

2025 Third Quarter Report

THE PROGRESSIVE CORPORATION



The Progressive Corporation and Subsidiaries
Financial Highlights

	Nine Months Ended September 30,		Years Ended December 31,			
(billions - except per share amounts)						
	2025	2024	2024	2023	2022	2021
Net premiums written	\$ 63.7	\$ 56.3	\$ 74.4	\$ 61.6	\$ 51.1	\$ 46.4
Growth over prior period	13 %	21 %	21 %	20 %	10 %	14 %
Net premiums earned	\$ 60.6	\$ 51.7	\$ 70.8	\$ 58.7	\$ 49.2	\$ 44.4
Growth over prior period	17 %	20 %	21 %	19 %	11 %	13 %
Total revenues	\$ 64.9	\$ 55.1	\$ 75.4	\$ 62.1	\$ 49.6	\$ 47.7
Net income	\$ 8.4	\$ 6.1	\$ 8.5	\$ 3.9	\$ 0.7	\$ 3.4
Per common share	\$ 14.21	\$ 10.39	\$ 14.40	\$ 6.58	\$ 1.18	\$ 5.66
Underwriting margin	12.7 %	10.9 %	11.2 %	5.1 %	4.2 %	4.7 %
(billions - except shares outstanding, per share amounts, and policies in force)						
At Period-End						
Common shares outstanding (millions)	586.4	585.8	585.8	585.3	584.9	584.4
Book value per common share	\$ 60.45	\$ 46.36	\$ 43.69	\$ 33.80	\$ 26.32	\$ 30.35
Consolidated shareholders' equity	\$ 35.4	\$ 27.2	\$ 25.6	\$ 20.3	\$ 15.9	\$ 18.2
Common share close price	\$ 246.95	\$ 253.76	\$ 239.61	\$ 159.28	\$ 129.71	\$ 102.65
Market capitalization	\$ 144.8	\$ 148.7	\$ 140.4	\$ 93.2	\$ 75.9	\$ 60.0
Return on average common shareholders' equity - trailing 12 months						
Net income	35.9 %	37.5 %	35.5 %	22.9 %	4.4 %	18.6 %
Comprehensive income (loss)	37.1 %	50.9 %	36.4 %	30.0 %	(13.5)%	13.6 %
Policies in force (thousands)						
Personal Lines						
Agency - auto	10,630	9,415	9,778	8,336	7,767	7,879
Direct - auto	15,619	13,388	13,996	11,190	10,131	9,568
Special lines	6,980	6,475	6,520	5,969	5,558	5,289
Property	3,651	3,460	3,517	3,096	2,851	2,776
Total Personal Lines	36,880	32,738	33,811	28,591	26,307	25,512
Growth over prior period	13 %	15 %	18 %	9 %	3 %	7 %
Commercial Lines	1,198	1,131	1,141	1,099	1,046	971
Growth over prior period	6 %	2 %	4 %	5 %	8 %	18 %
Companywide total	38,078	33,869	34,952	29,690	27,353	26,483
Growth over prior period	12 %	14 %	18 %	9 %	3 %	7 %
Private passenger auto insurance market ¹			\$ 345.9	\$ 306.6	\$ 268.0	\$ 252.9
Market share ²			17.2 %	15.6 %	14.4 %	14.1 %
Stock Price Appreciation (Depreciation)³						
Progressive	5.2 %	60.3 %	51.4 %	23.2 %	26.8 %	10.8 %
S&P 500	14.8 %	22.1 %	25.0 %	26.3 %	(18.1)%	28.7 %

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

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

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

Letter to Shareholders
Third Quarter 2025

The third quarter results remain excellent, even with the September accrual related to a Florida excess profit statute (more on that below). The year-over-year (YOY) net premiums written (NPW) growth of 10% for the quarter was solid with an 89.5 combined ratio (CR), bringing the year-to-date (YTD) NPW growth to 13% YOY at an 87.3 CR. Companywide policies in force (PIF) growth remained strong, at 12% YOY. I'll get into the details of the various business units, but first a little about the topic of Florida.

As we shared in our second quarter Form 10-Q, since Florida insurance reform was enacted in 2023, we have seen lower loss costs within our personal auto business, and this has led to ongoing favorable loss reserve development. We have responded with rate reductions, but by the end of the third quarter, we concluded that it is probable our Florida personal auto underwriting profit for the three years ending December 31, 2025, will exceed the profit limit imposed by a Florida insurance statute. During September, we accrued \$950 million (13.9 points of the month's CR and 4.6 points for the quarter's CR), which represents our current estimate of the Florida personal auto profit we will earn during the three-year period in excess of the permitted profit limit. This estimate will be refined through the end of the year. The statute requires that excess profits be returned to policyholders active as of December 31, 2025, and we expect to fund credits to eligible policyholders in early 2026. We applaud the reforms enacted in Florida and the more affordable rates this allows for Florida consumers.

Personal Lines concluded the third quarter of 2025 with sustained growth and exceptional profitability. During the quarter, we added over 750,000 Personal Lines PIFs, achieving 13% YOY growth in PIFs at a profitable 89.5 CR. This is our sixth consecutive quarter of YOY double-digit percentage PIF growth, a remarkable accomplishment given our scale, and underscores our commitment to grow as fast as we can at or below a 96 CR. Personal Lines NPW YTD were over \$55 billion and grew 16% over the previous year period. In our personal vehicles business (auto and special lines), we grew PIFs 13% YOY and for the quarter NPW grew 12% YOY at a CR of 90.7, well below seasonal CR targets. In the personal property business, favorable weather and ongoing initiatives to mitigate risk in areas susceptible to volatile weather, coupled with favorable prior year development, contributed to an extraordinarily low third quarter CR of 63.5. With our continued focus on profitable growth in the third quarter, we processed over 4.1 million Personal Lines new applications, marking our highest quarter of the year. In the direct channel we heavily advertised through multiple media platforms, while in the agency channel we continued to offer a variety of incentives and rewards to our agents to incent incremental growth. Across all products we seek to deliver our most competitive rates to consumers, monitor loss trends and continuously evaluate both rate and non-rate actions. Operationally, we continued to manage our non-acquisition costs and YTD our personal vehicles non-acquisition expense ratio, excluding the impact of the Florida policyholder credit, decreased 0.1 points compared to the prior year.

Personal auto continued to demonstrate very robust growth and profitability with a YOY PIF increase of 15%, at an exceptional quarterly CR of 90.4. Written premium growth for the quarter was 13%, compared to the third quarter last year, primarily driven by strong renewals of our existing policyholders. Year-over-year, auto shopping remains elevated and conversion rates were consistent with prior quarters, indicating our rates remained competitive. We have initiated rate decreases in select markets where margins allow, but overall countrywide rates remain relatively stable.

At the end of the third quarter 2025, personal auto product model 8.9 is available in 26 states, that represent 50% of PIFs and 47% of auto NPW on a trailing 12-month basis. This model continues to demonstrate favorable conversion and elasticity. Our latest product offering, model 9.0, is elevated in one state and four additional states are scheduled to elevate in October. Additionally, at the end of the third quarter 2025, our Snapshot® 5.0 model, which features an app-based tool capable of detecting major accidents and promptly connecting customers to towing and emergency services, was deployed in 42 states that represent 78% of NPW on a trailing 12-month basis (excluding California).

Our personal property business posted another solid quarter, as we experienced relatively mild weather combined with favorable prior accident year development. We ended the quarter with over 3.6 million PIFs, up 6% over third

quarter 2024, driven primarily by growth in our renters business. Net premiums written increased 5% for the quarter YOY, slightly lower than PIF growth, driven by a continued mix shift towards renters policies, which have lower average written premiums.

We continue to prioritize insuring lower-risk properties (e.g., new construction, existing homes with new roofs) and only accepting new business when bundled with a Progressive personal auto policy (where allowed). We continue to work on balancing risk in our personal property book by reducing exposure in catastrophe-prone markets and shifting mix towards lower volatile weather-related areas. During the third quarter YOY, homeowners PIFs increased 2% in markets where we want to increase share and decreased 15% in volatile weather markets.

We continue to make good progress on advancing our personal property product and segmentation capabilities. Through the end of the third quarter 2025, we elevated our next generation 5.0 or higher product models in 35 states that represent over 80% of our trailing 12-month homeowners product NPW. Key features of 5.0+ models include expanded peril rating and introduction of new rating variables. We also continued to adjust rates where needed and, during the third quarter, we increased our personal property rates about 2% overall, bringing our YTD increase to about 8%.

For the third quarter, the Commercial Lines (CL) business grew PIFs 6% YOY at an 89.2 CR. Despite positive PIF growth, NPW decreased 6% in the quarter, compared to the prior year quarter, driven primarily by a decline in transportation network company (TNC) premiums, which were lower in the quarter due to changes in mileage forecasts and mileage true-ups. To a lesser extent, a shift to a greater mix of policies with 6-month terms, compared to 12-month terms, in our contractor and business auto business market targets (BMT) and a mix shift to lower average written premium BMTs in our core commercial auto business, also contributed to the NPW decrease for the quarter. Excluding the TNC business, our total CL NPW for the quarter would have decreased 2%, compared to the third quarter 2024.

In core commercial auto, we continued to see strong PIF growth in our business auto and contractor BMTs during the third quarter 2025. We also continued to face PIF growth challenges in our for-hire transportation, and to a lesser extent, our for-hire specialty BMTs, each of which have higher average written premiums per policy than our business auto and contractor BMTs. The resulting mix shift to lower average written premium segments drove lower NPW for core commercial auto during the quarter compared to the prior year quarter.

We continue to roll out our newest core commercial auto product offering, model 8.3, which brings new external data that we expect will improve segmentation and better match rate to risk. As of the end of the third quarter 2025, the 8.3 model was elevated in 10 states, with plans to elevate in an additional state by the end of 2025, pending regulatory approval. Those 11 states represent 43% of our countrywide trailing 12-month core commercial auto NPW.

In the third quarter 2025, our investment portfolio saw a return of 1.7% and remained in a relatively conservative posture. Our fixed-income portfolio returned 1.5%, while our equity portfolio returned 8.1%, contributing to portfolio total returns of 6.1% through the first nine months of 2025.

The robust comprehensive income that we have generated throughout this year is more than the amount necessary to support our growth expectations in our operating business. We finished the third quarter 2025 with our financial leverage at 16.3% and have no bond maturities until 2027. We will continue to attempt to strike a balance between maintaining the competitive advantage of being in such a strong financial position while seeking capital efficiency. As is our defined annual process, the Board of Directors will consider an annual-variable dividend at its regularly scheduled meeting in December. Our focus, as a management team, remains on driving strong returns on our shareholders' capital over the longer term. One element of that focus is a thoughtful share repurchase policy that has two parts. The first part seeks to ensure that we annually repurchase enough shares to prevent dilution caused by employee stock grants. The second part allows us to repurchase shares when we believe that Progressive stock is being valued by the market either at or below our view of long-term fair value.

As many of you know, I love wrapping up these letters with a few short stories about Progressive people that exemplify what I consider to be our one-of-a-kind culture. It's a culture where, regardless of circumstance, we all work together toward our shared purpose: helping others move forward and live fully.

Bonnie, an administrative assistant from one of our upstate New York Claims offices, had just stopped at her favorite coffee shop on her way to work when another car zoomed by and veered over an embankment without slowing. She immediately turned around and tracked the car down—it had crashed into a tree near a cornfield, and the front end had caught fire. While other bystanders stood in shock wondering what to do, Bonnie sprang into action, eventually wrenching one of the car's back doors open and dragging the semi-conscious driver out of the burning vehicle. Afterward, Bonnie played down the incident, saying only that if it had been her or someone she knew, she would have wanted someone to help. Talk about helping others move forward and live fully!

We win a lot of workplace awards around the country because of our culture, and one of these really stood out to me. Three of our employees, Tonya, Elisha, and Nestor, were interviewed for a local news article about an award, and their quotes were just so genuine and so ... Progressive, that they just jumped off the page, like this one, from Tonya:

"Our Core Values aren't just words on paper; we're shaped by them. What I love the most is our strong sense of community, the feeling of inclusivity. It's something you sense throughout the entire organization. I'm definitely a Progressive lifer; I intend on retiring here."

