes in conformity with GAAP. Actual results could differ from those estimates in a variety of areas. The two areas we view as most critical with respect to the application of estimates and assumptions is the establishment of our loss reserves and the methods for measuring expected credit losses on financial instruments.

A. Loss and LAE Reserves

Loss and LAE reserves represent our best estimate of our ultimate liability for losses and LAE relating to events that occurred prior to the end of any given accounting period but have not yet been paid. At December 31, 2024, we had $34.6 billion of net loss and LAE reserves (net of reinsurance recoverables on unpaid losses), which included $26.4 billion of case reserves and $8.2 billion of IBNR reserves. The following discussion focuses on our personal auto liability and commercial auto liability, including TNC, reserves since these businesses represent approximately 91% of our total carried net reserves.

We do not review our loss reserves on a macro level and, therefore, do not derive a companywide range of reserves to compare to a standard deviation. Instead, we review a large majority of our reserves by product/state subset combinations on a quarterly time frame, with the remaining reserves generally reviewed on a semiannual basis. A change in our scheduled reviews of a particular subset of the business depends on the size of the subset or emerging issues relating to the product or state. By reviewing the reserves at such a detailed level, we have the ability to identify and measure variances in the trends by state, product, and line coverage that otherwise would not be seen on a consolidated basis. We believe our comprehensive process of reviewing at a subset level provides us more meaningful estimates of our aggregate loss reserves.

In analyzing the ultimate accident year loss and LAE experience, our actuarial staff reviews in detail, at the subset level, frequency (number of losses per exposure), severity (dollars of loss per each claim), and average premium (dollars of premium per earned car year), as well as the frequency and severity of our LAE costs. The loss ratio, a primary measure of loss experience, is equal to the product of frequency times severity divided by the average premium. The average premium for personal and commercial auto businesses is not estimated. The actual frequency experienced will vary depending on the change in the mix in class of drivers we insure, but the IBNR frequency projections for these lines of business are generally stable in the short term, because a large majority of the parties involved in an accident report their claims within a short time period after the occurrence. The severity experienced by Progressive is much more difficult to estimate, especially for injury claims, since severity is affected by changes in underlying costs, such as medical costs, jury verdicts, judicial interpretations, and regulatory changes. In addition, severity will vary relative to the change in our mix of business by limit.

Assumptions regarding needed reserve levels made by the actuarial staff take into consideration influences on available historical data that reduce the predictive nature of our projected future loss costs. Internal considerations that are process-related, which generally result from changes in our claims organization's activities, include claim closure rates, the number of claims that are closed without payment, and the level of the claims representatives' estimates of the needed case reserve for each claim. These changes and their effect on the historical data are studied at the state level versus on a larger, less indicative, countrywide basis.

External items considered include the litigation atmosphere, changes in medical costs, and the availability of services to resolve claims. These also are better understood at the state level versus at a more macro, countrywide level. These items, as well as additional considerations such as the type of accident and change in reporting patterns, are closely monitored.

At December 31, 2024, we had $39.1 billion of carried gross reserves and $34.6 billion of net reserves. Our net reserve balance assumes that the loss and LAE severity for accident year 2024 over accident year 2023 would be 8.8% higher for personal auto liability and 1.7% higher for commercial auto liability. As discussed above, the severity estimates are influenced by many variables that are difficult to precisely quantify and which influence the final amount of claims settlements. That, coupled with changes in internal claims practices, the legal environment, and state regulatory requirements, requires significant judgment in the estimate of the needed reserves to be carried.

The following table highlights what the effect would be to our carried loss and LAE reserves, on a net basis, as of December 31, 2024, if during 2025 we were to experience the indicated change in our estimate of severity for the 2024 accident year (i.e., claims that occurred in 2024):

	Estimated Changes in Severity for Accident Year 2024				
(millions)	**-4%**	**-2%**	**As Reported**	**+2%**	**+4%**
Personal auto liability	$ 20,105	$ 20,573	$ 21,041	$ 21,509	$ 21,977
Commercial auto liability	10,306	10,424	10,542	10,660	10,778
Other[1]	2,987	2,987	2,987	2,987	2,987
Total	$ 33,398	$ 33,984	$ 34,570	$ 35,156	$ 35,742

[1] Includes reserves for personal and commercial auto physical damage claims and our non-auto lines of business; no change in estimates is presented due to the immaterial level of these reserves.

Note: Every percentage point change in our estimate of severity for the 2024 accident year would affect our personal auto liability reserves by $234 million and our commercial auto liability reserves by $59 million.

Our 2024 year-end loss and LAE reserve balance also includes claims from prior years. Claims that occurred in 2024, 2023, and 2022, in the aggregate, accounted for approximately 93% of our reserve balance. If during 2025 we were to experience the indicated change in our estimate of severity for the total of the prior three accident years (i.e., 2024, 2023, and 2022), the effect to our year-end 2024 reserve balances would be as follows:

	Estimated Changes in Severity for Accident Years 2024, 2023, and 2022				
(millions)	**-4%**	**-2%**	**As Reported**	**+2%**	**+4%**
Personal auto liability	$ 18,649	$ 19,845	$ 21,041	$ 22,237	$ 23,433
Commercial auto liability	9,874	10,208	10,542	10,876	11,210
Other[1]	2,987	2,987	2,987	2,987	2,987
Total	$ 31,510	$ 33,040	$ 34,570	$ 36,100	$ 37,630

[1] Includes reserves for personal and commercial auto physical damage claims and our non-auto lines of business; no change in estimates is presented due to the immaterial level of these reserves.

Note: Every percentage point change in our estimate of severity for the 2024, 2023, and 2022 accident years would affect our personal auto liability reserves by $598 million and our commercial auto liability reserves by $167 million.

Our best estimate of the appropriate amount for our reserves as of year-end 2024 is included in our financial statements for the year. Our goal is to ensure that total reserves are adequate to cover all loss costs, while sustaining minimal variation from the time reserves are initially established until losses are fully developed. At the point in time when reserves are set, we have no way of knowing whether our reserve estimates will prove to be high or low, or whether one of the alternative scenarios discussed above is reasonably likely to occur. The above tables show the potential favorable or unfavorable development we will realize if our estimates miss by 2% or 4%.

B. Credit Losses on Financial Instruments

An allowance for credit losses is established when the ultimate realization of a financial instrument is determined to be impaired due to a credit event. Measurement of expected credit losses is based on judgment when considering relevant information about past events, including historical loss experience, current conditions, and forecasts of the collectability of the reported financial instrument. The allowance for expected credit losses is measured and recorded at the point ultimate recoverability of the financial instrument is expected to be impaired, including upon the initial recognition of the financial instrument, where warranted. We evaluate financial instrument credit losses related to our available-for-sale securities, reinsurance recoverables, and premiums receivables. Due to the complex nature in evaluating credit loss for our available-for-sale financial instruments, we view the estimates and assumptions used in our analysis as critical.

We routinely monitor our fixed-maturity portfolio for pricing changes that might indicate potential losses exist and perform detailed reviews of securities with unrealized losses to determine if an allowance for credit losses, a change to an existing allowance (recovery or additional loss), or a write-off for an amount deemed uncollectible needs to be recorded. In such cases, changes in fair value are evaluated to determine the extent to which such changes are attributable to: (i) credit-related losses, which are specific to the issuer (e.g., financial conditions, business prospects) where the present value of cash flows expected to be collected is lower than the amortized cost basis of the security, or (ii) market related factors, such as interest rates or credit spreads.

If we do not expect to hold the security to allow for a potential recovery of those expected losses, we will write down the security to fair value and recognize a realized loss in the comprehensive income statement.

For securities whose losses are credit-related losses, and for which we do not intend to sell in the near term, we will review the non-market components to determine if a potential future credit loss exists, based on available financial data related to the fixed-maturity securities. If we project that a credit loss exists, we will record an allowance for the credit loss and recognize a realized loss in the comprehensive income statement. For all securities for which an allowance for credit losses has been established, we will re-evaluate the securities, at least quarterly, to determine if further deterioration has occurred or if we project a subsequent recovery in the expected losses, which would require an adjustment to the allowance for credit losses. To the extent we determine that we will likely sell a security prior to recovery of the credit loss, or if the loss is deemed uncollectible, we will write down the security to its fair value and reverse any credit loss allowance that may have been previously recorded.

For an unrealized loss that is determined to be related to current market conditions, we will not record an allowance for credit losses or a write down to fair value. We will continue to monitor these securities to determine if underlying factors other than the current market conditions are contributing to the loss in value.

Based on an analysis of our fixed-maturity portfolio, we have determined our allowance for credit losses related to available-for-sale securities was not material to our financial condition or results of operations for the periods ending December 31, 2024 and 2023.

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

- *our ability to underwrite and price risks accurately and to charge adequate rates to policyholders;*
- *our ability to establish accurate loss reserves;*
- *the impact of severe weather, other catastrophe events, and climate change;*
- *the effectiveness of our reinsurance programs and the continued availability of reinsurance and performance by reinsurers;*
- *the secure and uninterrupted operation of the systems, facilities, and business functions and the operation of various third-party systems that are critical to our business;*
- *the impacts of a security breach or other attack involving our technology systems or the systems of one or more of our vendors;*
- *our ability to maintain a recognized and trusted brand and reputation;*
- *whether we innovate effectively and respond to our competitors' initiatives;*
- *whether we effectively manage complexity as we develop and deliver products and customer experiences;*
- *the highly competitive nature of property-casualty insurance markets;*
- *whether we adjust claims accurately;*
- *compliance with complex and changing laws and regulations;*
- *the impact of misconduct or fraudulent acts by employees, agents, and third parties to our business and/or exposure to regulatory assessments;*
- *our ability to attract, develop, and retain talent and maintain appropriate staffing levels;*
- *litigation challenging our business practices, and those of our competitors and other companies;*
- *the success of our business strategy and efforts to acquire or develop new products or enter into new areas of business and our ability to navigate the related risks;*
- *how intellectual property rights affect our competitiveness and our business operations;*
- *the success of our development and use of new technology and our ability to navigate the related risks;*
- *the performance of our fixed-income and equity investment portfolios;*
- *the impact on our investment returns and strategies from regulations and societal pressures relating to 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, our financial condition, and potential growth;*
- *evaluations and ratings by credit rating and other rating agencies;*
- *the variable nature of our common share dividend policy;*
- *whether our investments in certain tax-advantaged projects generate the anticipated returns;*
- *the impact from not managing to short-term earnings expectations in light of our goal to maximize the long-term value of the enterprise;*
- *the impacts of epidemics, pandemics, or other widespread health risks; and*
- *other matters described from time to time in our releases and publications, and in our periodic reports and other documents filed with the United States Securities and Exchange Commission, including, without limitation, the Risk Factors section of our Annual Report on Form 10-K for the year ending December 31, 2024.*

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.

Supplemental Information

The Progressive Corporation and Subsidiaries

Ten Year Summary – Selected Financial Information

(unaudited)

(millions – except ratios, policies in force, per share amounts, and number of people employed)	2024	2023	2022	2021	2020
Net premiums written	$ 74,424	$ 61,550	$ 51,081	$ 46,405	$ 40,569
Growth	21 %	20 %	10 %	14 %	8 %
Net premiums earned	$ 70,799	$ 58,665	$ 49,241	$ 44,369	$ 39,262
Growth	21 %	19 %	11 %	13 %	8 %
Policies in force (thousands):					
Personal Lines[1]	33,811	28,591	26,307	25,512	23,898
Growth[2]	18 %	9 %	3 %	7 %	11 %
Commercial Lines	1,141	1,099	1,046	971	822
Growth	4 %	5 %	8 %	18 %	9 %
Total revenues	$ 75,372	$ 62,109	$ 49,611	$ 47,702	$ 42,658
Underwriting margins:[3]					
Personal Lines[1]	11.4 %	5.9 %	3.2 %	3.5 %	12.2 %
Commercial Lines	10.6 %	1.2 %	8.9 %	11.1 %	13.0 %
Total underwriting operations	11.2 %	5.1 %	4.2 %	4.7 %	12.3 %
Net income attributable to Progressive	$ 8,480	$ 3,903	$ 722	$ 3,351	$ 5,705
Per common share - diluted	$ 14.40	$ 6.58	$ 1.18	$ 5.66	$ 9.66
Average equivalent common shares - diluted	587.7	587.5	587.1	587.1	587.6
Comprehensive income (loss) attributable to Progressive	$ 8,673	$ 5,089	$ (2,121)	$ 2,460	$ 6,292
Total assets	$ 105,745	$ 88,691	$ 75,465	$ 71,132	$ 64,098
Debt outstanding	$ 6,893	$ 6,889	$ 6,388	$ 4,899	$ 5,396
Total shareholders' equity	$ 25,591	$ 20,277	$ 15,891	$ 18,232	$ 17,039
Statutory surplus	$ 27,171	$ 22,250	$ 17,880	$ 16,424	$ 15,195
Common shares outstanding	585.8	585.3	584.9	584.4	585.2
Common share close price (at December 31)	$ 239.61	$ 159.28	$ 129.71	$ 102.65	$ 98.88
Rate of return[4]	51.4 %	23.2 %	26.8 %	10.8 %	41.4 %
Market capitalization	$ 140,364	$ 93,227	$ 75,867	$ 59,989	$ 57,865
Book value per common share	$ 43.69	$ 33.80	$ 26.32	$ 30.35	$ 28.27
Ratios:					
Return on average common shareholders' equity:					
Net income attributable to Progressive	35.5 %	22.9 %	4.4 %	18.6 %	35.6 %
Comprehensive income (loss) attributable to Progressive	36.4 %	30.0 %	(13.5)%	13.6 %	39.3 %
Debt to total capital[5]	21.2 %	25.4 %	28.7 %	21.2 %	24.1 %
Price to earnings	16.6	24.2	109.9	18.1	10.2
Price to book	5.5	4.7	4.9	3.4	3.5
Net premiums written to statutory surplus	2.7	2.8	2.9	2.8	2.7
Statutory combined ratio	88.2	94.3	95.3	94.8	87.9
Dividends declared per common share[6]	$ 4.90	$ 1.15	$ 0.40	$ 1.90	$ 4.90
Number of people employed	66,308	61,432	55,063	49,077	43,326

[1] Beginning in the fourth quarter 2024, Personal Lines includes our personal property products, which were reported separately in prior years. Information for the previous years presented was recast to conform to the current year presentation.

[2] Our personal property business was acquired on April 1, 2015; the growth for 2015 is adjusted to exclude the impact of the acquisition.

[3] Underwriting margins are calculated as pretax underwriting profit (loss), as defined in *Note 10 – Segment Information*, as a percentage of net premiums earned. Policyholder credits are included in pretax underwriting profit (loss), as applicable.

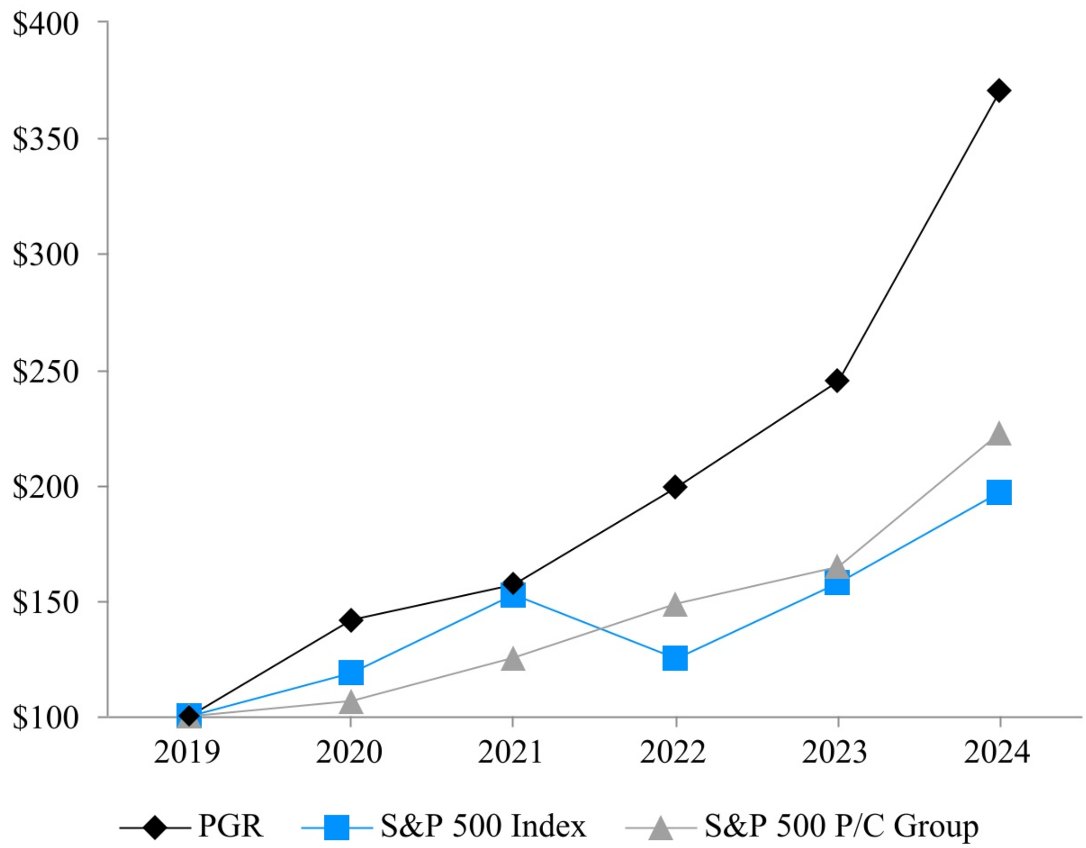
(millions – except ratios, policies in force, per share amounts, and number of people employed)	2019	2018	2017	2016	2015
Net premiums written	$ 37,578	$ 32,610	$ 27,132	$ 23,354	$ 20,564
Growth	15 %	20 %	16 %	14 %	10 %
Net premiums earned	$ 36,192	$ 30,933	$ 25,730	$ 22,474	$ 19,899
Growth	17 %	20 %	14 %	13 %	8 %
Policies in force (thousands):					
Personal Lines[1]	21,611	19,695	17,537	15,859	14,841
Growth[2]	10 %	12 %	11 %	7 %	4 %
Commercial Lines	751	697	647	608	556
Growth	8 %	8 %	6 %	9 %	8 %
Total revenues	$ 39,022	$ 31,979	$ 26,839	$ 23,441	$ 20,854
Underwriting margins:[3]					
Personal Lines[1]	8.9 %	8.9 %	6.4 %	4.7 %	6.6 %
Commercial Lines	10.4 %	13.3 %	7.7 %	6.4 %	15.9 %
Total underwriting operations	9.1 %	9.4 %	6.6 %	4.9 %	7.5 %
Net income attributable to Progressive	$ 3,970	$ 2,615	$ 1,592	$ 1,031	$ 1,268
Per common share - diluted	$ 6.72	$ 4.42	$ 2.72	$ 1.76	$ 2.15
Average equivalent common shares - diluted	587.2	586.7	585.7	585.0	589.2
Comprehensive income (loss) attributable to Progressive	$ 4,433	$ 2,520	$ 1,941	$ 1,164	$ 1,045
Total assets	$ 54,895	$ 46,575	$ 38,701	$ 33,428	$ 29,819
Debt outstanding	$ 4,407	$ 4,410	$ 3,306	$ 3,148	$ 2,708
Total shareholders' equity	$ 13,673	$ 10,822	$ 9,285	$ 7,957	$ 7,289
Statutory surplus	$ 13,671	$ 11,572	$ 9,664	$ 8,560	$ 7,576
Common shares outstanding	584.6	583.2	581.7	579.9	583.6
Common share close price (at December 31)	$ 72.39	$ 60.33	$ 56.32	$ 35.50	$ 31.80
Rate of return[4]	25.1 %	9.3 %	61.6 %	14.7 %	20.9 %
Market capitalization	$ 42,319	$ 35,185	$ 32,761	$ 20,587	$ 18,559
Book value per common share	$ 22.54	$ 17.71	$ 15.96	$ 13.72	$ 12.49
Ratios:					
Return on average common shareholders' equity:					
Net income attributable to Progressive	31.3 %	24.7 %	17.8 %	13.2 %	17.2 %
Comprehensive income (loss) attributable to Progressive	35.0 %	23.8 %	21.7 %	14.9 %	14.2 %
Debt to total capital[5]	24.4 %	28.9 %	26.3 %	28.3 %	27.1 %
Price to earnings	10.8	13.6	20.7	20.2	14.8
Price to book	3.2	3.4	3.5	2.6	2.5
Net premiums written to statutory surplus	2.7	2.8	2.8	2.7	2.7
Statutory combined ratio	90.5	89.9	92.8	94.8	91.8
Dividends declared per common share[6]	$ 2.65	$ 2.5140	$ 1.1247	$ 0.6808	$ 0.8882
Number of people employed	41,571	37,346	33,656	31,721	28,580

[4] Represents annual rate of return, assuming dividend reinvestment.
[5] Ratio reflects debt as a percent of debt plus shareholders' equity; redeemable noncontrolling interest is not part of this calculation.
[6] Represents dividends pursuant to the dividend policy in place for the applicable year (see *Note 14 – Dividends* for further discussion).

The Progressive Corporation and Subsidiaries
Performance Graph
(unaudited)

The following performance graph compares the performance of Progressive's Common Shares (PGR) to the Standard & Poor's 500 Stock Index (S&P 500 Index) and the Standard & Poor's 500 Property & Casualty Insurance Index (S&P 500 P/C Group) for the last five years.