Or this one, from Elisha: *"We want our employees to be happy; we want them to stay. Progressive fosters an environment where you can be your true self."*

And finally this one, from Nestor: *"Our job is collaborative, very nurturing. When you see someone else, lend an ear. It allows people to bond. It's a ton of fun. It's highly technical, highly regulated, but people lift each other up. We embrace the experience we're all kind of going through at the same time."*

And to close this out on a lighter note, here's a little story about cookies. Cookies by Freddie is one of the recipients of the Commercial Lines business' Driving Small Business Forward grant. The owner wrote to us, saying: *"To know that the joy I find in baking and my mission to spread happiness through Cookies by Freddie resonated with you means more than I can fully express. Your recognition not only affirms the heart behind my business, but it also fuels my determination to continue creating memorable, comforting experiences. One cookie at a time."*

Speaking of awards, we recently received the results of our annual Gallup survey and I am extraordinarily proud to announce that we ranked in the 99th percentile of Gallup-surveyed companies. Our participation was a record high, our engagement increased, and every index showed improvement over already stellar results. This doesn't come without a lot of people who care deeply about living our Core Values and treating each other and our customers with care and respect.

This year, like last, has been one of growth with solid margins. As we head into the final quarter, we remain steadfast in fulfilling our Vision and Purpose.

Stay well and be kind to others,

A handwritten signature in black ink that reads "Tricia Griffith". The signature is fluid and cursive, with the first name "Tricia" and last name "Griffith" clearly distinguishable.

Tricia Griffith
President and Chief Executive Officer

Financial Policies

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

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

Operating Maintain pricing and reserving discipline

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

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

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

Financing Maintain sufficient capital to support our business

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

Objectives and Policy Scorecard

	Target	Nine Months Ended September 30,	Years Ended December 31,			5 Years ¹	10 Years ¹
		2025	2024	2023	2022		
Underwriting margin:							
Progressive ²	4 %	12.7 %	11.2 %	5.1 %	4.2 %	7.6 %	7.6 %
Industry ³	na		5.1 %	(4.6) %	(11.8) %	(0.4)%	(0.8)%
Net premiums written growth:							
Progressive	(a)	13 %	21 %	20 %	10 %	15 %	15 %
Industry ³	na		13 %	14 %	6 %	7 %	7 %
Policies in force growth:							
Personal Lines							
Agency - auto	(a)	13 %	17 %	7 %	(1) %	7 %	8 %
Direct - auto	(a)	17 %	25 %	10 %	6 %	12 %	12 %
Special lines	(a)	8 %	9 %	7 %	5 %	7 %	5 %
Property	(a)	6 %	14 %	9 %	3 %	10 %	nm
Commercial Lines	(a)	6 %	4 %	5 %	8 %	9 %	8 %
Companywide premiums-to-surplus ratio	(b)	na	2.7	2.8	2.9	na	na
Investment allocation:							
Group I	≤25 %	5 %	6 %	7 %	10 %	na	na
Group II	≥75 %	95 %	94 %	93 %	90 %	na	na
Debt-to-total capital ratio	<30 %	16.3 %	21.2 %	25.4 %	28.7 %	na	na
Return on average common shareholders' equity - trailing 12 months:							
Net income	(c)	35.9 %	35.5 %	22.9 %	4.4 %	24.4 %	23.6 %
Comprehensive income (loss)	(c)	37.1 %	36.4 %	30.0 %	(13.5) %	22.4 %	22.8 %

(a) Grow as fast as possible, constrained only by our profitability objective and our ability to provide high-quality customer service.

(b) Determined separately for each insurance subsidiary.

(c) Progressive does not have a predetermined target for return on average common shareholders' equity.

na = not applicable.

nm = not meaningful; personal property business written by Progressive prior to April 2015 was negligible.

¹ Represents results over the respective time period; growth represents average annual compounded rate of increase (decrease) as of December 31, 2024.

² Expressed as a percentage of net premiums earned. Underwriting profit (loss) is calculated by subtracting losses and loss adjustment expenses, policy acquisition costs, other underwriting expenses, and policyholder credit expense from the total of net premiums earned and fees and other revenues.

³ Industry results represent private passenger auto insurance market data as reported by A.M. Best Company, Inc. The industry underwriting margin excludes the effect of policyholder dividends.

The Progressive Corporation and Subsidiaries
Operating Results

	Personal Lines Business			Commercial Lines Business			
(\$ in billions)	Vehicles		Property	Total			
Net premiums written							
Nine months ended September 30,							
2025	\$	52.7	\$	2.4	\$ 55.1	\$	8.5
2024		45.3		2.4	47.7		8.6
Growth over prior period		16 %		2 %	16 %		(1)%
Net premiums earned							
Nine months ended September 30,							
2025	\$	50.0	\$	2.3	\$ 52.3	\$	8.2
2024		41.5		2.2	43.7		7.9
Growth over prior period		20 %		6 %	20 %		3 %
# in thousands							
Policies in Force							
September 30,							
2025		33,229		3,651	36,880		1,198
2024		29,278		3,460	32,738		1,131
Growth over prior period		13 %		6 %	13 %		6 %
Underwriting Ratios							
Nine months ended September 30,							
Loss and loss adjustment expense ratio - 2025					65.3	67.3	
Underwriting expense ratio - 2025 ¹					21.8	20.5	
Combined ratio - 2025 ¹					87.1	87.8	
Combined ratio - 2024					89.0	89.7	
Change over prior period					(1.9) pts.	(1.9) pts.	

¹ For the nine months ended September 30, 2025, included in both the underwriting expense and the combined ratios in the Personal Lines business are 1.8 points of expense related to Florida policyholder credit expense.

The Progressive Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
(unaudited)

Periods Ended September 30,	Three Months		Nine Months	
	2025	2024	2025	2024
(millions — except per share amounts)				
Revenues				
Net premiums earned	\$ 20,849	\$ 18,297	\$ 60,568	\$ 51,655
Investment income	924	739	2,609	2,042
Net realized gains (losses) on securities:				
Net realized gains (losses) on security sales	12	68	32	(305)
Net holding period gains (losses) on securities	283	220	438	622
Total net realized gains (losses) on securities	295	288	470	317
Fees and other revenues	306	278	896	774
Service revenues	138	117	382	308
Total revenues	22,512	19,719	64,925	55,096
Expenses				
Losses and loss adjustment expenses	13,445	12,510	39,854	36,077
Policy acquisition costs	1,555	1,390	4,522	3,930
Other underwriting expenses	3,015	2,670	8,423	6,781
Policyholder credit expense ¹	950	0	950	0
Investment expenses	10	7	26	20
Service expenses	144	126	400	333
Interest expense	70	70	209	209
Total expenses	19,189	16,773	54,384	47,350
Net Income				
Income before income taxes	3,323	2,946	10,541	7,746
Provision for income taxes	708	612	2,184	1,622
Net income	2,615	2,334	8,357	6,124
Other Comprehensive Income (Loss)				
Changes in:				
Total net unrealized gains (losses) on fixed-maturity securities	284	1,561	1,611	1,461
Net unrealized losses on forecasted transactions	0	0	1	0
Other comprehensive income (loss)	284	1,561	1,612	1,461
Comprehensive income (loss)	\$ 2,899	\$ 3,895	\$ 9,969	\$ 7,585
Computation of Earnings Per Common Share				
Net income	\$ 2,615	\$ 2,334	\$ 8,357	\$ 6,124
Less: Preferred share dividends and other ²	0	0	0	17
Net income available to common shareholders	\$ 2,615	\$ 2,334	\$ 8,357	\$ 6,107
Average common shares outstanding - Basic	586.5	585.6	586.3	585.5
Net effect of dilutive stock-based compensation	1.7	2.0	1.8	2.2
Total average equivalent common shares - Diluted	588.2	587.6	588.1	587.7
Basic: Earnings per common share	\$ 4.46	\$ 3.98	\$ 14.25	\$ 10.43
Diluted: Earnings per common share	\$ 4.45	\$ 3.97	\$ 14.21	\$ 10.39

¹ See Note 8 – Segment Information for further discussion.

² All of our outstanding Serial Preferred Shares, Series B, were redeemed in February 2024.

See notes to consolidated financial statements.

The Progressive Corporation and Subsidiaries
Consolidated Balance Sheets
(unaudited)

	September 30,		December 31,
(millions)	2025	2024	2024
Assets			
Available-for-sale securities, at fair value:			
Fixed maturities (amortized cost: \$88,247, \$74,595, and \$77,126)	\$ 88,509	\$ 74,411	\$ 75,332
Short-term investments (amortized cost: \$1,515, \$757, and \$615)	1,515	757	615
Total available-for-sale securities	90,024	75,168	75,947
Equity securities, at fair value:			
Nonredeemable preferred stocks (cost: \$454, \$760, and \$756)	438	735	728
Common equities (cost: \$808, \$733, and \$745)	4,047	3,497	3,575
Total equity securities	4,485	4,232	4,303
Total investments	94,509	79,400	80,250
Cash and cash equivalents	173	136	143
Restricted cash and cash equivalents	12	11	11
Total cash, cash equivalents, restricted cash, and restricted cash equivalents	185	147	154
Accrued investment income	691	560	594
Premiums receivable, net of allowance for credit losses of \$516, \$388, and \$460	16,519	15,135	14,369
Reinsurance recoverables	4,107	4,881	4,765
Prepaid reinsurance premiums	215	224	349
Deferred acquisition costs	2,164	2,032	1,961
Property and equipment, net of accumulated depreciation of \$1,398, \$1,590, and \$1,461	790	689	790
Net federal deferred income taxes	662	598	954
Other assets	1,693	1,537	1,559
Total assets	\$ 121,535	\$ 105,203	\$ 105,745
Liabilities and Shareholders' Equity			
Unearned premiums	\$ 26,822	\$ 24,772	\$ 23,858
Loss and loss adjustment expense reserves	42,105	38,062	39,057
Accounts payable, accrued expenses, and other liabilities	10,267	8,318	10,346
Debt ¹	6,896	6,892	6,893
Total liabilities	86,090	78,044	80,154
Common shares, \$1.00 par value (authorized 900; issued 798, including treasury shares of 212)	586	586	586
Paid-in capital	2,233	2,096	2,145
Retained earnings	32,437	24,632	24,283
Accumulated other comprehensive income (loss):			
Net unrealized gains (losses) on fixed-maturity securities	203	(140)	(1,408)
Net unrealized losses on forecasted transactions	(13)	(14)	(14)
Foreign currency translation adjustment	(1)	(1)	(1)
Total accumulated other comprehensive income (loss)	189	(155)	(1,423)
Total shareholders' equity	35,445	27,159	25,591
Total liabilities and shareholders' equity	\$ 121,535	\$ 105,203	\$ 105,745

¹ 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
(unaudited)

Periods Ended September 30,	Three Months		Nine Months	
	2025	2024	2025	2024
(millions — except per share amounts)				
Serial Preferred Shares, No Par Value				
Balance, beginning of period	\$ 0	\$ 0	\$ 0	\$ 494
Redemption of Serial Preferred Shares, Series B ¹	0	0	0	(494)
Balance, end of period	0	0	0	0
Common Shares, \$1.00 Par Value				
Balance, beginning of period	586	586	586	585
Treasury shares purchased	(1)	(1)	(1)	(1)
Net restricted equity awards issued/vested	1	1	1	2
Balance, end of period	586	586	586	586
Paid-In Capital				
Balance, beginning of period	2,192	2,060	2,145	2,013
Amortization of equity-based compensation	42	38	90	86
Treasury shares purchased	0	(1)	(1)	(2)
Net restricted equity awards issued/vested	(1)	(1)	(1)	(2)
Reinvested dividends on restricted stock units	0	0	0	1
Balance, end of period	2,233	2,096	2,233	2,096
Retained Earnings				
Balance, beginning of period	29,921	22,410	24,283	18,801
Net income	2,615	2,334	8,357	6,124
Treasury shares purchased	(39)	(84)	(105)	(131)
Cash dividends declared on common shares (\$0.10, \$0.10, \$0.30, and \$0.30 per share) ¹	(59)	(59)	(176)	(176)
Cash dividends declared on Serial Preferred Shares, Series B (\$0, \$0, \$0, and \$15.688377 per share) ¹	0	0	0	(8)
Reinvested dividends on restricted stock units	0	0	0	(1)
Other, net	(1)	31	78	23
Balance, end of period	32,437	24,632	32,437	24,632
Accumulated Other Comprehensive Income (Loss)				
Balance, beginning of period	(95)	(1,716)	(1,423)	(1,616)
Other comprehensive income (loss)	284	1,561	1,612	1,461
Balance, end of period	189	(155)	189	(155)
Total shareholders' equity	\$ 35,445	\$ 27,159	\$ 35,445	\$ 27,159