Cumulative Five-Year Total Return*
PGR, S&P 500 Index, S&P 500 P/C Group (Performance Results through 12/31/24)



For the years ended December 31,	(Assumes $100 was invested at the close of trading on December 31, 2019) 2020	2021	2022	2023	2024
PGR	$ 141.38	$ 156.68	$ 198.67	$ 244.66	$ 370.40
S&P 500 Index	118.33	152.27	124.67	157.40	196.75
S&P 500 P/C Group	106.33	124.95	148.53	164.49	222.44

*Assumes reinvestment of dividends

Quantitative Market Risk Disclosures

(unaudited)

Quantitative market risk disclosures are only presented for market risk categories when risk is considered material. Materiality is determined based on the fair value of the financial instruments at December 31, 2024, and the potential for near-term losses from reasonably possible near-term changes in market rates or prices. The discussion below relates to instruments entered into for purposes other than trading; we had no trading financial instruments at December 31, 2024 and 2023. See *Management's Discussion and Analysis of Financial Condition and Results of Operations – Investments* for our discussion of the qualitative information about market risk.

Financial instruments subject to interest rate risk were:

	Fair Value				
(millions)	**-200 bps Change**	**-100 bps Change**	**Actual**	**+100 bps Change**	**+200 bps Change**
U.S. government obligations	$ 49,934	$ 47,915	$ 45,988	$ 44,158	$ 42,419
State and local government obligations	2,921	2,850	2,778	2,706	2,633
Foreign government obligations	16	16	16	15	15
Corporate and other debt securities	14,705	14,324	13,954	13,597	13,252
Asset-backed securities	12,986	12,789	12,596	12,408	12,225
Nonredeemable preferred stocks	750	739	728	718	708
Short-term investments	615	615	615	615	615
Total at December 31, 2024	$ 81,927	$ 79,248	$ 76,675	$ 74,217	$ 71,867
Total at December 31, 2023	$ 67,014	$ 65,001	$ 63,070	$ 61,220	$ 59,451

Exposure to risk is represented in terms of changes in fair value due to selected hypothetical movements in market rates. Bonds and preferred stocks are individually priced to yield to the worst case scenario, which includes any issuer-specific features, such as a call option. Asset-backed securities and state and local government housing securities are priced assuming deal specific prepayment scenarios, considering the deal structure, prepayment penalties, yield maintenance agreements, and the underlying collateral.

Financial instruments subject to equity market risk were:

	Fair Value		
(millions)	**-10%**	**Actual**	**+10%**
Common equities at December 31, 2024	$ 3,196	$ 3,575	$ 3,954
Common equities at December 31, 2023	2,621	2,929	3,235

The model represents the estimated value of our common equity portfolio given a +/-10% change in the market, based on the common equity portfolio's weighted average beta of 1.1 for 2024 and 1.0 for 2023. The beta is derived from recent historical experience, using the S&P 500 as the market surrogate. The historical relationship of the common equity portfolio's beta to the S&P 500 is not necessarily indicative of future correlation, as individual company or industry factors may affect price movements. Betas are not available for all securities. In such cases, the change in fair value reflects a direct +/-10% change; the portion of our securities without betas is 1.3%.

The Progressive Corporation and Subsidiaries

Net Premiums Written by State

(unaudited)

($ in millions)	2024		2023		2022		2021		2020	
Florida	$ 10,222	13.7 %	$ 9,096	14.8 %	$ 7,145	14.0 %	$ 6,291	13.6 %	$ 5,534	13.6 %
Texas	9,641	13.0	7,809	12.7	6,089	11.9	5,343	11.5	4,531	11.2
California	4,124	5.5	3,408	5.5	2,867	5.6	2,585	5.6	2,241	5.5
Georgia	3,635	4.9	2,928	4.8	2,444	4.8	2,148	4.6	1,861	4.6
New York	2,830	3.8	2,416	3.9	2,056	4.0	2,009	4.3	1,933	4.8
Michigan	2,628	3.5	2,255	3.7	2,015	4.0	1,963	4.2	1,798	4.4
New Jersey	2,206	3.0	1,911	3.1	1,600	3.1	1,417	3.1	1,242	3.1
Pennsylvania	2,192	2.9	1,804	2.9	1,670	3.3	1,505	3.2	1,327	3.3
Ohio	2,168	2.9	1,851	3.0	1,709	3.3	1,563	3.4	1,404	3.4
Arizona	1,989	2.7	1,583	2.6	1,234	2.4	1,040	2.2	911	2.3
All other	32,789	44.1	26,489	43.0	22,252	43.6	20,541	44.3	17,787	43.8
Total	$ 74,424	100.0 %	$ 61,550	100.0 %	$ 51,081	100.0 %	$ 46,405	100.0 %	$ 40,569	100.0 %

Insurance Quotes, Claims Reporting, and Customer Service

	Personal autos, motorcycles, recreational vehicles, homeowners, and renters	Commercial autos/trucks, business property, and general liability
To receive a quote	1-800-PROGRESSIVE (1-800-776-4737) progressive.com	1-888-806-9598 progressivecommercial.com
To report a claim	1-800-PROGRESSIVE (1-800-776-4737) progressive.com	1-888-502-8330 progressivecommercial.com
For customer service:		
If you bought your policy directly through Progressive online or by phone	1-800-PROGRESSIVE (1-800-776-4737) progressive.com	1-800-444-4487 progressivecommercial.com
If you bought your policy through an independent agent or broker	1-800-925-2886 1-800-300-3693 in California progressiveagent.com	1-800-444-4487 progressivecommercial.com
If you bought your policy through an independent agent or broker for the state of California	1-800-300-3693 Driveinsurance.com	1-800-444-4487 progressivecommercial.com
In addition, iPhone® and Android® users can download the Progressive mobile app to start a quote, report a claim, or service a policy.		

Principal Office

The Progressive Corporation
300 North Commons Blvd.
Mayfield Village, Ohio 44143
440-461-5000
progressive.com

Annual Meeting The Annual Meeting of Shareholders will take place on Friday, May 9, 2025, at 10:00 a.m., eastern time. This meeting will be held by online webcast only. You will be able to attend and participate in the Annual Meeting via live webcast by visiting virtualshareholdermeeting.com/PGR2025. To participate in the meeting, you must have your 16-digit control number that is shown on your proxy card. You will not be able to attend the Annual Meeting in person.

Online Annual Report and Proxy Statement Our 2024 Annual Report to Shareholders can be found at: progressive.com/annualreport.

Our 2025 Proxy Statement and 2024 Annual Report to Shareholders, in a PDF format, can be found at: progressiveproxy.com.

Shareholder/Investor Relations Progressive does not maintain a mailing list for distribution of shareholders' reports. To view Progressive's publicly filed documents, shareholders can access our website: progressive.com/sec. To view our earnings and other releases, access our website: progressive.com/financial-releases.

For financial-related information or to request copies of Progressive's publicly filed documents free of charge, write to: The Progressive Corporation, Investor Relations, 300 North Commons Blvd., Box W94, Mayfield Village, Ohio 44143, email: investor_relations@progressive.com, or call: 440-395-2222.

For all other company information, call: 440-461-5000 or access our website at: progressive.com/contactus.

Transfer Agent and Registrar *Registered Shareholders:* If you have questions or changes to your account and your Progressive common shares are registered in your name, write to: Equiniti Trust Company, LLC, 48 Wall Street, Floor 23, New York, New York 10005; phone: 1-866-709-7695; email: HelpAST@equiniti.com; or visit their website at: equiniti.com/us.

Beneficial Shareholders: If your Progressive common shares are held in a brokerage or other financial institution account, contact your broker or financial institution directly regarding questions or changes to your account.

Common Shares, Holders, and Dividends The Progressive Corporation's common shares are traded on the New York Stock Exchange (symbol PGR). There were 1,614 shareholders of record on January 31, 2025. Progressive currently has a dividend policy under which the Board expects to declare regular, quarterly common share dividends and, on at least an annual basis, to consider declaring an additional variable common share dividend.

Counsel Baker & Hostetler LLP, Cleveland, Ohio

Corporate Governance Progressive's Corporate Governance Guidelines and Board Committee Charters are available at: progressive.com/governance.

Accounting Complaint Procedure Any employee or other interested party with a complaint or concern regarding accounting, internal accounting controls, or auditing matters relating to Progressive may report such complaint or concern directly to the Chairperson of the Audit Committee, as follows:

Stuart B. Burgdoerfer, Chair of the Audit Committee, auditchair@progressive.com.

Any such complaint or concern also may be reported anonymously over the following toll-free Alertline: 1-800-683-3604 or online at: progressivealertline.com.

Progressive will not retaliate against any individual by reason of his or her having made such a complaint or reported such a concern in good faith. View the complete procedures at: progressive.com/governance.

Contact Non-Management Directors Interested parties have the ability to contact the non-management directors as a group by sending a written communication clearly addressed to the non-management directors to either of the following:

Lawton W. Fitt, Chairperson of the Board, The Progressive Corporation, email: chair@progressive.com; or

David M. Stringer, Secretary, The Progressive Corporation, 300 North Commons Blvd., Box W94, Mayfield Village, Ohio 44143
or email: secretary@progressive.com.

The recipient will forward communications so received to the non-management directors.

Whistleblower Protections Progressive will not retaliate against any officer or employee of Progressive because of any lawful act done by the officer or employee to provide information or otherwise assist in investigations regarding conduct that the officer or employee reasonably believes to be a violation of federal securities laws or of any rule or regulation of the Securities and Exchange Commission. View the complete Whistleblower Protections at: progressive.com/governance.

Charitable Contributions We contribute to: (i) The Insurance Institute for Highway Safety to further its work in reducing the human trauma and economic costs of auto accidents; (ii) Humble Design, a nonprofit organization we partnered with to furnish homes for families and veterans transitioning from homelessness; (iii) Family Promise, a nonprofit organization that helps families experiencing homelessness and low-income families achieve sustainable independence through a community-based response; and (iv) The Progressive Insurance Foundation.

To more broadly represent our employees and their communities, The Progressive Insurance Foundation provides funds to national charitable organizations identified by our Employee Resource Groups and, through the Name Your Cause® program, to qualifying charities chosen by each participating employee's recommendation, without requiring the employee to contribute. Over the last five years, The Progressive Insurance Foundation provided on average approximately $6 million per year to these charitable organizations.

Social Responsibility and Sustainability Progressive uses an online format to communicate our social responsibility efforts, and we see sustainability as part of the value we bring to our shareholders, customers, employees, agents, and communities. Information on our social responsibility and sustainability efforts can be found at: progressive.com/sustainability.

Directors

Philip Bleser[1,5,7]
Retired Chairman of Global Corporate Banking,
JPMorgan Chase & Co.
(financial services)

Stuart B. Burgdoerfer[1,6,7]
Retired Executive Vice President and Chief Financial Officer,
L Brands, Inc.
(retailing)

Pamela J. Craig[3,6,7]
Retired Chief Financial Officer,
Accenture PLC
(global management consulting)

Charles A. Davis[4,7]
Chief Executive Officer,
Stone Point Capital LLC
(private equity investing)

Roger N. Farah[2,3,5,7]
Executive Chair of the Board,
CVS Health Corporation
(healthcare)

Lawton W. Fitt[2,4,5,7]
Chairperson of the Board,
The Progressive Corporation
Retired Partner,
Goldman Sachs Group
(financial services)

Susan Patricia Griffith[2]
President and
Chief Executive Officer,
The Progressive Corporation

Devin C. Johnson[1,6,7]
Former President and
Chief Operating Officer,
The SpringHill Company
(global consumer and entertainment)

Jeffrey D. Kelly[1,7]
Retired Chief Operating Officer and Chief Financial Officer,
RenaissanceRe Holdings Ltd.
(reinsurance services)

Barbara R. Snyder[3,7]
President,
The Association of American Universities
(higher education)

Kahina Van Dyke[4,6,7]
Operating Partner,
Advent International
(global private equity)

1 Audit Committee Member
2 Executive Committee Member
3 Compensation and Talent Committee Member
4 Investment and Capital Committee Member
5 Nominating and Governance Committee Member
6 Technology Committee Member
7 Independent Director

Corporate Officers

Lawton W. Fitt
Chairperson of the Board
(non-executive)

Susan Patricia Griffith
President
and Chief Executive Officer

John P. Sauerland
Vice President
and Chief Financial Officer

David M. Stringer
Vice President, Secretary,
and Chief Legal Officer

Maureen McCoy Spooner
Treasurer

Mariann Wojtkun Marshall
Vice President, Assistant Secretary,
and Chief Accounting Officer

Other Executive Officers

Karen B. Bailo
Commercial Lines President

Jonathan S. Bauer
Chief Investment Officer

Steven A. Broz
Chief Information Officer

Patrick K. Callahan
Personal Lines President

William L. Clawson II
Chief Human Resources Officer

Remi Kent
Chief Marketing Officer

John Murphy
Claims President

Lori Niederst
Customer Relationship Management
President

Andrew J. Quigg
Chief Strategy Officer

Exhibit 19

Purpose

The Company's Code of Business Conduct and Ethics ("Code") requires that every Progressive employee, any executive officer and director of The Progressive Corporation ("Company"), or anyone acting on such person's behalf or direction, abstain from, among other things, trading in the Company's or any other company's securities when they have material inside information, referred to as material non-public information ("MNPI") in this Policy, about the issuer of the securities.
This Insider Trading Policy ("Policy") describes additional rules and procedures relating to transactions in the Company's securities and the handling of confidential information about the Company for those persons identified as Insiders (defined below). The Policy recognizes that Insiders may receive or have access to internal reports and other information about the Company and its subsidiaries and affiliated entities, including their plans, operations, financial condition and performance, which are not generally available to the public. Consistent with the Code, Insiders (defined below) and others who are aware of MNPI about the Company are prohibited from (i) trading in Company securities at any time and/or (ii) providing Company MNPI to anyone who may trade in Company securities on the basis of that information.

The Company developed this Policy to help Insiders comply with the federal securities laws and to avoid the appearance of impropriety related to trading in Company securities. This prohibition on trading extends to the Insider's Affiliates (defined below).

Persons and Entities Subject to the Policy

This Policy applies to the Company's executive officers, its directors, and all Progressive employees who are designated as "insiders" by management (collectively, "Insiders").

This Policy also applies to the persons and entities described in the table below, each of which is an Insider's Affiliate (collectively, "Affiliates").

An Insider's Family Members and Others	An Insider's Controlled Entities
• An Insider's spouse and minor children; • Anyone else who lives in an Insider's household; and • Any persons who do not live in an Insider's household but whose transactions in Company securities are directed by the Insider or are subject to the Insider's control or influence (collectively referred to as "Family Members and Others").	Any entity (which may include a corporation, limited liability company, partnership or other entity) that the Insider directly or indirectly controls, alone or with others (referred to as a "Controlled Entity"), such as any trust for which the Insider serves as a trustee. The ownership of a passive, non-controlling interest (less than 20% ownership) in an entity does not alone trigger coverage by this Policy.

Monthly Trading Restrictions

Insiders and their Affiliates may not conduct any transactions involving the Company's securities (other than as specified by this Policy) during a "closed trading period." The closed trading period generally will commence immediately after the close of trading on the last business day of each calendar month and will continue until one trading day after the next public release of monthly financial information. If financial results are announced in the morning before the market opens, the day of the release will satisfy the required one trading day delay and serve as the last day of the closed trading period. Insiders and their Affiliates may conduct transactions in Company securities only during the period that typically begins after this one-trading-day waiting period and typically continues through and including the last business day of that calendar month (the "open trading period"). This cycle typically will be repeated each calendar month. As noted below, the open trading period may be narrowed or closed from time to time, and Insiders and their Affiliates are responsible for heeding any adjustments to the open trading period.

The monthly trading restrictions are not exclusive. Insiders may learn Company MNPI any time during the Company's reporting cycle. **Insiders and their Affiliates are prohibited from trading in Company securities at any time when they possess Company MNPI. (If an Insider possesses Company MNPI, then the Insider and its Affiliates are prohibited from trading even if an open trading period is in effect under this Policy.)**

Please note that modifications may be required in any given month if the Company releases results after the market opens or if the NYSE is closed for all or part of the scheduled one-trading day waiting period. Before any trade by the Insider or its Affiliates, an Insider should confirm that the window is open by checking the Insider Trading calendar on the Highway, the Company's intranet.

Event-Specific Trading Restriction and Extensions of Closed Trading Periods

From time to time, a specific event may occur that is material to the Company and is known by only a few Insiders and/or other employees. In connection with the specific event, management may designate certain employees as Insiders subject to this Policy, such that these employees or their Affiliates may not trade Company securities so long as the specific event remains material and nonpublic.

In addition, other information or events may be sufficiently material in a reporting cycle that, in the judgment of management, designated employees should refrain from trading in Company securities for an extended period, i.e., for a period in addition to the typical closed trading period described above. In such a situation, the Company may notify these employees that they should not trade in the Company's securities, without disclosing the reason for the restriction.

The existence of an event-specific trading restriction period or extension of a closed trading period will not be announced to the Company as a whole, and impacted Insiders should not communicate this fact to any other person or entity.

General Policy Statement Against Use of Company MNPI

No Insider who is aware of MNPI relating to the Company may, directly or indirectly, through the Insider's Affiliates or other persons or entities:

- engage in transactions in Company securities, except as otherwise specified in this Policy;
- disclose MNPI to persons within the Company whose jobs do not require them to have that information, or to persons or entities outside of the Company (i.e. "tipping"), unless any such disclosure is made in accordance with the Company's policies regarding the protection of authorized external disclosure of information regarding the Company; or
- assist anyone engaged in any of the above activities.

For **Additional Policies and Procedures Applicable to Directors and Executive Officers**, including information about Special and Prohibited Transactions and Pre-Clearance Procedures, see **APPENDIX A**. For information about **Rule 10b5-1 Plans and Procedures** for all Insiders and required pre-clearance requirements, see **APPENDIX B**.

Material Information

Information generally is deemed "material" if a reasonable investor would consider that information important in making a decision to buy, hold, or sell the Company's securities. Any information that a reasonable investor could expect to positively or negatively affect the price of a company's securities should also be considered material. There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the facts and circumstances and is often evaluated by enforcement authorities with the benefit of hindsight. While it is not possible to define all categories of potentially material information, some examples of information that ordinarily could be regarded as material may include: financial condition and performance; financial results or earnings expectations; significant cybersecurity incidents; a major acquisition or divestiture; or a major reserve adjustment. The Company may designate an employee as an Insider because the employee has regular access to certain internal reports and information about the Company and its subsidiaries and affiliates.

<u>Personal Responsibility and Consequences of Violations</u>

Each Insider is responsible for making sure that they comply with this Policy, and that their Affiliates also comply with this Policy. This includes transactions initiated on the Insider's or the Affiliate's behalf or direction, including transactions made by a broker.

In all cases, the Insider is responsible for determining whether they or their Affiliate(s) possess Company MNPI, and any action by the Company, the Chief Legal Officer ("CLO"), or any other person pursuant to this Policy (or otherwise), does not in any way constitute legal advice or insulate the Insider from liability under applicable securities laws.

Any failure to comply with this Policy is a serious concern with potentially serious consequences. A violation of this Policy may be a violation of Progressive's Code and may be a violation of federal or state securities laws. Violations of this Policy may result in disciplinary action, up to and including termination of employment. Legal penalties can include civil and criminal punishments, including fines, penalties, and imprisonment.

<u>Transactions Subject to the Policy – Applicable to All Insiders</u>

Transactions in the Company's Securities

This Policy applies to any transactions in the Company's securities, including gifts of Company securities, by Insiders or any of their Affiliates. Such securities include:

- the Company's common shares or any other type of securities that the Company may issue, including, without limitation, options to purchase common shares, restricted stock units that have vested in common shares, restricted stock, preferred stock, debt securities, convertible debentures and warrants; and
- any other security or financial instrument that *is based on* or *relates to* the Company's securities, including, without limitation, margin accounts and pledged securities, publicly-traded options, and hedging transactions.

Certain Transactions in Company Compensation Plans

This Policy also applies to certain transactions by Insiders and their Affiliates in the Company's compensation plans. Transactions subject to this Policy and certain exceptions are described below:

	Transactions Subject To This Policy	**Transactions NOT Subject To This Policy**
Restricted Stock and/or Restricted Stock Unit (RSUs) Awards	Any market sale of the Company's common shares received upon vesting of an award	The granting or vesting of an award The Company's withholding of shares to satisfy tax withholding requirements upon the vesting of RSU awards as well as the Insider's election to opt out of this default process The application of dividend equivalent units to unvested RSU awards in connection with dividends paid on the Company's common shares
401(k) Plan	Rollover contributions from a third-party 401(k) plan into the 401(k) Plan that include an election to allocate an amount into the Company stock fund Elections to withdraw from or make an intra-plan transfer of an existing 401(k) Plan account balance into or out of the Company stock fund Elections to borrow money against a 401(k) Plan account if the loan will result in a sale of some or all of a Company stock fund balance Elections to pre-pay a 401(k) Plan loan if the pre-payment will result in allocation of loan proceeds to the Company stock fund	Elections to increase or decrease the percentage of periodic contributions that will be allocated to the Company stock fund in the 401(k) Plan Purchases of Company securities in the Company stock fund resulting from the periodic contribution of money to the 401(k) Plan pursuant to a payroll deduction election Purchases of Company securities resulting from the reinvestment of dividends paid on the Company stock fund in the 401(k) Plan

	Transactions Subject To This Policy	Transactions NOT Subject To This Policy
Deferred Compensation Plans	Transfers of balances of Company securities into or out a deferred compensation plan Any market sale of the Company's common shares received upon distribution out of a deferred compensation plan	The elections to defer any eligible Company equity awards into a deferred compensation plan at vesting and the actual deferral of any such awards Distributions from a deferred compensation plan in accordance with prior elections or deferred compensation plan provisions Purchases of Company securities resulting from the reinvestment of dividends paid on Company securities in a deferred compensation plan

Special and Prohibited Transactions

Insiders and their Affiliates may not engage in any of the following transactions, which the Company has determined to present heightened legal risk and heightened risk of the appearance of impropriety:

- *Margin Accounts; Pledges as Collateral:* Holding Company securities in a margin account or otherwise pledging Company securities as collateral for a loan or other obligation.