¹ See Note 9 – 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
(unaudited)

Nine Months Ended September 30,	2025	2024
(millions)		
Cash Flows From Operating Activities		
Net income	\$ 8,357	\$ 6,124
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	230	208
Net amortization (accretion) of fixed-income securities	(81)	(24)
Amortization of equity-based compensation	90	86
Net realized (gains) losses on securities	(470)	(317)
Net (gains) losses on disposition of property and equipment	2	(2)
Changes in:		
Premiums receivable	(2,150)	(3,177)
Reinsurance recoverables	658	213
Prepaid reinsurance premiums	134	26
Deferred acquisition costs	(203)	(345)
Income taxes	(138)	(367)
Unearned premiums	2,964	4,638
Loss and loss adjustment expense reserves	3,048	3,673
Accounts payable, accrued expenses, and other liabilities	2,079	1,601
Other, net	(142)	(226)
Net cash provided by operating activities	14,378	12,111
Cash Flows From Investing Activities		
Purchases:		
Fixed maturities	(34,912)	(35,836)
Equity securities	(143)	(110)
Sales:		
Fixed maturities	17,520	18,583
Equity securities	182	222
Maturities, paydowns, calls, and other:		
Fixed maturities	6,269	4,750
Equity securities	240	110
Net (purchases) sales of short-term investments	(825)	1,070
Net change in unsettled security transactions	398	514
Purchases of property and equipment	(227)	(175)
Sales of property and equipment	70	65
Net cash used in investing activities	(11,428)	(10,807)
Cash Flows From Financing Activities		
Dividends paid to common shareholders	(2,812)	(615)
Acquisition of treasury shares for equity award tax liabilities	(92)	(121)
Acquisition of treasury shares acquired in open market	(15)	(13)
Redemption of preferred shares	0	(500)
Dividends paid to preferred shareholders	0	(8)
Net cash used in financing activities	(2,919)	(1,257)
Increase in cash, cash equivalents, restricted cash, and restricted cash equivalents	31	47
Cash, cash equivalents, restricted cash, and restricted cash equivalents – January 1	154	100
Cash, cash equivalents, restricted cash, and restricted cash equivalents – September 30	\$ 185	\$ 147

See notes to consolidated financial statements.

1. BASIS OF REPORTING AND ACCOUNTING

The accompanying consolidated financial statements include the accounts of The Progressive Corporation and our wholly owned insurance subsidiaries and non-insurance subsidiaries and affiliates in which we have a controlling financial interest (Progressive).

The consolidated financial statements reflect all normal recurring adjustments that, in the opinion of management, were necessary for a fair statement of the results for the interim periods presented. The results of operations for the period ended September 30, 2025, are not necessarily indicative of the results expected for the full year. These consolidated financial statements and the notes thereto should be read in conjunction with Progressive's audited financial statements and accompanying notes included in Exhibit 13 to our Annual Report on Form 10-K for the year ended December 31, 2024 (2024 Annual Report to Shareholders).

Premiums Receivable

We perform analyses to evaluate our premiums receivable for expected credit losses. See our 2024 Annual Report to Shareholders for a discussion on our premiums receivable allowance for credit loss policy. The following table summarizes changes in our allowance for credit loss exposure on our premiums receivable:

(millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Allowance for credit losses, beginning of period	\$ 501	\$ 328	\$ 460	\$ 369
Increase in allowance ¹	211	167	540	402
Write-offs ²	(196)	(107)	(484)	(383)
Allowance for credit losses, end of period	\$ 516	\$ 388	\$ 516	\$ 388

¹ Represents the incremental increase in other underwriting expenses.

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

Property – Held for Sale

At September 30, 2025 and 2024, and December 31, 2024, we had held for sale properties of \$112 million, \$150 million, and \$129 million, respectively, which are included in other assets on our consolidated balance sheets.

New Accounting Standards

We did not adopt any new accounting standards during the three and nine months ended September 30, 2025.

In September 2025, the Financial Accounting Standards Board issued an Accounting Standards Update (ASU), which amends the existing accounting guidance for capitalization of internal-use software costs and provides more detailed guidelines around the criteria for capitalization. This ASU will be effective for fiscal years (including interim periods within those fiscal years) beginning after December 15, 2027 (2028 for calendar-year companies). This standard may be applied using a prospective, modified, or retrospective transition approach. We do not believe this ASU will have a material impact on our financial condition or results of operations.

2. INVESTMENTS

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

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

(\$ in millions)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Net Holding Period Gains (Losses)	Fair Value	% of Total Fair Value
<u>September 30, 2024</u>						
Available-for-sale securities:						
Fixed maturities:						
U.S. government obligations	\$ 44,231	\$ 772	\$ (574)	\$ 0	\$ 44,429	56.0 %
State and local government obligations	2,681	10	(90)	0	2,601	3.3
Foreign government obligations	17	0	(1)	0	16	0
Corporate and other debt securities	14,970	222	(156)	0	15,036	18.9
Residential mortgage-backed securities	1,404	24	(6)	2	1,424	1.8
Commercial mortgage-backed securities	4,664	4	(377)	0	4,291	5.4
Other asset-backed securities	6,628	40	(54)	0	6,614	8.3
Total fixed maturities	74,595	1,072	(1,258)	2	74,411	93.7
Short-term investments	757	0	0	0	757	1.0
Total available-for-sale securities	75,352	1,072	(1,258)	2	75,168	94.7
Equity securities:						
Nonredeemable preferred stocks	760	0	0	(25)	735	0.9
Common equities	733	0	0	2,764	3,497	4.4
Total equity securities	1,493	0	0	2,739	4,232	5.3
Total portfolio ¹	\$ 76,845	\$ 1,072	\$ (1,258)	\$ 2,741	\$ 79,400	100.0 %

(\$ in millions)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Net Holding Period Gains (Losses)	Fair Value	% of Total Fair Value
<u>December 31, 2024</u>						
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 %

¹ At September 30, 2025 and 2024 and December 31, 2024, we had \$523 million, \$469 million, and \$125 million, respectively, of net unsettled security transactions included in accounts payable, accrued expenses, and other liabilities on our consolidated balance sheets. The total fair value of the portfolio at September 30, 2025 and 2024 and December 31, 2024, included \$4.9 billion, \$4.1 billion, and \$6.2 billion, respectively, of securities held in a consolidated, non-insurance subsidiary of the holding company, net of unsettled security transactions. A portion of the investments held at December 31, 2024 were sold and proceeds were used to pay our common share dividends in January 2025; see *Note 9 – Dividends* for additional information.

At September 30, 2025, bonds and certificates of deposit in the principal amount of \$788 million were on deposit to meet state insurance regulatory requirements. We did not hold any securities of any one issuer, excluding U.S. government obligations, with an aggregate cost or fair value exceeding 10% of total shareholders' equity at September 30, 2025 or 2024, or December 31, 2024. At September 30, 2025, 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:

(millions)	September 30,		December 31, 2024
	2025	2024	
Fixed Maturities:			
Corporate and other debt securities	\$ 696	\$ 637	\$ 608
Residential mortgage-backed securities	642	369	479
Other asset-backed securities	0	3	1
Total hybrid securities	\$ 1,338	\$ 1,009	\$ 1,088

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

Fixed Maturities The composition of fixed maturities by maturity at September 30, 2025, was:

(millions)	Cost	Fair Value
Less than one year	\$ 8,676	\$ 8,668
One to five years	53,046	53,116
Five to ten years	26,249	26,446
Ten years or greater	276	279
Total	\$ 88,247	\$ 88,509

Asset-backed securities are classified in the maturity distribution table above 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:

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

(\$ in millions)	Total No. of Sec.	Total Fair Value	Gross Unrealized Losses	Less than 12 Months			12 Months or Greater		
				No. of Sec.	Fair Value	Gross Unrealized Losses	No. of Sec.	Fair Value	Gross Unrealized Losses
September 30, 2024									
U.S. government obligations	86	\$ 12,919	\$ (574)	3	\$ 2,069	\$ (3)	83	\$ 10,850	\$ (571)
State and local government obligations	302	1,779	(90)	44	208	0	258	1,571	(90)
Foreign government obligations	1	16	(1)	0	0	0	1	16	(1)
Corporate and other debt securities	224	5,251	(156)	14	426	(3)	210	4,825	(153)
Residential mortgage-backed securities	33	244	(6)	4	185	0	29	59	(6)
Commercial mortgage-backed securities	177	3,750	(377)	5	170	0	172	3,580	(377)
Other asset-backed securities	80	1,531	(54)	16	353	0	64	1,178	(54)
Total fixed maturities	903	\$ 25,490	\$ (1,258)	86	\$ 3,411	\$ (6)	817	\$ 22,079	\$ (1,252)

(\$ in millions)	Total No. of Sec.	Total Fair Value	Gross Unrealized Losses	Less than 12 Months			12 Months or Greater		
				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)

A review of the securities in an unrealized loss position indicated, at the end of each period presented, 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.

Allowance For Credit and Uncollectible Losses We are required to measure the amount of potential credit losses for all fixed-maturity securities in an unrealized loss position. We did not record any allowances for credit losses or any write-offs for credit losses deemed to be uncollectible during the first nine months of 2025 or 2024, and did not have a material credit loss allowance balance as of September 30, 2025 and 2024, or December 31, 2024. 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.

We initially reviewed securities in a loss position to determine whether we intended, or if it was more likely than not that we would be required, to sell any of the securities prior to the recovery of their respective cost bases (which could be maturity). If we were more likely than not, or intended, to sell prior to a potential recovery, we would write off the unrealized loss. No unrealized loss write offs were recorded during the nine months ended September 30, 2025 or 2024.

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 with a potential 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 applicable security's current amortized cost basis to determine if a credit loss existed. If the NPV was below the amortized cost basis, and deemed material for any specific security, or in the aggregate, a credit loss would be recognized and either a new allowance for credit losses would be recorded, or adjustments would be made to a previous allowance. All changes to new or existing allowances for credit losses are recorded to net realized gains (losses) on securities.

As of September 30, 2025 and 2024, and December 31, 2024, we believe that none of the unrealized losses on our fixed-maturity securities were related to material credit losses on any specific securities, or in the aggregate. We continue to expect all the securities in our fixed-maturity portfolio will pay their principal and interest obligations.

In addition, we reviewed our accrued investment income outstanding on those securities in an unrealized loss position at September 30, 2025 and 2024, and December 31, 2024, to determine if the accrued interest amounts were uncollectible. Based on our analysis, we believe the issuers have sufficient liquidity and capital reserves to meet their current interest, and future principal obligations and, therefore, did not write off any accrued income as uncollectible at September 30, 2025 and 2024, or December 31, 2024.