- *Puts and Calls:* Transactions in exchange-traded or over-the-counter options, put options, call options or other derivative securities, on an exchange or in any other organized market, relating to Company securities.

- *Hedging; Trading in Derivatives*: Hedging or monetization transactions that are based on or relate to Company securities or initiating or participating in any other transaction, that is designed or intended to hedge or offset, or profit or secure any advantage from, any decrease in the market value of Company securities. These types of transactions include entering into any transaction in derivatives or other instruments or through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds.

For information on Special and Prohibited Transactions applicable to directors and executive officers, see **APPENDIX A**. For information on **Rule 10b5-1 Plans and Procedures** for all Insiders and required pre-clearance requirements, see **APPENDIX B**.

Standing and Limit Orders
The Company discourages Insiders and their Affiliates from placing standing and/or limit orders on Company securities except as approved in a Rule 10b5-1 Plan. Standing and limit orders

create heightened risks for insider trading violations because there is no control over the timing of purchases or sales that result from standing instructions to a broker, as a result of which the broker could execute a transaction that violates the Monthly Trading Restrictions (see above) or when an Insider or their Affiliate is in possession of Company MNPI. If an Insider or their Affiliates determine that they must use a standing order or limit order, the order should be limited to short duration and must otherwise comply with the restrictions and procedures outlined in this Policy.

Post-Termination Transactions

This Policy continues to apply to transactions in Company securities even after an Insider's employment or service to the Company ends (voluntarily or involuntarily). If termination of an Insider's employment or service occurs during a closed trading period, the Insider and its Affiliates will remain subject to this Policy until the expiration of that closed trading period. Accordingly, any transactions that are prohibited by this Policy will continue to be prohibited for the Insider and its Affiliates until the expiration of the applicable closed trading period. As of the beginning of the next open trading period, the Insider and its Affiliates no longer will be subject to this Policy or subsequent closed trading periods.

Notwithstanding the foregoing, if an Insider possesses Company MNPI when their employment or service to the Company ends, federal securities laws prohibit the Insider and its Affiliates from trading in Company securities until that information has become public or is no longer material.

Persons Designated as Subject to Pre-Clearance Requirements

Any persons designated by management under this Policy as subject to pre-clearance requirements should refer to the additional procedures described in **APPENDIX A**.

Questions About the Policy

Questions about this Policy should be directed to the CLO or other Corporate Legal representatives designated by the CLO. All determinations and interpretations of this Policy by the CLO (or appropriate designee) shall be final and not subject to further review.

Effective Date: March 3, 2025

APPENDIX A

Additional Policies and Procedures Applicable to Directors and Executive Officers

Special and Prohibited Transactions

Directors and executive officers and their Affiliates may not engage in any of the following transactions:

- *Short sales of Company securities:* Making "short sales" of the Company's securities. (A "short sale" is a transaction through which an individual attempts to profit from an anticipated drop in the market price of a stock by selling borrowed shares and then covering with shares bought after the decline.) This prohibition also applies in the case of a short sale "against the box," which is a short sale in which the borrowed shares are covered by Company securities already owned by the person or entity engaging in the transaction.

- *Broker-sponsored Dividend Reinvestment Plans:* Purchasing Company securities through a dividend reinvestment plan sponsored by a broker.

Pre-Clearance Procedures

Directors, executive officers, and any other employees designated by management may not engage in any transaction in Company securities without first pre-clearing the transaction in accordance with the Company's procedures. When a request for pre-clearance is made, the Insider should carefully consider whether they may be aware of any MNPI about the Company.

The requirement for pre-clearance does not apply to transactions conducted pursuant to approved Rule 10b5-1 Plans. **However, the requirement for pre-clearance applies to any Rule 10b5-1 Plan's *signing, amendment, or termination (outside of the natural expiration of the applicable plan)*.**

APPENDIX B

Rule 10b5-1 Plans and Procedures

Securities Exchange Act of 1934 ("Exchange Act") Rule 10b5-1 generally allows a person or entity to enter into prearranged commitments for future stock trades, even if at the time of the trade the person or entity possesses Company MNPI. Under a Rule 10b5-1 plan ("Rule 10b5-1 Plan"), a person or entity can instruct a broker to buy, sell, or gift specified numbers or dollar values of securities at specified prices or on specific dates. Among the other requirements, a Rule 10b5-1 Plan must be entered into in good faith and when the person or entity is not in possession of Company MNPI.

The Company allows Insiders and their Affiliates to transact in Company securities during closed trading periods (and, for directors and executive officers, without the need to pre-clear the trade) if they do so pursuant to a Rule 10b5-1 Plan that complies with Exchange Act Rule 10b5-1 and have obtained advance approval of the Rule 10b5-1 Plan from the CLO (or its designee). Approval for a Rule 10b5-1 Plan will not be given if the proposed Rule 10b5-1 Plan:

- does not clearly specify the duration, terms and trading instructions;
- does not comply with Rule 10b5-1(c), including the required "cooling off" period between signing of, and the first trade under, the Rule 10b5-1 Plan;
- is entered into by the Insider or its Affiliate at any time other than an open trading period;
- for directors and executive officers only, would cause the Insider to not meet applicable equity ownership requirements based on the then-current share price; or
- in the judgment of the CLO (or its designee), would not be consistent with the intent or spirit of this Policy or Rule 10b5-1.

Rule 10b5-1 Plan terminations (outside of the natural expiration of the applicable Rule 10b5-1 Plan) and any amendments must be approved, in advance, by the CLO (or its designee). Among the other requirements, the termination or amendment must be entered into in good faith and when the person or entity is not in possession of Company MNPI.

Exhibit 21

SUBSIDIARIES OF THE PROGRESSIVE CORPORATION

Name of Subsidiary	Jurisdiction of Incorporation
ARX Holding Corp.	Delaware
American Strategic Insurance Corp.	Indiana
ASI Assurance Corp.	Florida
ASI Home Insurance Corp.	Florida
ASI Lloyds, Inc.	Texas
ASI Preferred Insurance Corp.	Florida
ASI Select Auto Insurance Corp.	California
ASI Select Insurance Corp.	Indiana
ASI Underwriters Corp.	Florida
Progressive Property Insurance Company	Louisiana
PropertyPlus Insurance Agency, Inc.	Delaware
Sunshine Security Insurance Agency, Inc.	Florida
Drive Insurance Company	Ohio
Garden Sun Insurance Services, Inc.	Hawaii
Pacific Motor Club	California
ProgNY Agency, Inc.	New York
Progressive Adjusting Company, Inc.	Ohio
Progressive Agency Holdings, Inc.	Delaware
Drive New Jersey Insurance Company	New Jersey
Progressive American Insurance Company	Ohio
Progressive Bayside Insurance Company	Ohio
Progressive Casualty Insurance Company	Ohio
PC Investment Company	Delaware
Progressive Gulf Insurance Company	Ohio
Progressive Specialty Insurance Company	Ohio
Trussville/Cahaba, AL, LLC	Ohio
Progressive Classic Insurance Company	Wisconsin
Progressive Commercial Advantage Agency, Inc.	Ohio
Progressive Commercial Casualty Company	Ohio
Progressive Freedom Insurance Company	Ohio
Progressive Hawaii Insurance Corp.	Ohio
Progressive Michigan Insurance Company	Michigan
Progressive Mountain Insurance Company	Ohio
Progressive Northern Insurance Company	Wisconsin
Progressive Northwestern Insurance Company	Ohio
Progressive Preferred Insurance Company	Ohio
Progressive Security Insurance Company	Louisiana
Progressive Southeastern Insurance Company	Indiana

Name of Subsidiary	Jurisdiction of Incorporation
Progressive Capital Management Corp.	New York
Progressive Commercial Holdings, Inc.	Delaware
Artisan and Truckers Casualty Company	Wisconsin
Blue Hill Specialty Insurance Company Inc.	Illinois
National Continental Insurance Company	New York
Progressive Express Insurance Company	Ohio
Protective Insurance Corporation	Indiana
B&L Brokerage Services, Inc.	Indiana
Transport Specialty Insurance Agency, Inc.	Michigan
B&L Insurance Ltd.	Bermuda
B&L Management, Inc.	Delaware
Protective Insurance Company	Indiana
Protective Specialty Insurance Company	Indiana
Sagamore Insurance Company	Indiana
United Financial Casualty Company	Ohio
Progressive Direct Holdings, Inc.	Delaware
Mountain Laurel Assurance Company	Ohio
Progressive Advanced Insurance Company	Ohio
Progressive Advantage Agency, Inc.	Ohio
Progressive Auto Pro Insurance Agency, Inc.	Florida
Progressive Choice Insurance Company	Ohio
Progressive Direct Insurance Company	Ohio
Gadsden, AL, LLC	Ohio
Progressive Garden State Insurance Company	New Jersey
Progressive Marathon Insurance Company	Michigan
Progressive Max Insurance Company	Ohio
Progressive Paloverde Insurance Company	Indiana
Progressive Premier Insurance Company of Illinois	Ohio
Progressive Select Insurance Company	Ohio
Progressive Universal Insurance Company	Wisconsin
Progressive Investment Company, Inc.	Delaware
Progressive Life Insurance Company	Ohio
Progressive Next Inc.	Delaware
Progressive Premium Budget, Inc.	Ohio
Progressive RSC, Inc.	Ohio
Progressive Vehicle Service Company	Ohio
Village Transport Corp.	Delaware
Wilson Mills Land Co.	Ohio
358 Ventures, Inc.	Ohio

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 33-16509, 33-51034, 33-57121, 333-41238, 333-172663, 333-185703, 333-185704, 333-204406, 333-217922, 333-268127 and 333-279481) and Form S-3 (No. 333-279482) of The Progressive Corporation of our report dated March 3, 2025 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in the 2024 Annual Report to Shareholders, which is incorporated by reference in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated March 3, 2025 relating to the financial statement schedules, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Cleveland, Ohio
March 3, 2025

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I hereby constitute and appoint Mariann Wojtkun Marshall, John P. Sauerland, David M. Stringer, Laurie F. Humphrey and Allyson L. Bach, and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities, to sign and file with the Securities and Exchange Commission the Annual Report on Form 10-K of The Progressive Corporation for the year ended December 31, 2024, and any and all amendments relating thereto and other documents in connection there with, granting unto said attorney-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary and requisite to be done in connection with the foregoing, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their respective substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto subscribed my name in the capacity(ies) set forth below as of the date set forth below under my signature.

/s/ Lawton Wehle Fitt

Date: February 22, 2025

Lawton W. Fitt

Chairperson of the Board

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I hereby constitute and appoint Mariann Wojtkun Marshall, John P. Sauerland, David M. Stringer, Laurie F. Humphrey and Allyson L. Bach, and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities, to sign and file with the Securities and Exchange Commission the Annual Report on Form 10-K of The Progressive Corporation for the year ended December 31, 2024, and any and all amendments relating thereto and other documents in connection there with, granting unto said attorney-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary and requisite to be done in connection with the foregoing, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their respective substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto subscribed my name in the capacity(ies) set forth below as of the date set forth below under my signature.