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

(millions)	Three Months		Nine Months	
	2025	2024	2025	2024
<u>Gross realized gains on security sales</u>				
Available-for-sale securities:				
U.S. government obligations	\$ 1	\$ 43	\$ 78	\$ 44
Corporate and other debt securities	6	2	9	6
Residential mortgage-backed securities	0	0	1	1
Total available-for-sale securities	7	45	88	51
Equity securities:				
Nonredeemable preferred stocks	1	0	3	0
Common equities	11	14	50	26
Total equity securities	12	14	53	26
Subtotal gross realized gains on security sales	19	59	141	77
<u>Gross realized losses on security sales</u>				
Available-for-sale securities:				
U.S. government obligations	0	(2)	(78)	(329)
State and local government obligations	0	(1)	(2)	(1)
Corporate and other debt securities	(4)	(5)	(7)	(43)
Commercial mortgage-backed securities	0	0	(10)	(15)
Total available-for-sale securities	(4)	(8)	(97)	(388)
Equity securities:				
Nonredeemable preferred stocks	(1)	(7)	(6)	(18)
Common equities	(2)	(12)	(6)	(12)
Total equity securities	(3)	(19)	(12)	(30)
Subtotal gross realized losses on security sales	(7)	(27)	(109)	(418)
<u>Net realized gains (losses) on security sales</u>				
Available-for-sale securities:				
U.S. government obligations	1	41	0	(285)
State and local government obligations	0	(1)	(2)	(1)
Corporate and other debt securities	2	(3)	2	(37)
Residential mortgage-backed securities	0	0	1	1
Commercial mortgage-backed securities	0	0	(10)	(15)
Total available-for-sale securities	3	37	(9)	(337)
Equity securities:				
Nonredeemable preferred stocks	0	(7)	(3)	(18)
Common equities	9	2	44	14
Total equity securities	9	(5)	41	(4)
Subtotal net realized gains (losses) on security sales	12	32	32	(341)
<u>Other assets</u>				
Gain	0	36	0	36
<u>Net holding period gains (losses)</u>				
Hybrid securities	3	20	17	31
Equity securities	280	200	421	591
Subtotal net holding period gains (losses)	283	220	438	622
Total net realized gains (losses) on securities	\$ 295	\$ 288	\$ 470	\$ 317

Realized gains (losses) on securities sold are computed using the first-in, first-out method. We had minimal sales activity during the third quarter of 2025. During the first nine months of 2025 and the third quarter and first nine months of 2024, the majority of our security sales were U.S. Treasury Notes that were sold for duration management. We also selectively sold securities that we viewed as having less attractive risk/reward profiles during the first nine months of 2025 and 2024.

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

(millions)	Three Months		Nine Months	
	2025	2024	2025	2024
Total net gains (losses) recognized during the period on equity securities	\$ 289	\$ 195	\$ 462	\$ 587
Less: Net gains (losses) recognized on equity securities sold during the period	9	(5)	41	(4)
Net holding period gains (losses) recognized during the period on equity securities held at period end	\$ 280	\$ 200	\$ 421	\$ 591

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

(millions)	Three Months		Nine Months	
	2025	2024	2025	2024
Available-for-sale securities:				
Fixed maturities:				
U.S. government obligations	\$ 470	\$ 396	\$ 1,314	\$ 1,064
State and local government obligations	24	16	64	42
Corporate and other debt securities	214	155	593	417
Residential mortgage-backed securities	38	14	95	27
Commercial mortgage-backed securities	63	49	175	142
Other asset-backed securities	78	83	246	243
Total fixed maturities	887	713	2,487	1,935
Short-term investments	20	9	66	45
Total available-for-sale securities	907	722	2,553	1,980
Equity securities:				
Nonredeemable preferred stocks	6	9	19	30
Common equities	11	8	37	32
Total equity securities	17	17	56	62
Investment income	924	739	2,609	2,042
Investment expenses	(10)	(7)	(26)	(20)
Net investment income	\$ 914	\$ 732	\$ 2,583	\$ 2,022

On a year-over-year basis, investment income (interest and dividends) increased 25% and 28% for the three and nine months ended September 30, 2025, respectively, compared to the same periods last year. The increases primarily reflect growth in invested assets and an increase in recurring investment book yield. The book yield increase primarily reflects 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 investments).
- **Level 2:** Inputs that are observable for the instrument either directly (other than quoted prices included within Level 1) 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 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					Cost
	Level 1	Level 2	Level 3	Total		
<u>September 30, 2025</u>						
Fixed maturities:						
U.S. government obligations	\$ 51,339	\$ 0	\$ 0	\$ 51,339	\$ 51,021	
State and local government obligations	0	3,275	0	3,275	3,320	
Foreign government obligations	0	16	0	16	16	
Corporate and other debt securities	0	18,812	5	18,817	18,621	
Residential mortgage-backed securities	0	3,000	0	3,000	2,979	
Commercial mortgage-backed securities	0	5,686	0	5,686	5,916	
Other asset-backed securities	0	6,376	0	6,376	6,374	
Total fixed maturities	51,339	37,165	5	88,509	88,247	
Short-term investments	1,414	101	0	1,515	1,515	
Total available-for-sale securities	52,753	37,266	5	90,024	89,762	
Equity securities:						
Nonredeemable preferred stocks	0	378	60	438	454	
Common equities:						
Common stocks	4,004	0	9	4,013	774	
Other risk investments	0	0	34	34	34	
Subtotal common equities	4,004	0	43	4,047	808	
Total equity securities	4,004	378	103	4,485	1,262	
Total portfolio	\$ 56,757	\$ 37,644	\$ 108	\$ 94,509	\$ 91,024	
Debt	\$ 0	\$ 6,398	\$ 0	\$ 6,398	\$ 6,896	

(millions)	Fair Value						Cost			
	Level 1		Level 2		Level 3	Total				
<u>September 30, 2024</u>										
Fixed maturities:										
U.S. government obligations	\$	44,429	\$	0	\$	0	\$	44,429	\$	44,231
State and local government obligations		0		2,601		0		2,601		2,681
Foreign government obligations		0		16		0		16		17
Corporate and other debt securities		0		15,033		3		15,036		14,970
Residential mortgage-backed securities		0		1,424		0		1,424		1,404
Commercial mortgage-backed securities		0		4,291		0		4,291		4,664
Other asset-backed securities		0		6,614		0		6,614		6,628
Total fixed maturities		44,429		29,979		3		74,411		74,595
Short-term investments		755		2		0		757		757
Total available-for-sale securities		45,184		29,981		3		75,168		75,352
Equity securities:										
Nonredeemable preferred stocks		0		683		52		735		760
Common equities:										
Common stocks		3,452		0		22		3,474		710
Other risk investments		0		0		23		23		23
Subtotal common equities		3,452		0		45		3,497		733
Total equity securities		3,452		683		97		4,232		1,493
Total portfolio	\$	48,636	\$	30,664	\$	100	\$	79,400	\$	76,845
Debt	\$	0	\$	6,498	\$	0	\$	6,498	\$	6,892

(millions)	Fair Value						Cost			
	Level 1		Level 2		Level 3	Total				
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

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

At September 30, 2025 and 2024 and December 31, 2024, vendor-quoted prices represented 93% of our Level 1 classifications (excluding short-term investments valued at original cost). 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 September 30, 2025 and 2024, vendor-quoted prices comprised 99% of our Level 2 classifications (excluding short-term investments valued at original cost), with the

balance from dealer quotes, compared to 100% at December 31, 2024. 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 and credit quality to determine if the fair value is appropriate.

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

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

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

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

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

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

To the extent we receive prices from external sources (e.g., broker and valuation firm) for the Level 3 securities, we review those prices for reasonableness using internally developed assumptions and then compare our derived prices to the prices received from the external sources. Based on our review during the first nine months of 2025 and for the full year of 2024, 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 include them in our Level 3 disclosures and report the activity from these investments as “other” changes in the summary of changes in fair value table and categorize these securities as “pricing exemption securities” in the quantitative information table.

During the first nine months of 2025 and for the full year of 2024, there were no material assets or liabilities measured at fair value on a nonrecurring basis.

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

The following tables provide a summary of changes in fair value associated with Level 3 assets for the three and nine months ended September 30, 2025 and 2024:

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

(millions)	Fair Value at June 30, 2024	Calls/ Maturities/ Paydowns/ Other	Purchases	Sales	Net Realized (Gain)/Loss on Sales	Change in Valuation ¹	Net Transfers In (Out)	Fair Value at September 30, 2024
Fixed maturities:								
Corporate and other debt securities	\$ 3	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3
Equity securities:								
Nonredeemable preferred stocks	52	0	0	0	0	0	0	52
Common equities:								
Common stocks	22	0	0	0	0	0	0	22
Other risk investments	24	(1)	0	0	0	0	0	23
Total Level 3 securities	\$ 101	\$ (1)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 100

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

(millions)	Fair Value at December 31, 2023	Calls/ Maturities/ Paydowns/ Other	Purchases	Sales	Net Realized (Gain)/Loss on Sales	Change in Valuation ¹	Net Transfers In (Out)	Fair Value at September 30, 2024
Fixed maturities:								
Corporate and other debt securities	\$ 3	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3
Equity securities:								
Nonredeemable preferred stocks	64	0	0	0	0	(12)	0	52
Common equities:								
Common stocks	22	0	0	0	0	0	0	22
Other risk investments	21	2	0	0	0	0	0	23
Total Level 3 securities	\$ 110	\$ 2	\$ 0	\$ 0	\$ 0	\$ (12)	\$ 0	\$ 100

¹ For fixed maturities, these amounts are included in accumulated other comprehensive income (loss) on our consolidated balance sheets. For equity securities, these amounts are included in our consolidated statements of comprehensive income.

The following tables provide a summary of the quantitative information about Level 3 fair value measurements for our applicable securities at September 30, 2025 and 2024, and December 31, 2024:

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

(\$ in millions)	Fair Value at September 30, 2024	Valuation Technique	Unobservable Input	Range of Input Values Increase (Decrease)	Weighted Average Increase (Decrease)
Fixed maturities:					
Corporate and other debt securities	\$ 3	Market comparables	Weighted average market capitalization price change %	(3.1)% to 10.9%	2.6 %
Equity securities:					
Nonredeemable preferred stocks	52	Market comparables	Weighted average market capitalization price change %	4.0% to 25.0%	18.1 %
Common stocks	22	Market comparables	Weighted average market capitalization price change %	(19.1)% to 69.6%	19.0 %
Subtotal Level 3 securities	77				
Pricing exemption securities	23				
Total Level 3 securities	\$ 100				

(\$ in millions)	Fair Value at December 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				

4. DEBT

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

(\$ in millions)					September 30, 2025		September 30, 2024		December 31, 2024	
Principal Amount	Interest Rate	Issuance Date	Maturity Date		Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
\$ 500	2.45 %	August 2016	2027	\$	499	\$ 491	\$ 499	\$ 483	\$ 499	\$ 479
500	2.50	March 2022	2027		499	490	498	482	499	479
300	6 5/8	March 1999	2029		298	323	298	330	298	320
550	4.00	October 2018	2029		548	550	547	549	547	534
500	3.20	March 2020	2030		498	481	498	476	498	462
500	3.00	March 2022	2032		497	461	497	458	497	439
400	6.25	November 2002	2032		397	445	397	450	397	430
500	4.95	May 2023	2033		497	514	497	519	497	495
350	4.35	April 2014	2044		347	308	347	319	347	298
400	3.70	January 2015	2045		396	320	396	331	396	308
850	4.125	April 2017	2047		843	716	842	750	842	684
600	4.20	March 2018	2048		591	510	591	532	591	490
500	3.95	March 2020	2050		492	404	491	420	491	386
500	3.70	March 2022	2052		494	385	494	399	494	369
Total					\$ 6,896	\$ 6,398	\$ 6,892	\$ 6,498	\$ 6,893	\$ 6,173

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

During the second quarter 2025, The Progressive Corporation renewed its line of credit with PNC Bank, National Association (PNC), in the maximum principal amount of \$300 million, which expires April 2026 and has the same terms as the previous line of credit with PNC. See the 2024 Annual Report to Shareholders for a discussion of the terms of this line of credit. We had no borrowings under the line of credit that was available during the periods presented.

5. INCOME TAXES

The effective tax rate for the three and nine months ended September 30, 2025, was 21.3% and 20.7%, respectively, compared to 20.8% and 20.9% for the same periods last year.

Deferred income taxes reflect the tax effects of temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities. Although realization of the deferred tax assets is not assured, management believes that it is more likely than not that the deferred tax assets will be realized based on our expectation that we will be able to fully utilize the deductions that are ultimately recognized for tax purposes and, therefore, no valuation allowance was needed at September 30, 2025 and 2024, and December 31, 2024.

We had net current income taxes payable of \$24 million and \$26 million at September 30, 2025 and December 31, 2024, respectively, which were reported in accounts payable, accrued expenses, and other liabilities on our consolidated balance sheets, compared to net current income taxes recoverable of \$5 million at September 30, 2024, which was reported in other assets. The balance may fluctuate from period to period due to normal timing differences.

At September 30, 2025 and 2024, and December 31, 2024, we have not recorded any unrecognized tax benefits or related interest and penalties.

6. LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES

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

(millions)	September 30,	
	2025	2024
Balance at January 1	\$ 39,057	\$ 34,389
Less reinsurance recoverables on unpaid losses	4,487	4,789
Net balance at January 1	34,570	29,600
Incurred related to:		
Current year	40,922	36,276
Prior years	(1,068)	(199)
Total incurred	39,854	36,077
Paid related to:		
Current year	21,904	19,669
Prior years	14,228	12,492
Total paid	36,132	32,161
Net balance at September 30	38,292	33,516
Plus reinsurance recoverables on unpaid losses	3,813	4,546
Balance at September 30	\$ 42,105	\$ 38,062

We experienced favorable reserve development of \$1,068 million and \$199 million during the first nine months of 2025 and 2024, respectively, which is reflected as “incurred related to prior years” in the table above.

Year-to-date September 30, 2025

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

Year-to-date September 30, 2024

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

7. SUPPLEMENTAL CASH FLOW INFORMATION

Cash and cash equivalents include bank demand deposits and daily overnight reverse repurchase commitments of funds held in bank demand deposit accounts by certain subsidiaries. The amount of overnight reverse repurchase commitments, which are not considered part of the investment portfolio, held by these subsidiaries at September 30, 2025 and 2024, and December 31, 2024, were \$58 million, \$89 million, and \$127 million, respectively. Restricted cash and restricted cash equivalents include collateral held against unpaid deductibles and cash that is restricted to pay flood claims under the National Flood Insurance Program’s “Write Your Own” program, for which certain subsidiaries are participants.

8. SEGMENT INFORMATION

Our Personal Lines segment writes insurance for personal autos, special lines products (e.g., recreational vehicles, such as motorcycles, RVs, and watercraft), personal residential property insurance for homeowners and renters, umbrella insurance, and flood insurance through the “Write Your Own” program for the National Flood Insurance Program. Property information for the three and nine months ended September 30, 2024, was recast to conform to the current year presentation; see *Note 10 – Segment Information* in our 2024 Annual Report to Shareholders for further discussion.

Our Commercial Lines segment writes auto-related liability and physical damage insurance, business-related

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

	Nine Months Ended September 30,	
(millions)	2025	2024
Common share dividends ¹	\$ 59	\$ 59
Operating lease liabilities ²	83	74

¹ Declared but unpaid. See *Note 9 – Dividends* for further discussion.

² From obtaining right-of-use assets.

In the respective periods, we paid the following:

	Nine Months Ended September 30,	
(millions)	2025	2024
Income taxes	\$ 2,313	\$ 1,985
Interest	226	226
Operating lease liabilities	68	63

general liability and commercial property insurance predominately for small businesses, and workers’ compensation insurance primarily for the transportation industry.

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

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

Following are the operating results for the respective periods:

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

(millions)	Personal Lines		Commercial Lines		Other ¹	Companywide		
Three Months Ended September 30, 2024								
Net premiums earned	\$	15,570	\$	2,727	\$	0	\$	18,297
Fees and other revenues		235		43		0		278
Total underwriting revenue		15,805		2,770		0		18,575
Losses and loss adjustment expenses:								
Losses (excluding catastrophe losses)		8,514		1,607		(1)		10,120
Catastrophe losses		698		34		0		732
Loss adjustment expenses		1,382		276		0		1,658
Total losses and loss adjustment expenses		10,594		1,917		(1)		12,510
Underwriting expenses:								
Distribution expenses ²		2,267		297		0		2,564
Other underwriting expenses ³		1,245		248		3		1,496
Total underwriting expenses		3,512		545		3		4,060
Pretax underwriting profit (loss)	\$	1,699	\$	308	\$	(2)		2,005
Investment profit (loss) ⁴								1,020
Service businesses profit (loss)								(9)
Interest expense								(70)
Total pretax profit (loss)							\$	2,946

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

(millions)	Personal Lines		Commercial Lines		Other ¹	Companywide
<u>Nine Months Ended September 30, 2024</u>						
Net premiums earned	\$	43,706	\$	7,949	\$ 0	\$ 51,655
Fees and other revenues		647		127	0	774
Total underwriting revenue		44,353		8,076	0	52,429
Losses and loss adjustment expenses:						
Losses (excluding catastrophe losses)		24,225		4,781	(4)	29,002
Catastrophe losses		2,279		69	0	2,348
Loss adjustment expenses		3,903		824	0	4,727
Total losses and loss adjustment expenses		30,407		5,674	(4)	36,077
Underwriting expenses:						
Distribution expenses ²		5,655		855	0	6,510
Other underwriting expenses ³		3,468		726	7	4,201
Total underwriting expenses		9,123		1,581	7	10,711
Pretax underwriting profit (loss)	\$	4,823	\$	821	\$ (3)	5,641
Investment profit (loss) ⁴						2,339
Service businesses profit (loss)						(25)
Interest expense						(209)
Total pretax profit (loss)						\$ 7,746

¹ Includes other underwriting business and run-off operations.

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

³ Primarily consists of employee compensation and benefit costs, policyholder credits, and the increase in the allowance for credit loss exposure on our premiums receivable.

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

In the tables above, the results for the Personal Lines segment for both the three and nine months ended September 30, 2025, included \$950 million of policyholder credit expense, included within other underwriting expenses. During the third quarter 2025, we determined it was probable that our personal auto profit in Florida for the 2023 to 2025 period will exceed the statutory profit limit that a Florida statute imposes on the profit that any insurance group can earn on personal auto insurance over any three-calendar-year period. In such event, we would need to credit any profit, above the limit, to all Florida personal auto policyholders active at December 31, 2025. Further, the accrual represents our current estimate of the profit we will earn on the three-calendar-year period ending December 31, 2025, in excess of the permitted profit limit. The expense is reported in policyholder credit expense on the consolidated statements of comprehensive income and the accrual is included in accounts payable, accrued expenses, and other liabilities on our consolidated balance sheets.

Our management uses underwriting margin and combined ratio as primary measures of underwriting profitability. The underwriting margin is the pretax underwriting profit (loss) expressed as a percentage of net premiums earned. Pretax underwriting profit (loss) is calculated as net premiums earned plus fees and other revenues, less: (i) losses and loss adjustment expenses; (ii) policy acquisition costs; (iii) other underwriting expenses; and (iv) policyholder credit expense. 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 respective periods:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2025		2024		2025		2024	
	Under-writing Margin	Combined Ratio	Under-writing Margin	Combined Ratio	Under-writing Margin	Combined Ratio	Under-writing Margin	Combined Ratio
Personal Lines	10.5 %	89.5	10.9 %	89.1	12.9 %	87.1	11.0 %	89.0
Commercial Lines	10.8	89.2	11.3	88.7	12.2	87.8	10.3	89.7
Total underwriting operations	10.5	89.5	11.0	89.0	12.7	87.3	10.9	89.1

9. DIVIDENDS

Following is a summary of our common and preferred share dividends that were declared and/or paid during the nine months ended September 30, 2025 and 2024:

(millions — except per share amounts)		Amount	
Declared	Payable	Per Share	Accrued/Paid ¹
<u>Common – Annual-Variable Dividends:</u>			
December 2024	January 2025	\$ 4.50	\$ 2,637
December 2023	January 2024	0.75	439
<u>Common – Quarterly Dividends:</u>			
August 2025	October 2025	0.10	59
May 2025	July 2025	0.10	58
March 2025	April 2025	0.10	59
December 2024	January 2025	0.10	58
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
<u>Preferred Dividends:</u>			
January 2024 ²	February 2024	15.688377	8

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

² In February 2024, we redeemed all of our outstanding Serial Preferred Shares, Series B.

10. OTHER COMPREHENSIVE INCOME (LOSS)

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

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

(millions)	Pretax total accumulated other comprehensive income (loss)	Total tax (provision) benefit	After tax total accumulated other comprehensive income (loss)	Components of Changes in Accumulated Other Comprehensive Income (after tax)		
				Total net unrealized gains (losses) on securities	Net unrealized losses on forecasted transactions	Foreign currency translation adjustment
Balance at June 30, 2024	\$ (2,180)	\$ 464	\$ (1,716)	\$ (1,701)	\$ (14)	\$ (1)
Other comprehensive income (loss) before reclassifications:						
Investment securities	2,013	(423)	1,590	1,590	0	0
Total other comprehensive income (loss) before reclassifications	2,013	(423)	1,590	1,590	0	0
Less: Reclassification adjustment for amounts realized in net income by income statement line item:						
Net realized gains (losses) on securities	36	(7)	29	29	0	0
Total reclassification adjustment for amounts realized in net income	36	(7)	29	29	0	0
Total other comprehensive income (loss)	1,977	(416)	1,561	1,561	0	0
Balance at September 30, 2024	\$ (203)	\$ 48	\$ (155)	\$ (140)	\$ (14)	\$ (1)

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

(millions)	Components of Changes in Accumulated Other Comprehensive Income (after tax)					
	Pretax total accumulated other comprehensive income (loss)	Total tax (provision) benefit	After tax total accumulated other comprehensive income (loss)	Total net unrealized gains (losses) on securities	Net unrealized 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	1,514	(318)	1,196	1,196	0	0
Total other comprehensive income (loss) before reclassifications	1,514	(318)	1,196	1,196	0	0
Less: Reclassification adjustment for amounts realized in net income by income statement line item:						
Net realized gains (losses) on securities	(336)	71	(265)	(265)	0	0
Total reclassification adjustment for amounts realized in net income	(336)	71	(265)	(265)	0	0
Total other comprehensive income (loss)	1,850	(389)	1,461	1,461	0	0
Balance at September 30, 2024	\$ (203)	\$ 48	\$ (155)	\$ (140)	\$ (14)	\$ (1)

In an effort to manage interest rate risk, we entered into forecasted transactions on certain of Progressive's debt issuances. During the next 12 months, we expect to reclassify \$1 million (pretax) into interest expense, related to net unrealized losses on forecasted transactions (see *Note 4 – Debt* in our 2024 Annual Report to Shareholders for further discussion).

11. LITIGATION

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

In addition, The Progressive Corporation and/or its insurance subsidiaries are named as defendants in a number of class action or individual lawsuits that challenge certain of the operations of the subsidiaries. The nature and volume of litigation pending against The Progressive Corporation and/or its insurance subsidiaries is similar to that which was disclosed in *Note 12 – Litigation* in our 2024 Annual Report to Shareholders.

As of September 30, 2025, lawsuits have been certified or conditionally certified as class/collective actions in cases alleging that: we improperly value total loss claims by applying a negotiation adjustment in Alabama, Arkansas, Colorado, North Carolina, Ohio, and South Carolina; we improperly calculate basic economic loss as it relates to wage loss coverage in New York; and we improperly reduce or deny personal injury protection benefits when medical expenses are paid initially by health insurance in Arkansas. Other insurance companies face many of these same issues. We plan to contest the pending lawsuits vigorously, but may pursue settlement negotiations in some cases, as we deem appropriate.

Lawsuits arising from insurance policies and operations, including, but not limited to, allegations involving claims adjustment and vehicle valuation, may be filed contemporaneously in multiple states. As of September 30, 2025, we are named as defendants in class action lawsuits pending in multiple states alleging that we improperly value total loss vehicle physical damage claims through the

application of a negotiation adjustment in calculating such valuations, which includes six states in which classes have been certified, as noted above, and lawsuits styled as putative class actions pending in additional states. These lawsuits, which were filed at different times by different plaintiffs, feature certain similar claims and also include different allegations and are subject to various state laws. While we believe we have meritorious defenses and we are vigorously contesting these lawsuits, an unfavorable result in, or a settlement of, a significant number of these lawsuits could, in aggregation, have a material adverse effect on our financial condition, cash flows, and/or results of operations. Based on information available to us, we determined that losses from these lawsuits are reasonably possible but neither probable nor reasonably estimable, other than for suits for which accruals have been established and are not material, as of September 30, 2025.

With respect to our pending lawsuits that are not related to claims under insurance policies, the accruals that we have established were not material at September 30, 2025 and 2024, or December 31, 2024, and there were no material settlements during 2024 or the first nine months of 2025. For most of these lawsuits, we do not consider any losses to be both probable and estimable, and we are unable to estimate a meaningful range of loss, if any, at this time, due to the factors discussed in *Note 12 – Litigation* in our 2024 Annual Report to Shareholders. In the event that any one or more of these lawsuits results in a substantial judgment against us, or settlement by us, or if our accruals (if any) prove to be inadequate, the resulting liability could have a material adverse effect on our consolidated financial condition, cash flows, and/or results of operations. For a further discussion on our pending litigation and related reserving policies, see *Note 1 – Reporting and Accounting Policies* and *Note 12 – Litigation* in our 2024 Annual Report to Shareholders.

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

I. OVERVIEW

The Progressive Corporation's insurance subsidiaries recognized strong year-over-year growth in both premiums and policies in force during the third quarter 2025, compared to the same period last year, while maintaining an underwriting profit better than our 4% companywide calendar-year underwriting profit goal.

During the third quarter 2025, we wrote \$21.4 billion of companywide net premiums written, which was \$1.9 billion, or 10%, more than we generated during the same period last year, with a 14% increase in net premiums earned. Policies in force increased 12%, or by 4.2 million policies, compared to September 30, 2024; with policies in force increasing by 0.8 million in the third quarter 2025. While experiencing this strong growth during the third quarter 2025, we also maintained strong profitability, with an underwriting profit margin of 10.5%.

Our Personal Lines segment experienced year-over-year growth for the third quarter 2025, with net premiums written increasing 12% and policies in force up 13%, over the significant growth of 28% in net premiums written and 15% in policies in force we experienced in the third quarter last year. This growth was primarily driven by our personal auto products and reflects renewal application growth, driven by new applications gained over the last year renewing during the quarter.

In Commercial Lines, we experienced a decrease in net premiums written of 6% for the third quarter 2025, compared to the same period last year, despite experiencing policies in force growth of 6%. The decline in net premiums written was primarily driven by a decrease in transportation network company (TNC) premiums, due to decreases in projected mileage, which is the basis for computing premiums, during the third quarter 2025, compared to increases in projected mileage during the third quarter 2024. To a lesser extent, the net premiums written decline was due to a shift to a greater mix of policies with 6-month terms in our contractor and business auto business market targets (BMT), which have about half the amount of net premiums written as 12-month policies, and to a mix shift to lower average written premium BMTs in our core commercial auto business (which excludes our TNC business, our Progressive Fleet & Specialty Programs (Fleet & Specialty) products, and our business owners' policy (BOP) product). On a year-to-date basis for the period ended September 30, 2025, net premiums written in our TNC business were flat compared to the same period last year. Excluding TNC, Commercial Lines net premiums written would have decreased 2% for the third quarter 2025, compared to the same period last year.

During the third quarter 2025, on a countrywide basis, we increased personal auto rates less than 1% and increased our personal property rates about 2%, in the aggregate. In our core commercial auto business, we increased rates about 2% in the aggregate during the third quarter 2025.

While we currently continue to believe we are adequately priced in our personal auto products in most states, starting in the first quarter 2025, the U.S. government announced additional tariffs on goods imported into the U.S. from numerous countries, which have, in response, resulted in additional tariffs against the U.S. We regularly model the potential impact tariffs could have on vehicle loss costs, the supply chain, the availability of parts, and general inflation, among other factors, although the dynamic international trade environment currently prevents us from accurately predicting how tariffs will ultimately impact our business over time. While our focus has been on trying to maintain stable rates for customers, effective tariffs and other retaliatory actions will likely result in higher loss costs, which could result in a reduction in profitability and the possible need for higher than currently anticipated rate increases throughout 2025 and 2026. While we expect to continue increasing rates in our personal property and core commercial auto products through the remainder of 2025, we will continue to monitor the impact from tariffs and other potential changes in the regulatory environment as we evaluate the possible need for additional rate increases.

For the third quarter 2025, the \$281 million year-over-year increase in net income primarily reflected an almost even increase in both underwriting income and total net investment income, while total comprehensive income decreased \$996 million, primarily related to lower net unrealized gains on our fixed-maturity securities in the third quarter 2025. Included in underwriting income for the third quarter 2025 was a \$950 million policyholder credit expense related to excess profits earned in Florida.

Since Florida insurance reform was enacted in early 2023, we have seen lower loss costs on certain types of personal auto accident claims and favorable reserve development, and we have experienced strong profitability in our Florida personal auto business. Despite actions to lower rates in the last year, it is probable that our personal auto profit in Florida for the 2023 to 2025 period will exceed the statutory profit limit that a Florida statute imposes on the profit that any insurance group can earn on personal auto insurance over any three-calendar-year period. In such event, we would need to credit any profit above the limit to all Florida personal auto policyholders active at December 31, 2025. As a result, in September 2025, we recorded a \$950 million policyholder credit expense, which represents our current estimate of the profit we will earn on the three-calendar-year period ending December 31, 2025, in excess

of the permitted profit limit. This liability will continue to be refined through the fourth quarter 2025. See *Financial Condition* for further information.

At September 30, 2025, total capital (debt plus shareholders' equity) was \$42.3 billion, which was an increase of \$9.9 billion from year-end 2024, primarily driven by the \$10.0 billion of comprehensive income earned in the first nine months of 2025.

A. Insurance Operations

Our companywide underwriting profit margin was 10.5% during the third quarter 2025, compared to 11.0% during the third quarter 2024. For the third quarter 2025, our loss and loss adjustment expense (LAE) ratio decreased 3.7 points, and our underwriting expense ratio increased 4.2 points, compared to the same period last year. The decrease in the loss and LAE ratio was primarily driven by a decrease in catastrophe losses and by favorable prior accident years reserve development in both Personal Lines and Commercial Lines. The increase in the underwriting expense ratio was primarily driven by the Florida personal auto excess profit policyholder credit, previously discussed, adding 4.6 points to the companywide ratio. Our Personal Lines and Commercial Lines operating segments both generated strong profitability for the third quarter 2025, with margins of 10.5% and 10.8%, respectively. Excluding the Florida personal auto excess profit policyholder credit, the Personal Lines underwriting margin would have been 15.8%.

We closely manage our expenses, monitoring both acquisition expenses and non-acquisition expenses, which we view as an important measure of operational efficiency as we seek to deliver our most competitive rates to consumers. We will continue to advertise to maximize growth as long as the advertising spend is efficient and we remain on track to achieve our calendar-year profitability goal. During the third quarter 2025, our advertising spend was \$1.3 billion, which was 10% greater than the third quarter last year, although, due to the growth in net premiums earned, advertising spend contributed 0.2 less points to the underwriting expense ratio in the third quarter 2025, compared to the same period last year.

Our Personal Lines segment is comprised of our personal vehicle and property products. Personal Lines vehicles include both personal auto and special lines products, with the latter typically having higher losses during the warmer weather months, due to the seasonal nature of these products (e.g., recreational vehicles, such as motorcycles, RVs, and watercraft). Our Personal Lines underwriting margin for the third quarter 2025 was 10.5%, with personal vehicle and property products reporting 9.3% and 36.5%, respectively, with Florida excess profit credits reducing the personal vehicles margin by 5.5%. Profitability in our special lines products had minimal impact to our personal vehicle combined ratio during the third quarter 2025. The substantially high underwriting profit margin in our personal property products was primarily driven by

favorable development on prior accident year losses and the low level of incurred catastrophe losses during the period.

Our Commercial Lines segment includes our core commercial auto products, TNC business, Fleet & Specialty products, and BOP product. Our total Commercial Lines underwriting profitability for the third quarter 2025 was 10.8%.

For the third quarter 2025, Personal Lines generated strong net premiums written growth of 12%, with the agency and direct personal vehicle businesses and property business growing 9%, 15%, and 5%, respectively, compared to the same period last year. Commercial Lines net premiums written decreased 6% year over year.

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

Relative to the significant growth we experienced in our personal vehicle products during the third quarter 2024, we experienced a small decrease in total Personal Lines new business applications during the third quarter 2025. Total Personal Lines renewal business applications increased substantially, primarily driven by the significant new business application growth experienced in our personal vehicle products in prior periods. New and renewal personal auto applications decreased 2% and increased 20%, respectively, for the third quarter 2025, compared to the same period in the prior year.

In our personal property business, the strong growth in new applications in our renters policies was offset by declines in our homeowners product, which we define as our total personal property business excluding renters and umbrella products. For the third quarter 2025, the new business applications in our homeowners product decreased just over 35%, compared to the same period last year, with a significant decrease in both the less volatile and more volatile (e.g., coastal and hail-prone states) weather-related states.

During the third quarter 2025, in our personal property business, we continued to focus on improving profitability and reducing exposure in more volatile weather-related markets, and, where permitted, on slowing growth and non-renewing policies. We prioritized insuring lower-risk properties (e.g., new construction, existing homes with newer roofs), accepting new business for our homeowners product only when bundled with a Progressive personal auto policy, where permitted, and continued to exit the non-owner-occupied home market. In addition, we maintained our cost sharing through mandatory wind and hail deductibles and roof depreciation schedules in most markets. We believe these actions adversely impacted new business application growth. We plan to continue certain actions during the remainder of 2025. During the third quarter 2025, we began to take actions in several markets

to generate new business growth at the state level based on our concentration risks, product segmentation, rate adequacy, cost sharing execution, and regulatory and market conditions. Some of these actions include expanding agency relationships, lifting certain agency restrictions put in place in 2024, and reopening new business in our direct channel.

The total Commercial Lines net premiums written decreased 6% for the third quarter 2025, compared to the same period in the prior year, primarily driven by our TNC business, reflecting decreases in projected mileage, which is the basis for computing premiums, during the third quarter 2025, compared to increases in projected mileage during the third quarter 2024. In addition, our contractor and business auto BMTs experienced a shift to a greater mix of policies with 6-month terms, compared to the third quarter 2024. As 12-month policies have about twice the amount of net premiums written compared to 6-month policies, the shift negatively impacted average premiums. A mix shift to lower average written premium BMTs also contributed to the decline. Excluding the TNC business, total Commercial Lines net premiums written was down 2% for the third quarter 2025, on a year-over-year basis.

New and renewal business applications in our core commercial auto products decreased 1% and increased 6%, respectively, for the third quarter 2025, compared to the same period last year. The new business application decline was predominately driven by the for-hire transportation BMT, primarily attributable to rate and non-rate actions taken to address profitability challenges and, to a lesser extent, the continued decline in the number of active motor carriers in this BMT. Excluding the impact of this BMT, our core commercial auto new application growth would have been 3% for the third quarter 2025.

For the third quarter 2025, on a year-over-year basis, average written premium per policy decreased 1%, 5%, and 7% in the personal auto, personal property, and core commercial auto products, respectively. In aggregate, we took minimal personal auto rate increases during the third quarter 2025. The decrease in personal property average written premium per policy was due to a shift in the mix of business to more renters policies, which have lower average written premiums, and our continued focus on slowing growth in more volatile weather-related markets, which generally have higher risk and, therefore, higher average premiums per policy. These mix shifts in our personal property business were partially offset by aggregate rate increases of 11% taken over the last 12 months and higher premium coverages reflecting increased property values.

The decrease in average written premium per policy in our core commercial auto products was due to a shift in the mix of business, primarily driven by decreased demand in our for-hire transportation BMT, as well as a shift in policy term towards more 6-month policies in our contractor and business auto BMTs. This decrease was partially offset by

rate increases of about 6%, in the aggregate, over the trailing 12 months. Given that our personal property and commercial auto policies are predominately written for 12-month terms, rate actions take longer to earn into premium for these products.

We will continue to monitor the factors that could impact our loss costs for both segments, which may include tariffs, as previously discussed, new and used car prices, miles driven, driving patterns, loss severity, weather events, building materials, construction costs, inflation, and other factors, on a state-by-state basis.

We believe a key element in improving the accuracy of our personal auto rating is Snapshot®, our usage-based insurance offering. For the third quarter 2025, the personal auto adoption rates for consumers enrolling in the program decreased 1% in agency and increased 6% in direct, compared to the same period last year. Snapshot is available in all states, other than California, and our latest segmentation model was available in states that represented 78% of our countrywide personal auto net premiums written (excluding California) on a trailing 12-month basis at quarter end. We continue to invest in our mobile application, with the majority of new enrollments choosing mobile devices for Snapshot monitoring.

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 personal property 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 newly written 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.

In personal auto, 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, we believe 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 6% year over year for the third quarter 2025. On a trailing 3-month basis, our personal auto policy life expectancy was down 7% for the third quarter 2025, compared to the same period last year, which we believe is primarily due to increased shopping and competition in the marketplace, and due to a shift in our mix of business. Due, in part, to the efforts of our customer preservation team, during the period we saw an increase in existing customers who went through our new customer quote process to either modify existing coverage or to find a lower rate. As a result, some of these customers replaced their existing policies with new Progressive policies, which

negatively impacted policy life expectancy but retained the customer.