/s/ Philip Bleser
Date: February 23, 2025
Philip Bleser
Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I hereby constitute and appoint Mariann Wojtkun Marshall, John P. Sauerland, David M. Stringer, Laurie F. Humphrey and Allyson L. Bach, and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities, to sign and file with the Securities and Exchange Commission the Annual Report on Form 10-K of The Progressive Corporation for the year ended December 31, 2024, and any and all amendments relating thereto and other documents in connection there with, granting unto said attorney-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary and requisite to be done in connection with the foregoing, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their respective substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto subscribed my name in the capacity(ies) set forth below as of the date set forth below under my signature.

/s/ Stuart B. Burgdoerfer

Date: February 23, 2025

Stuart B. Burgdoerfer
Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I hereby constitute and appoint Mariann Wojtkun Marshall, John P. Sauerland, David M. Stringer, Laurie F. Humphrey and Allyson L. Bach, and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities, to sign and file with the Securities and Exchange Commission the Annual Report on Form 10-K of The Progressive Corporation for the year ended December 31, 2024, and any and all amendments relating thereto and other documents in connection there with, granting unto said attorney-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary and requisite to be done in connection with the foregoing, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their respective substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto subscribed my name in the capacity(ies) set forth below as of the date set forth below under my signature.

/s/ Pamela J. Craig
Date: February 23, 2025
Pamela J. Craig
Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I hereby constitute and appoint Mariann Wojtkun Marshall, John P. Sauerland, David M. Stringer, Laurie F. Humphrey and Allyson L. Bach, and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities, to sign and file with the Securities and Exchange Commission the Annual Report on Form 10-K of The Progressive Corporation for the year ended December 31, 2024, and any and all amendments relating thereto and other documents in connection there with, granting unto said attorney-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary and requisite to be done in connection with the foregoing, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their respective substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto subscribed my name in the capacity(ies) set forth below as of the date set forth below under my signature.

/s/ Charles A. Davis

Date: February 22, 2025

Charles A. Davis

Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I hereby constitute and appoint Mariann Wojtkun Marshall, John P. Sauerland, David M. Stringer, Laurie F. Humphrey and Allyson L. Bach, and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities, to sign and file with the Securities and Exchange Commission the Annual Report on Form 10-K of The Progressive Corporation for the year ended December 31, 2024, and any and all amendments relating thereto and other documents in connection there with, granting unto said attorney-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary and requisite to be done in connection with the foregoing, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their respective substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto subscribed my name in the capacity(ies) set forth below as of the date set forth below under my signature.

/s/ Roger N. Farah
Date: February 23, 2025
Roger N. Farah
Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I hereby constitute and appoint Mariann Wojtkun Marshall, John P. Sauerland, David M. Stringer, Laurie F. Humphrey and Allyson L. Bach, and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities, to sign and file with the Securities and Exchange Commission the Annual Report on Form 10-K of The Progressive Corporation for the year ended December 31, 2024, and any and all amendments relating thereto and other documents in connection there with, granting unto said attorney-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary and requisite to be done in connection with the foregoing, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their respective substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto subscribed my name in the capacity(ies) set forth below as of the date set forth below under my signature.

/s/ Devin C. Johnson

Date: February 22, 2025

Devin C. Johnson

Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I hereby constitute and appoint Mariann Wojtkun Marshall, John P. Sauerland, David M. Stringer, Laurie F. Humphrey and Allyson L. Bach, and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities, to sign and file with the Securities and Exchange Commission the Annual Report on Form 10-K of The Progressive Corporation for the year ended December 31, 2024, and any and all amendments relating thereto and other documents in connection there with, granting unto said attorney-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary and requisite to be done in connection with the foregoing, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their respective substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto subscribed my name in the capacity(ies) set forth below as of the date set forth below under my signature.

/s/ Jeffrey D. Kelly

Date: February 23, 2025

Jeffrey D. Kelly

Director

<u>POWER OF ATTORNEY</u>

KNOW ALL MEN BY THESE PRESENTS, that I hereby constitute and appoint Mariann Wojtkun Marshall, John P. Sauerland, David M. Stringer, Laurie F. Humphrey and Allyson L. Bach, and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities, to sign and file with the Securities and Exchange Commission the Annual Report on Form 10-K of The Progressive Corporation for the year ended December 31, 2024, and any and all amendments relating thereto and other documents in connection there with, granting unto said attorney-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary and requisite to be done in connection with the foregoing, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their respective substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto subscribed my name in the capacity(ies) set forth below as of the date set forth below under my signature.

/s/ Barbara R. Snyder
Date: February 22, 2025
Barbara R. Snyder
Director

<u>POWER OF ATTORNEY</u>

KNOW ALL MEN BY THESE PRESENTS, that I hereby constitute and appoint Mariann Wojtkun Marshall, John P. Sauerland, David M. Stringer, Laurie F. Humphrey and Allyson L. Bach, and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities, to sign and file with the Securities and Exchange Commission the Annual Report on Form 10-K of The Progressive Corporation for the year ended December 31, 2024, and any and all amendments relating thereto and other documents in connection there with, granting unto said attorney-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary and requisite to be done in connection with the foregoing, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their respective substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto subscribed my name in the capacity(ies) set forth below as of the date set forth below under my signature.

/s/ Kahina Van Dyke
Date: March 3, 2025
Kahina Van Dyke
Director

Exhibit 31.1

CERTIFICATION

I, Susan Patricia Griffith, certify that:

1. I have reviewed this annual report on Form 10-K 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: March 3, 2025

/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 annual report on Form 10-K 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: March 3, 2025

/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 Annual Report on Form 10-K of the Company for the period ended December 31, 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
March 3, 2025

Exhibit 32.2

SECTION 1350 CERTIFICATION

I, John P. Sauerland, Vice President and 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 Annual Report on Form 10-K of the Company for the period ended December 31, 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
March 3, 2025

Exhibit 99

LETTER TO SHAREHOLDERS

Every year when I pick a theme for the annual report, I reflect on what is happening both within Progressive and across the world around us. My strong belief in meliorism aided in choosing the theme Empathy. There is solace in knowing that our efforts can have a very positive effect on our employees, customers, partners, communities, and shareholders. In addition to selecting the theme, it is always an enlightening experience for me to select an artist that accurately reflects what I am trying to portray to all our constituents.

At first blush, when the team presented this body of work, I saw what I thought were two different women (possibly friends or sisters). I thought the artwork was both interesting and beautiful because the different situations portrayed in the work brought out a variety of emotions. Upon realizing that the artist photographed the same woman, in a collection of scenarios over more than two decades, I was not only intrigued but it made me reflect on the fact that empathy starts with each and every one of us and can vary from day to day.

In the end, empathy is about caring for ourselves and each other in an uncertain world and trying to make positive improvements in a business where people rely on us to get back on their feet. We saw that many times over in 2024 and history tells us that we will need empathy more than ever and that was evident as we saw the California wildfires rage early on in 2025.

My hope and expectation is that the people of Progressive will rise to the occasion, again, in 2025, continue to show empathy for all those that we serve, and make progress along the way.

Understanding (by the numbers with some stories)

What we thought would transpire in 2023, actually happened in 2024. Well, to be fair, by the back half of 2023, we felt we were in a good position, and we used that momentum to catapult us to our success in 2024. Even with that tailwind, 2024 was nothing short of phenomenal. Actually, to be perfectly transparent, this may have been one of the best overall years in the history of Progressive, and I don’t say that lightly based on our many decades of success over the past nearly 90 years.

I am incredibly proud that the 66 thousand plus Progressive team did all that we could possibly do to onboard new customers and to take care of the customers that we have served for many years. We take adding every customer very seriously and treat them as we do our existing policyholders, as if they will be with us for decades as we continue on our path to become more of a destination company. In fact, compared to 2023, we added over 5 million policies in force in 2024. What a privilege to be able to serve all of our policyholders.

We ended 2024 with a companywide combined ratio (CR) of 88.8, which reflected our ability to have adequate rates that reflect our risks, favorable reserve development, and our ability to reduce operating expenses while increasing acquisition expenses to leverage our competitive position in the marketplace. We will continue to take the necessary measures to drive growth as we believe that we have yet to reach our zenith.

Our ability to continue to grow profitably lies in our approach to hiring well in advance of need in our high-volume service areas, such as claims and our call center consultants. These front-line employees are critical to our success, and I am so proud of what they do each day. I am honored to be able to hear, firsthand, stories of how our actions positively affect the lives of those we serve. I thought that I’d share a few accounts for you to get a better picture of the importance of our commitment to our customers.

Here is a recent note from a customer who paints the picture much better than my words and gives the rightful accolades to three of our claim professionals.

I was in a terrible car accident a year ago. My life was turned upside down and inside out. I wanted you to know that you have some of the most amazing, caring, compassionate, patient, respectful people I’ve ever dealt with. In a time in my life where I felt overwhelmed and frustrated, they (Emily, Anna and Kristen) made me feel safe, I could go on and on. In a world with little to no humanity, these women are the epitome of humanity. They made my situation 100% tolerable! They gave me peace...God Bless them...I will forever hold a place in my heart for these women.

I especially love hearing from consumers who, based on our service, desire to become future Progressive customers.

Dear Ms. Griffith,

Hope all is well. I am writing to express my sincere gratitude for all your help as well for the outstanding customer service I recently received from Leah in the Consumer help department. The knowledge, patience, willingness to assist was truly commendable and made significant positive impact to my customer service experience. The customer service I received from both of you exceed above a ten plus and I will be using Progressive Insurance in the future, when I buy my car. Thank you once again to you and Leah for the excellent service. May this 2025 New Year be filled with abundance and prosperity for both of you.

Lastly, we can't do our work without reliance on many others, including mortgage lenders, who help our customers seal the deal with insurance when they buy a home. I loved this comment we received from a lender who summed up her experiences calling into Progressive like this:

"One call is a fluke with good customer service, two is a trend, three, obviously it's a culture at Progressive."

We must continue to make customer obsession our core focus and will invest in making sure we meet the needs and exceed the expectations of those customers.

During 2024, we wrote $74 billion of companywide net premiums written (NPW), which is an amazing 21% increase over the prior year. This growth came from an 18% increase in policies in force (PIF) and average written premium increases.

I'll give some brief highlights of the functional areas because there are more details of each area under the Operations Summary section.

Our Personal Lines (PL) organization, which includes our personal auto, special lines, and personal property products, ended 2024 with a CR of 88.6 and NPW growth of 23%. Our PL PIFs grew 18% over the prior year, with personal auto growth leading the way at 22%. Given our strong profitability throughout the year, we were able to increase our companywide media spend 150%, compared to 2023, which greatly enabled us to strengthen our growth.

We continued to focus on de-risking our property book of business during the year and are ahead of plan. We ended 2024 in the black with a CR of 98.3 and, while not at our target profit margin, we are delighted in our trajectory and have very clearly signaled that getting to where we want to be will take time.

In Commercial Lines (CL), our NPW growth was 8% and very influenced by the macroeconomic environment. Our CR for 2024 was a solid 89.4. The wonderful part of our CL business is that we are very diversified across business market targets and when things slow down in one area, they typically pick up in another and we are able to quickly capitalize on that.