Our trailing 12-month policy life expectancy was down 15% for our personal property products year over year for the third quarter 2025. We believe our personal property retention decreased primarily as a result of a mix shift to more renters policies.

For our core commercial auto products, our trailing 12-month policy life expectancy increased 11%, compared to the prior year, which we believe is due to the moderation of our rate increases, compared to competitor rate increases, our improving competitiveness in the marketplace, and various initiatives to help with improving policy life expectancy such as payment and renewal reminders. The increase in the core commercial auto policy life expectancy was across all BMTs, except in for-hire specialty.

B. Investments

The fair value of our investment portfolio was \$94.5 billion at September 30, 2025, compared to \$80.3 billion at December 31, 2024. The increase from year-end 2024 reflected positive cash flows from insurance operations and investment returns, partially offset by the payment of our annual variable common share dividend.

Our asset allocation strategy is to maintain 0%-25% of our portfolio in Group I securities, with the balance (75%-100%) of our portfolio in Group II securities (the securities allocated to Group I and II are defined below under *Results of Operations – Investments*). At September 30, 2025 and December 31, 2024, 5% and 6%, respectively, of our portfolio was allocated to Group I securities with the remainder to Group II securities.

II. FINANCIAL CONDITION

A. Liquidity and Capital Resources

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

Operations generated positive cash flows of \$14.4 billion and \$12.1 billion for the nine months ended September 30, 2025 and 2024, respectively. The increase in operating cash flow for the first nine months of 2025, compared to the same period last year, was primarily driven by the growth in profit from our underwriting operations. We believe cash flows will remain positive in the 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

Our recurring investment income generated a pretax book yield of 4.2% for the third quarter 2025, compared to 4.0% for the same period in 2024. The increase from the 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 1.7% and 4.0% for the third quarter 2025 and 2024, respectively. Our fixed-income and common stock portfolios had FTE total returns of 1.5% and 8.1%, respectively, for the third quarter 2025, compared to 3.9% and 5.8%, respectively, last year. The decrease in the fixed-income portfolio FTE total return primarily reflected movements in U.S. Treasury yields year-over-year. The increase in the common stock portfolio FTE total return reflected general market conditions.

At September 30, 2025 and 2024, and December 31, 2024, the fixed-income portfolio had a weighted average credit quality of AA-. At September 30, 2025, the fixed-income portfolio duration was 3.4 years, compared to 3.3 years at September 30, 2024 and December 31, 2024. During 2025, we increased our duration to take advantage of higher yields in the market.

At September 30, 2025, we continued to maintain a relatively conservative investment portfolio with a greater allocation to cash and treasuries. We believe that this portfolio allocation positions us well to benefit from the continuing dynamic market environment. We believe the investment portfolio is in a very strong position as we move into the fourth quarter of 2025.

industry, or other unforeseen events, may necessitate otherwise.

As of September 30, 2025, we held \$52.9 billion in short-term investments and U.S. Treasury securities, which represented about 56% of our total portfolio at quarter end. Based on our portfolio allocation and investment strategies, we believe that we have sufficient readily available marketable securities to cover our claim payments and short-term obligations in the event our cash flows from operations were to be negative. See *Item 1A, Risk Factors* in our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission for the year ended December 31, 2024 (our 2024 Form 10-K), for a discussion of certain matters that may affect our portfolio and capital position.

Our total capital (debt plus shareholders' equity) was \$42.3 billion, based on book value, at September 30, 2025, compared to \$34.1 billion at September 30, 2024, and \$32.5 billion at December 31, 2024. The increase from

year-end 2024, primarily reflects the comprehensive income recognized during the first nine months of 2025. Our debt-to-total capital ratio was 16.3% at September 30, 2025, 20.2% at September 30, 2024, and 21.2% at December 31, 2024. Our debt-to-total capital ratios were consistent with our financial policy of maintaining a ratio of less than 30%.

None of the covenants on our existing debt securities include rating or credit triggers that would require an adjustment of interest rate or an acceleration of principal payments in the event that our debt securities are downgraded by a rating agency. During the second quarter 2025, we renewed the unsecured discretionary line of credit with PNC Bank, National Association, in the maximum principal amount of \$300 million. We did not engage in short-term borrowings, including any borrowings under the line of credit, to fund our operations or for liquidity purposes during the reported periods.

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

During the first nine months of 2025, we returned capital to shareholders primarily through common share dividends and common share repurchases. Our Board of Directors declared a \$0.10 per common share dividend in each of the first three quarters of 2025. These quarterly common share dividends, which were \$59 million, \$58 million, and \$59 million, in the aggregate, were paid in April 2025, July 2025, and October 2025, respectively. In January 2025, we also paid a common share dividend declared in the fourth quarter 2024, in the aggregate amount of \$2.7 billion, or \$4.60 per share (see *Note 9 – Dividends* for further discussion).

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. During the first nine months of 2025, we repurchased 0.4 million common shares, at a total cost of \$107 million, including 0.1 million shares in the third quarter 2025, both in the open market and to satisfy tax withholding obligations in connection with the vesting of equity awards under our employee equity compensation plans. We will continue to make decisions on returning capital to shareholders based on the strength of our overall capital position, the capital strength of our subsidiaries, and the potential capital needs of our business.

At September 30, 2025, we had \$4.9 billion in a consolidated, non-insurance subsidiary of the holding company that can be used to fund corporate obligations and

provide additional capital to the insurance subsidiaries to fund potential future growth and other opportunities. As of September 30, 2025, our estimated consolidated statutory surplus was \$33.7 billion.

Insurance departments establish and monitor compliance with capital and surplus requirements. One prominent ratio monitored by regulators is the amount of net premiums written as a ratio of surplus. 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 maximum target for our vehicle businesses; however, two states have permitted us to target a premiums-to-surplus ratio for our vehicle businesses to a maximum ratio of 3.5 to 1 based on our strong financial condition. This approval reduces the amount of capital we may need to hold at our applicable insurance subsidiaries relative to premium, subject to the other factors previously mentioned. For 2024, these subsidiaries represented 90% of our companywide total net premiums written. The pace and extent to which we move to this ratio is yet to be determined. We have previously 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 Board of Directors declares any applicable dividend and may consider, among other factors, changes in our performance or available capital, or other potential uses for our capital as part of this action.

During the first nine months of 2025, our contractual obligations and critical accounting policies have not changed materially from those discussed in our 2024 Annual Report to Shareholders. There have not been any material changes in off-balance-sheet leverage, which includes purchase obligations, from those discussed in our 2024 Annual Report to Shareholders.

On July 4, 2025, H.R. 1, "An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14" (the Act) was signed into law by the President of the United States. The Act contains numerous tax provisions applicable to corporations. These provisions will not have a material adverse effect on our financial condition or results of operations.

Since Florida insurance reform was enacted in early 2023, we have seen lower loss costs on certain types of personal auto accident claims and favorable reserve development, and we have experienced strong profitability in our Florida personal auto business. In response to these trends, we have lowered Florida personal auto rates twice in the last year. Despite these actions, it is probable that our personal auto profit in Florida for the 2023 to 2025 period will exceed the statutory profit limit that a Florida statute

imposes on the profit that any insurance group can earn on personal auto insurance over any three-calendar-year period. In such event, we would need to credit any profit above the limit to all Florida personal auto policyholders active at December 31, 2025. As a result, in September 2025, we recorded a \$950 million policyholder credit expense, which represents our current estimate of the profit we will earn on the three-calendar-year period ending December 31, 2025, in excess of the permitted profit limit. The estimated liability will continue to be refined through the end of the fourth quarter 2025, given the continuing exposure to potential significant storm activity through the Atlantic hurricane season, which continues into late November 2025, and the other factors that impact reserve development through the first quarter 2026 on losses for applicable accident years. See *Item 1A, Risk Factors* in our 2024 Form 10-K, for a description of other factors that may impact our ability to establish accurate loss reserves. In early 2026, we expect to provide credits to policyholders active at December 31, 2025. As of September 30, 2025, we had approximately 2.7 million personal auto policyholders active in Florida.

III. RESULTS OF OPERATIONS – UNDERWRITING

A. Segment Overview

We report our underwriting operations in two segments: Personal Lines and Commercial Lines. Our Personal Lines segment writes insurance for personal vehicles, which include personal auto 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. Since our personal auto products represented about 90% of our Personal Lines segment net premiums written at quarter end, much of the following discussion will focus on our personal auto products, both in total and by distribution channel. We will also discuss our personal property products as we continue to focus on improving profitability and reducing our concentration and exposure in more volatile weather-related markets.

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 includes our core commercial auto products, TNC business, Fleet & Specialty products, and BOP product. Of our total Commercial Lines segment, our core commercial auto products represented about 80% of net premiums written and our TNC business represented about 15%, both on a trailing 12-month basis, as of the end of the third quarter 2025. Therefore, much of the following discussion focuses only on our core commercial auto products.

Based upon our capital planning and forecasting efforts, we believe we have sufficient capital resources and cash flows from operations to support our current business, scheduled principal and interest payments on our debt, anticipated quarterly dividends on our common shares, our contractual obligations, and other expected capital requirements for the foreseeable future.

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Personal Lines				
Vehicles				
Agency	36 %	37 %	36 %	36 %
Direct	50	47	47	45
Property	4	4	4	4
Total Personal Lines	90	88	87	85
Commercial Lines	10	12	13	15
Total underwriting operations	100 %	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 personal auto policies in our Platinum agencies. At September 30, 2025 and 2024, 11% and 13%, 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 average premiums written 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 70%, respectively, of our special lines products and personal property business net premiums written during the third quarter 2025 was generated through the independent agency channel, with the balance through the direct channel.

B. Profitability

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

(\$ in millions)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2025		2024		2025		2024	
	Underwriting Profit (Loss)		Underwriting Profit (Loss)		Underwriting Profit (Loss)		Underwriting Profit (Loss)	
	\$	Margin	\$	Margin	\$	Margin	\$	Margin
Personal Lines								
Vehicles								
Agency ¹	\$ 873	11.7 %	\$ 870	13.1 %	\$ 3,279	15.0 %	\$ 2,609	14.0 %
Direct ¹	737	7.5	665	8.1	2,935	10.4	2,491	10.9
Property	288	36.5	164	21.5	515	22.0	(277)	(12.5)
Total Personal Lines	1,898	10.5	1,699	10.9	6,729	12.9	4,823	11.0
Commercial Lines	298	10.8	308	11.3	1,000	12.2	821	10.3
Other indemnity ²	(6)	NM	(2)	NM	(14)	NM	(3)	NM
Total underwriting operations	\$ 2,190	10.5 %	\$ 2,005	11.0 %	\$ 7,715	12.7 %	\$ 5,641	10.9 %

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

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

The decrease in our underwriting profit margin on a year-over-year basis for the third quarter 2025 was due, in part, to the \$950 million Florida excess profit policyholder credit expense recorded during the quarter. Excluding the effect of the policyholder credit, third quarter 2025 underwriting profit would have been 4.1 points higher than the same period last year, driven by a decrease in the loss and LAE ratio, which is attributable to lower incurred catastrophe losses and favorable development on prior accident year losses.

Within our Commercial Lines segment, 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 September 30, 2025, about 85% of Commercial Lines policies in force had 12-month terms. The majority of our Commercial Lines business is written through the independent agency channel, although we continue to focus on growing our direct business, with about 10% of our core commercial auto premiums written through the direct channel.

The increase in our underwriting profit margin, on a year-over-year basis, for the nine months ended September 30, 2025, was also driven by the same factors.