For a financial services company growing as fast as Progressive, it is incredibly important that we maintain a very strong capital position. In 2024, even as we saw premium growth of over 20%, we were able to redeem our outstanding preferred shares for $500 million in the first quarter, announce a $4.50 per share annual-variable dividend, and still finish the year with a debt-to-total capital ratio of 21.2%, which is near the lower end of our historical range.

The combination of strong profitability in our operating businesses along with the positive return in our investment portfolio allowed us to achieve these outcomes. We have no debt maturities until 2027 and will remain opportunistic regarding issuing debt in forthcoming years. We believe that entering 2025 with a robust capital position will serve us well as we encounter a dynamic insurance marketplace as well as a potential increase in financial market volatility.

In 2024, our investment portfolio saw a return of 4.6%. Our fixed-income return was 3.8% for the year and our equity portfolio returned 22.9%. While our capital position is strong, our investment portfolio remains in a conservative position to allow for potentially attractive investment opportunities in the future.

OUR FOUR CORNERSTONES

Because we have spoken about these for years, I'm confident that you are all familiar with our four cornerstones – who we are, why we are here, where we are headed, and how we will get there – as the construct Progressive uses to think about having a competitive advantage. Since these cornerstones are highlighted in their own section, I will not elaborate on them here. Rather, I will take this opportunity to give an update on how we executed on our Strategy over the last year, focusing on our four strategic pillars.

Our People and Culture

Every year, I've underscored that our success depends on our people. Our people and our culture are the driving force behind our strong long-term business results. To achieve our Vision, we need to grow and sustain a workplace culture that enables us to attract the best people and empower them to learn, grow, and reach their career aspirations in service to our customers. This is how we anticipate, understand, meet our customers' needs and exceed their expectations.

Last year, I started this section of my letter by noting the way Progressive defines the terms diversity, equity, and inclusion. To level-set again, at Progressive, we recognize that people are individuals and that our differences are a source of strength; we appreciate that each of us wants and deserves to be treated fairly and afforded access to the resources and opportunities to learn, grow, and succeed; and we welcome, value, and respect our colleagues for who they are and what they bring to work each and every day. Over many years, we've committed to seeing, hearing, and knowing each other, learning from and with each other, and ensuring that every one of us lives by our shared Core Values in everything we do.

I've been asked whether we'll retire the words diversity, equity, and inclusion, as these terms have taken on different meanings in different contexts outside our walls. To be sure, these aren't the only words I could use to describe the value we place on being kind to each other, being open to new people and ideas, welcoming respectful disagreement, and capitalizing on our individual differences to make us stronger as a team. Regardless of the words we use, we'll never change our commitment to each other and to sustaining a culture where every one of us can risk, learn, and grow.

Following is a brief description of our efforts to support our many and diverse people, nurture our inclusive culture, and contribute to the communities we're proud to serve.

Our people reflect the customers we serve, and our leaders reflect the people they lead.

For us, "diversity" means far more to us than just race, ethnicity, and gender. It covers a host of visible and invisible traits, including work experience, communication style, physical ability, educational background, family status, and so much more. Some of these traits are, of course, more easily quantifiable than others. For that reason, we look at race/ethnicity and gender—demographics we're required by law to track and report—to get a view of our overall workforce.

After multiple years of significant growth and hiring, the gender and racial demographics of our workforce closely aligned with the U.S. adult population at the end of 2024. This tells us that our recruiting and development efforts reach far and wide and that our work and culture are broadly attractive to candidates and fulfilling to our people. We're confident that if our recruiting, retention, and development efforts are successful, and if we hire the best candidate for each of our openings, then we'll naturally find diversity—in all its dimensions—in our candidate pools and, ultimately, in our workforce. And our outstanding business results tell us that we have the right people in the right roles, executing together in the right ways.

We believe our culture thrives when our people rise into leadership roles and inspire others to lead, and when our talent management and acquisition processes remove any barriers that women, people of color, people with disabilities, or others might face when seeking to advance into leadership roles. In this spirit, we've thoughtfully challenged ourselves to seek out diverse, highly qualified candidate pools and to invest broadly in talent development. We're pleased that these deliberate efforts to broaden and deepen our candidate pools, driven by the goal of enabling our hiring managers to select the very best people to lead our organization, have proven successful in attracting and developing incredible leadership talent throughout Progressive. Again, we'll hire the right people for the right roles, and we'll judge our success by our business results.

We maintain a fair and inclusive work environment.

We're committed to creating an environment where our people feel welcomed, valued, and respected. Inclusion focuses on the feelings of acceptance, security, and belonging.

One key measure of success is participation in one of our nine Employee Resource Groups (ERGs). Each ERG is open to all Progressive people. Over the past several years, our ERG membership grew faster than the growth of our employee population. Participation in ERG events is on the rise, as well, as 26% of employees attended an event in 2024, up from 19% in the prior year. The increase occurred for both members of an ERG and non-members. We have learned over the past several years that our ERG members are more engaged, more likely to stay at Progressive, and more likely to apply for promotions.

During a roundtable discussion of our Military Network ERG, members were able to share how Progressive's Core Values translated to what they did in the military and how they have been able to draw on that to move forward in their careers. They also shared how Progressive, and the ERG, not only supported and understood those that served but extended that support to the military families. In one example, a military spouse was able to continue her career development journey despite having to relocate to six different states in about that many years due to a family member being deployed. This is just one of many instances of how we continue to foster an inclusive environment and encourage employees to bring their authentic selves to work each and every day.

For a fourth consecutive year, Progressive was named a Gallup Exceptional Workplace. We also received accolades as Fortune's 2024 World's Most Admired Companies in the insurance sector (#5), Forbes America's Best Employers for Women (#2), and Newsweek America's Most Admired Workplaces (4.5 out of 5 stars), to name just a few of the 50 workplace-related awards bestowed upon Progressive in 2024.

Another important measure of our fair and inclusive work environment is our history of pay equity. For many consecutive years, our annual pay equity analysis has shown that for Progressive employees with similar performance, experience, and job responsibilities, women earned one dollar for every dollar earned by men, and people of color earned one dollar for every dollar earned by their white co-workers. We share the results of this analysis publicly on our website every year along with additional detail about our methodology.

We continue to take steps to enhance our support of employees who are impacted by natural disasters. Three years ago, we began a systematic approach to allow us to confirm the safety of employees in affected areas. Over that time, we have added clear disaster pay practices, offered disaster paid time off, provided emergency shelter, funded employee relief payments, and more. In 2024, we added $500 instant employee relief payments to provide for cash costs like gasoline and lodging during evacuations. This approach has helped Progressive employees remove themselves from harm's way. In total, we invested almost $10 million in these employee relief efforts during 2024.

As we work to provide more offerings to help all Progressive employees live fully, in 2024, we launched three new pilot programs within the Financial Wellness space and laid the groundwork for another program to launch in 2025. These programs were developed based on feedback from employees, especially those in entry level roles. The pilot programs cover backup care for children, adults, and pets, student loan coaching, and support. During 2024, we also laid the groundwork to launch a Progressive 401(k) match for qualified student debt payments. Prior to the program's official launch on January 1, 2025, we already had about 800 enrollments, which highlighted the enthusiasm for this new offering.

We contribute to our communities.

With a few exceptions, we've concentrated our community support to causes that align with our business—simply put, cars and homes.

We provide vehicles to veterans with our Keys to Progress® (KtP) program, help furnish homes for the homeless, and provide grants to small businesses. We also continued donations to the national organizations identified by our ERGs to help support the communities they represent.

In addition, The Progressive Insurance Foundation (Foundation) continued to increase employee participation for Name Your Cause® (NYC), an innovative and one-of-a-kind giving program. With NYC, each employee can recommend a charity of their choice to receive a fixed donation amount from the Foundation without a required donation by the employee. Not only has this form of equitable giving garnered praise from Progressive people, but it has further diversified the Foundation's charitable footprint and increased employee recommendations from about 10% to nearly 40%.

We've committed to expanding our charitable giving levels to reach $25 million in 2025. We achieved this goal in 2024 and more than doubled our charitable giving to causes linked to reducing shelter insecurity, donating vehicles for veterans, and supporting employee-chosen causes they feel impact their communities the most.

One of our KtP recipient stories especially touched me this year. As a proud single mom of two incredible sons, Shaniece's journey is one of incredible resilience, determination, and love. A former squad leader in the United States Marine Corps, she graduated in the top 10 of her company. Despite facing health challenges that led to her discharge, Shaniece has remained dedicated to her family and committed to overcoming life's hurdles.

Living in California, she works tirelessly to provide for her family. With her 10-year-old attending school an hour away and her younger son needing frequent doctor's appointments, the daily struggle to ensure their needs were met, while managing the challenges of unreliable transportation, became overwhelming. From flat tires to engine problems, she often found herself scrambling to borrow cars or arrange rides just to get through the day.

After receiving a vehicle through KtP, Shaniece shared an emotional update:

This car has already made such a profound difference in our lives. In just a short time, it has brought us stability, reliability, and a sense of freedom I haven't felt in years. I no longer have to worry about how I'll get my boys to school or myself to work, nor do I fear the stress of being stranded on the side of the road. The peace of mind this car has given me is something I will cherish every single day.

Your kindness has not only provided us with a vehicle but has also renewed my hope and belief in brighter days ahead. It's an indescribable feeling to know that someone cared enough to make such an extraordinary impact on my family's life. Please know that your efforts and compassion have truly changed our world for the better.

From the bottom of my heart, thank you. I will forever hold this blessing close and honor it by striving to pay your kindness forward whenever I can.

Spreading kindness is something our employees also embrace. One way they are able to do this is through our Volunteer Time Off (VTO) program that started in 2024 and recognizes that Progressive employees want to give their time to their community but may not always have the means – available paid time off – to do so. VTO provides the opportunity for employees to support 501(c)(3) charitable organizations in their community.

From food insecurity to housing, education, and more, how employees use their volunteer time off reflects their passion for a wide range of causes. During 2024, about 20% of our people participated with just over 80,000 of VTO hours used to support hundreds of organizations. Importantly, about 30% of Customer Relationship Management (CRM) consultants have participated in VTO. Our data shows that there is a disproportionate use of VTO among non-exempt and lower-tenured employees, which reassures us that our goal to empower those in lower-income brackets to be able to give back is working.

For CRM learning consultant Jill F., it was the devastating impact of hurricanes Helene and Milton that compelled her to volunteer in her community.

"*While I was incredibly fortunate to experience only minimal damage, it got me thinking about how I could help those who weren't as lucky. I decided to volunteer at my local FEMA pop-up drive-through, where people affected by the hurricanes could receive critically needed supplies," Jill shares.*

After volunteering, Jill felt called to continue helping in any way she could, so she began collecting donations for her community. When a friend turned their damaged restaurant into a temporary distribution center, she was able to bring four donation drop-offs, her truck overflowing with supplies each time.

As Jill puts it, "In times of need like these, it feels incredibly rewarding to be able to make a difference."

Volunteering has always been close to my heart as well. In October, my team and I used our VTO and spent a day together at the Greater Cleveland Food Bank packing lunches for school children and weekend snacks for them to take home. It was awesome to spend a day together to help our neighbors who experience food insecurity. I've always found that volunteering brings out the empathy in me and this experience was no different.

Broad Needs of Our Customers

We continue to invest in becoming a destination company for our customers' personal and small business insurance needs. With our customer commitment as our roadmap, we're focused on making insurance easy, showing our customers we care, and giving them the confidence they've got the coverage they need at a fair price. We do this by enabling customers to shop, purchase, and service online, over the phone, or in person with one of our 40,000 plus independent agents.

Our HomeQuote Explorer® (HQX) and BusinessQuote Explorer® (BQX) platforms provide homeowners, condo, manufactured home, general liability, professional liability, workers' compensation, and business owners' policy (BOP) products. By offering our own manufactured products alongside products underwritten by a network of unaffiliated carriers, we're providing customers more choice while taking the hassle out of shopping for insurance.

HQX continues to provide the option to purchase homeowners insurance online in 46 states and the District of Columbia. At the end of 2024, HQX was integrated with eight partner carriers, making it accessible to over 90% of quoted consumers.

In Commercial Lines, we continue to advance our strategy to meet the broader needs of business owners. BQX, which we introduced in 2019, serves business owners online and provides four products from 10 different carriers in both admitted and excess & surplus markets. We continue to invest in streamlining the customer experience by providing online purchasing capabilities for many product-carrier combinations. Recently we've added carrier capacity so our in-house agents can write cyber liability insurance.

We've also continued to expand the geographic reach of our BOP product, which at the end of 2024 was available in 46 states that represented an estimated 80% of the commercial multi-peril market, through our in-house agency or about 20,000 independent agents at that time. In addition to filling out our geographic footprint, we are also working to expand our risk appetite to new business classes for BOP, deploy ongoing product innovations, and enhance customer experience.

Our objective is to meet the changing insurance needs of our customers throughout their lifetime. We recognize that customers who purchase additional products from us are likely to stay with us longer so bundling to us includes personal auto insurance paired with home, specialty, or commercial products.

Leading Brand

We are proud to be the #2 personal auto insurance carrier in the U.S. for the third consecutive year. Our brand and marketing campaigns continue to motivate consumers to not only choose Progressive to help protect their possessions when they need it most but also to trust us to help them move forward and live fully.

Flo and her Squad are iconic and continue to resonate with consumers after all of these years. To remain relevant and novel, we continue to evolve the campaign, such as we did in 2024 when we leveraged the social norm of capturing content. In our ad titled "Unhidden Gems," we showed a young woman in a pristine natural setting recording herself enjoying nature versus actually enjoying it. Through this and other spots, we tapped into the ever-familiar way that social media can crop out reality and proved that it works because the storytelling is "funny because it's true." The longevity and results of our Superstore campaign continually break industry norms and are a testament to our talented marketing team and the marketing agencies with which we partner.

Outside of the Superstore, in 2024, we supercharged our Dr. Rick campaign, which is built on an accepted human truth that we all become our parents one day and how buying a home can kick-start that process. The campaign, which continues to drive business growth, is exceedingly popular and has won both Effie awards that tout its marketing effectiveness and Cannes Lions for creativity. Dr. Rick is even enshrined in the Museum of Modern Art.

Similar to Flo, to appeal to new audiences, our favorite Parenta-Life coach also showed up in a lot of new places during 2024. He was featured on the television shows *Hot Ones* and *Good Morning America*, on billboards in key airports during the busy summer travel season, and he was even in Paris for the summer games. We believe that the relatability of Dr. Rick, along with placing the character in culturally relevant moments, helped drive further awareness of our Progressive brand.

In addition to our Superstore Squad and Dr. Rick characters, we leverage an integrated marketing approach to reach consumers in the right channel, at the right time, and with a meaningful message. Our new Football campaign, Back Up, is based on an insight that directly connects to the supporting role that Progressive wants to play in our customers' lives. Progressive is your backup and can protect your things when you need it most. Through these ads, we convey that message to sports fans by highlighting well-known NFL backup quarterbacks. This campaign drove digital and social presence when and where consumers, especially football enthusiasts, wanted to hear from us.

In addition to these campaigns, we remain committed to creating marketing that authentically connects with broad audiences and further drives business results. To that end, our multicultural campaigns enable us to broaden our reach, and, during 2024, we developed our second campaign airing on Spanish language TV.

We did not stop there. You may recall that our Purpose states that Progressive exists to help people move forward and live fully. With that in mind, we launched our first campaign, Progress Isn't Overnight, to communicate our Purpose along with our continued commitment to make a positive impact in our communities. While Progressive is traditionally known for its humorous ads, this campaign showed our heart and also promoted inclusive resonance and earned us multiple Best-in-Culture designations amongst Hispanic, Black, Asian, People with Disabilities, LGBTQ, and Caucasian audiences via the Association of National Advertiser's CIIM (Cultural Insights and Impact Measure). In addition to the external recognition, Progressive employees shared over one hundred positive responses after they viewed this ad. One employee stated, "27 years in and my favorite ad thus far. Truly speaks to who we are as a company!!! Well done!!!" The positive results from this campaign, which centered on our Purpose, demonstrated that we can drive employee engagement, brand love, and quotes and proved that when we communicate the good we do for our communities it helps us do well in our business and create shareholder value in the long term.

With every campaign, every story, and every connection we make, we are not just selling insurance; we are building relationships, fostering trust, and making a positive impact in our communities. We are committed to pushing the boundaries of creativity and innovation, ensuring that Progressive remains a brand that people love and rely on and a company that they can count on in their time of need. Together, we will continue to help our customers, employees, and communities to move forward, live fully, and make a difference, and the best is yet to come.

Competitive Prices

The markets we serve are very competitive and price is a significant consideration for our customers and agents when switching to, or remaining with, Progressive. In aggregate, we target a 4% underwriting profit margin. Deriving our prices entails adding to that margin our acquisition costs (e.g., advertising costs and agent commissions), non-acquisition costs (e.g., policy services and overhead), loss adjustment expenses (e.g., claims representatives), and our largest cost, customer and claimant payments (i.e., loss costs). Our goal in handling claims is to do so as "accurately" as possible, meaning paying the right amount on every claim. We aspire to do so with high-quality customer service and also as efficiently as possible, to optimize loss adjustment expenses (LAE). Again, while delivering high-quality customer service, we work hard to lower our non-acquisition expense ratio (NAER) to facilitate competitive prices. Our acquisition costs are managed to efficiency standards and, as such, increase or decrease commensurate with our new policyholder acquisition.

We have made excellent progress reducing our cost structure. In 2024 alone, we lowered our PL vehicle NAER by 0.4 points and LAE by 0.5 points. Over the past decade, we have reduced our PL vehicle NAER by 2.8 points and LAE by 2.1 points. While competitors have also made progress on improving their cost structures, our continuous focus on efficiency has played a significant role in ensuring profitability and growth. In our PL property business, our NAER increased 0.3 points due, in part, to our investment in headcount and related compensation. Our Commercial Lines business has also made substantial headway on its cost structure. Our Commercial Lines auto products NAER was down 0.6 points in 2024, relative to 2023.

Industry leading pricing segmentation and underwriting is the other key tactic we employ toward our goal of ensuring our prices are competitive and accurate, meaning as closely tied to estimated loss costs as possible, and adequate, meaning we have great confidence we will hit our target combined ratios by product and geography on an annual and lifetime basis. We roll out our latest product models as quickly as we can. In our personal auto business, at year-end 2024, we had nearly 40% of countrywide premium on our latest product model and just over 30% on our previous version. We'll start rolling out our next product model in mid-2025. We've also become more systematic in deploying underwriting efforts. We did so in 2023 in large part to help ensure profitability and be selective about the risks we took on, especially in markets where we were underpriced. In 2024, we have rolled that back substantially as we had achieved adequate rates in most markets and those roll-back efforts have helped fuel growth.

Markedly higher advertising spend in 2024 also helped fuel growth, especially in our direct channel. Advertising costs were up 150% companywide in 2024, which was the primary reason our PL total expense ratio rose 3.0 points in 2024, even with the reduction in NAER. We build advertising costs into our direct product, which helps ensure we recoup those advertising costs over the life of the direct policies, but we recognize the full advertising expense in the period incurred.

We expect the marketplace to continue to be very competitive and our competitors to pursue greater efficiency and improved rating and underwriting. Remaining competitive is dependent upon our own continuous improvement and we are quite focused on executing against all facets of our competitive prices strategy pillar going forward.

Living Fully

All in all, I could not be happier with how we closed out 2024. I feel like it was several years in the making due to all of the unforeseen circumstances with weather, inflation, and a variety of other disruptions. It was worth the wait to play out this year and to do what we do best – profitably grow and win in the right way. It took all of us together to fire on all cylinders and being in this position is such an incredible way to start 2025. I'm more enthusiastic than ever to forge ahead with our cogent strategy and ready to conquer whatever comes our way.

As I reflect on how empathy was present throughout our interactions, I can't help but share a couple of examples of how Progressive employees rise to the occasion when they are needed most.

First is a testament to how we are there when and where customers need us the most. We all know that the new year began with extreme weather on both coasts of the United States. With devastating wildfires in California and winter storms throughout the south, our claim representatives once again rose to the challenge.

When an insured and his spouse arrived at our Burbank, California claims office, they told us how they watched their 16-year-old home burn to the ground and shared videos and photos of the extent of destruction the devastating fires had on their neighborhood. Our claim representatives in the office empathized with the insured's frustration about the situation and extended their heartfelt sympathy to all of those affected by the fires. While the insureds appreciated our compassion, they were truly grateful for Progressive's diligence and being present for the community as well as our timeliness in settling their claims. The insureds left the office happy to receive their payment digitally and once again expressed their satisfaction with our immediate response.

The following is a summary of a story that Karyl, a senior trainer, sent to me and shows how our employees truly embrace the Golden Rule Core Value when faced with hardships.

I am so blessed to be working for a company for 39 years that make family and employees a priority. This was never as prevalent as it was during the second half of 2024, when my 93-year-old mother was diagnosed with liver cancer. When I listen to your "Tricia in 2" monthly videos, you often talk about the three most important things to you of faith, family, and work, in that order. Despite the cancer growing quickly, my mother was never in pain, which she firmly believed was God answering her prayers. When the time came and my mother could no longer live alone, my training supervisor, Sheryl, and manager, Tracy, stepped right in to lighten my schedule and provided the love and support that I needed at that time to be able to focus on my mom. Their virtual impromptu check-ins not only showed that they cared about me and my family but that they too were my family. Sadly, my mom passed the Sunday before Thanksgiving, but we took solace in knowing that she was "going to church," and I was never so thankful as to have the support of my work family during this trying time.

I think these stories and the interaction between our people and with our customers sums it up. We had a terrific year on the business front and made sure we took care of others. That gives us the fuel to continue to rely on our Core Values in all that we do.

Stay well and be kind to others,

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