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

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

Underwriting Performance ¹	Three Months Ended September 30,			Nine Months Ended September 30,		
	2025	2024	Change	2025	2024	Change
Personal Lines						
Vehicles						
Agency						
Loss & loss adjustment expense ratio	63.7	67.9	(4.2)	64.7	67.6	(2.9)
Underwriting expense ratio ²	24.6	19.0	5.6	20.3	18.4	1.9
Combined ratio ²	88.3	86.9	1.4	85.0	86.0	(1.0)
Direct						
Loss & loss adjustment expense ratio	66.4	69.9	(3.5)	67.3	69.7	(2.4)
Underwriting expense ratio ²	26.1	22.0	4.1	22.3	19.4	2.9
Combined ratio ²	92.5	91.9	0.6	89.6	89.1	0.5
Property						
Loss & loss adjustment expense ratio	33.8	48.6	(14.8)	48.8	83.3	(34.5)
Underwriting expense ratio	29.7	29.9	(0.2)	29.2	29.2	0
Combined ratio	63.5	78.5	(15.0)	78.0	112.5	(34.5)
Total Personal Lines						
Loss & loss adjustment expense ratio	63.9	68.0	(4.1)	65.3	69.5	(4.2)
Underwriting expense ratio ²	25.6	21.1	4.5	21.8	19.5	2.3
Combined ratio ²	89.5	89.1	0.4	87.1	89.0	(1.9)
Commercial Lines						
Loss & loss adjustment expense ratio	67.6	69.3	(1.7)	67.3	70.4	(3.1)
Underwriting expense ratio	21.6	19.4	2.2	20.5	19.3	1.2
Combined ratio	89.2	88.7	0.5	87.8	89.7	(1.9)
Total Underwriting Operations						
Loss & loss adjustment expense ratio	64.4	68.1	(3.7)	65.7	69.7	(4.0)
Underwriting expense ratio	25.1	20.9	4.2	21.6	19.4	2.2
Combined ratio	89.5	89.0	0.5	87.3	89.1	(1.8)
Accident year – Loss & loss adjustment expense ratio ³	66.6	68.8	(2.2)	67.5	70.1	(2.6)

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

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

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

Losses and Loss Adjustment Expenses (LAE)

(millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Change in net loss and LAE reserves	\$ 1,038	\$ 1,425	\$ 3,722	\$ 3,915
Paid losses and LAE	12,407	11,085	36,132	32,162
Total incurred losses and LAE	\$ 13,445	\$ 12,510	\$ 39,854	\$ 36,077

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.

Our total loss and LAE ratio decreased 3.7 points and 4.0 points, for the three and nine months ended September 30, 2025, respectively, compared to the prior year periods, primarily due to a decrease in catastrophe losses and to favorable prior accident years reserve development. On an accident year basis, our loss and LAE ratio was 2.2 points and 2.6 points lower for the third quarter and first nine months of 2025, respectively, compared to the same periods last year.

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

(\$ in millions)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2025		2024		2025		2024	
	\$	Point ¹	\$	Point ¹	\$	Point ¹	\$	Point ¹
Personal Lines								
Vehicles	\$ 198	1.1	\$ 641	4.3	\$ 1,029	2.1	\$ 1,528	3.7
Property	9	1.1	57	7.5	320	13.7	751	34.0
Total Personal Lines	207	1.1	698	4.5	1,349	2.6	2,279	5.2
Commercial Lines	12	0.4	34	1.2	36	0.4	69	0.9
Total net catastrophe losses incurred	\$ 219	1.1	\$ 732	4.0	\$ 1,385	2.3	\$ 2,348	4.5

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

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. For the personal property business and certain BOP product coverages, 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. During the second quarter 2025, we entered into new reinsurance contracts under our per occurrence excess of loss program for our personal property business. This reinsurance program has a retention threshold for losses

and allocated loss adjustment expenses (ALAE) from a single catastrophic event of \$200 million for a storm outside of Florida and \$75 million for a storm in Florida. In general, our program includes coverage for \$2.0 billion in losses and ALAE with additional substantial coverage for a second or third hurricane. When considering coverage specific to Florida, including the Florida Hurricane Catastrophe Fund, this coverage reaches an estimated \$2.2 billion.

For 2025, we also entered into a new catastrophe aggregate excess of loss reinsurance contract for claims occurring in 2025 that has multiple layers of coverage. 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 parametric loss aggregate coverage, which covers a type of thunderstorm characterized by strong winds, heavy rain, large hail, thunder, lightning, and

sometimes tornadoes. This parametric loss coverage provides \$15 million of coverage, net of a retention of \$665 million.

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 the first nine months of 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 2024 Form 10-K for a discussion of certain risks related to catastrophe events. See *Item 1, Business – Reinsurance* in our 2024 Form 10-K for a discussion of our various reinsurance programs.

The following discussion of our severity and frequency trends in our personal auto business excludes comprehensive coverage because of its inherent volatility, as it is typically linked to catastrophic losses generally resulting from adverse weather. For our core commercial auto 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 period, was as follows:

Coverage Type	Quarter 2025	Year-to-date 2025
Bodily injury	11%	10%
Collision	2	3
Personal injury protection	(1)	(4)
Property damage	7	4
Total	7	6

The year-over-year increases in total severity was predominantly driven by increased bodily injury coverage reserves, compared to the same periods last year, due to higher medical costs and a higher rate of plaintiff-attorney represented injury claims.

To address inherent seasonality trends and lessen the effects of month-to-month variability in the commercial auto products, we use a trailing 12-month period in assessing severity. 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 products. As of the end of the third quarter 2025, our core commercial auto products' trailing 12-month incurred severity increased 7%, compared to the same period last year, in part, due to increased medical costs.

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

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

Coverage Type	Quarter 2025	Year-to-date 2025
Bodily injury	(1)%	0%
Collision	(5)	(6)
Personal injury protection	(3)	(3)
Property damage	0	(1)
Total	(2)	(3)

The year-over-year decrease in frequency during the three and nine months ended September 30, 2025, in part, reflects a shift in the mix of business to a more preferred tier of customers (i.e., Wrights and Robinsons).

On a trailing 12-month basis, our core commercial auto products' incurred frequency decreased 9% as of the end of the third quarter 2025, we believe, in part, due to a shift in the mix of business and lower vehicle miles traveled, compared to the same period last year.

We closely monitor changes in frequency, but the degree or direction of near-term frequency change is not something that we are able to predict with any certainty. We will continue to analyze trends to distinguish changes in our experience from other external factors, such as changes in the number of vehicles per household, miles driven, vehicle usage, gasoline prices, advances in vehicle safety, and unemployment rates, versus those resulting from shifts in the mix of our business, 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 following periods:

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Actuarial Adjustments				
Reserve decrease (increase)				
Prior accident years	\$ 156	\$ (113)	\$ 254	\$ (232)
Current accident year	137	400	191	416
Calendar-year actuarial adjustments	\$ 293	\$ 287	\$ 445	\$ 184
Prior Accident Years Development				
Favorable (unfavorable)				
Actuarial adjustments	\$ 156	\$ (113)	\$ 254	\$ (232)
All other development	305	249	814	431
Total development	\$ 461	\$ 136	\$ 1,068	\$ 199
(Increase) decrease to calendar-year combined ratio	2.2 pts.	0.7 pts.	1.8 pts.	0.4 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 vehicle products and the 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 the factors impacting severity estimates described above and storms occurring close to quarter end.

As reflected in the table above, we experienced favorable prior accident years development during the first nine months of 2025 and 2024. The favorable development during the first nine months of 2025 was, in part, due to lower than anticipated severity and frequency in Florida, lower than anticipated litigation defense costs across most states, and lower than anticipated personal auto payments related to reopened property damage claims that were previously closed.

See *Note 6 – Loss and Loss Adjustment Expense Reserves* to the consolidated financial statements for a more detailed discussion of our prior accident years reserve development and *Critical Accounting Policies* in our 2024 Annual Report to Shareholders for discussion of the application of estimates and assumptions in the establishment of our loss reserves.

Underwriting Expenses

Underwriting expenses include policy acquisition costs, other underwriting expenses, and policyholder credit expense. The underwriting expense ratio is our underwriting expenses, net of certain fees and other revenues, expressed as a percentage of net premiums earned. For the third quarter and first nine months of 2025, our underwriting expense ratio was up 4.2 points and 2.2 points, respectively, compared to the same periods last year. The increase for both periods was primarily attributable to the \$950 million of Florida policyholder credit expense recorded in the third quarter 2025, and accounted for 4.6 and 1.6 points for the three and nine months ended September 30, 2025, respectively.

During the third quarter and nine months ended September 30, 2025, our advertising spend was \$1.3 billion and \$3.8 billion, respectively, which was 10% and 36% greater than the same periods last year. As a result of the increase in net premiums earned during the periods, advertising spend contributed 0.2 less points to the underwriting expense ratio in the third quarter 2025, and 0.9 more points to the underwriting expense ratio for the nine months

ended September 30, 2025, compared to the same periods last year.

We invested heavily in advertising during the first nine months of the year to capture consumer shopping, and will continue to advertise to maximize growth, as long as we remain on track to achieve our profitability goal and can acquire customers at or below our target acquisition cost.

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.

For the third quarter 2025, our NAER increased 0.1 points, 0.6 points, and 1.7 points in our personal vehicle (excluding policyholder credit expense), personal property, and core commercial auto businesses, respectively, compared to the same period last year. On a year-to-date basis, our NAER decreased 0.1 points in our personal vehicle business (excluding policyholder expense), and increased 0.8 points in both our personal property and core commercial auto businesses. 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.

(\$ in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2025	2024	% Growth	2025	2024	% Growth
Net Premiums Written						
Personal Lines						
Vehicles						
Agency	\$ 7,724	\$ 7,104	9 %	\$ 22,678	\$ 20,237	12 %
Direct	10,600	9,185	15	30,054	25,095	20
Property	824	788	5	2,402	2,352	2
Total Personal Lines	19,148	17,077	12	55,134	47,684	16
Commercial Lines	2,234	2,378	(6)	8,530	8,634	(1)
Other indemnity ¹	2	0	NM	2	1	NM
Total underwriting operations	\$ 21,384	\$ 19,455	10 %	\$ 63,666	\$ 56,319	13 %
Net Premiums Earned						
Personal Lines						
Vehicles						
Agency	\$ 7,480	\$ 6,628	13 %	\$ 21,808	\$ 18,699	17 %
Direct	9,819	8,180	20	28,193	22,796	24
Property	790	762	4	2,342	2,211	6
Total Personal Lines	18,089	15,570	16	52,343	43,706	20
Commercial Lines	2,760	2,727	1	8,224	7,949	3
Other indemnity ¹	0	0	NM	1	0	NM
Total underwriting operations	\$ 20,849	\$ 18,297	14 %	\$ 60,568	\$ 51,655	17 %

NM = Not meaningful

¹ Includes other underwriting business and run-off operations.

(# in thousands)	September 30,		
	2025	2024	% Growth
Policies in Force			
Personal Lines			
Agency - auto	10,630	9,415	13 %
Direct - auto	15,619	13,388	17
Special lines	6,980	6,475	8
Property	3,651	3,460	6
Total Personal Lines	36,880	32,738	13
Commercial Lines	1,198	1,131	6
Companywide total	38,078	33,869	12 %

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 personal vehicle (personal auto and special lines) and residential property insurance products to 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 channels. For the three months ended September 30, 2025, 41% of our personal auto business was written through the agency channel and 59% was written through the direct channel. For the third quarter 2025, consumer segment results varied by channel, as discussed below, and our total personal auto business experienced overall growth in policies in force, while new business applications, quotes, and conversion were down, compared to the same period last year. Personal auto new business applications, quotes, and conversion increased on a year-over-year basis, for the nine months ended September 30, 2025.

Personal Auto - Agency

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

	Quarter		Year-to-date	
	2025	2024	2025	2024
Applications				
New	(5)%	98 %	9 %	22 %
Renewal	19	7	18	8
Total	13	20	16	11
Written premium per policy				
New	(5)	10	(5)	6
Renewal	(4)	6	(2)	12
Total	(4)	5	(3)	11
Policy life expectancy				
Trailing 3 months	(7)	0		
Trailing 12 months	(5)	8		

The personal auto agency business includes business written by more than 40,000 independent insurance agencies that represent Progressive, as well as brokerages in New York and California. During the third quarter 2025, we generated new agency personal auto application growth in 20 states and the District of Columbia, including four of our top 10 largest agency states.

Compared to the same period in the prior year, the decrease in new applications during the third quarter 2025 was primarily driven by substantial declines for both Wrights and Robinsons, with a slight decline for Dienes, which was partially offset by a single-digit increase in Sams. For the first nine months of 2025, compared to the same period in the prior year, all consumer segments experienced an increase in new application growth, except for Robinsons who experienced a significant decline. Year-over-year policies in force growth at the end of the third quarter

2025, was strong in all consumer segments except Robinsons, which saw a small increase due to restrictions on new homeowner applications.

For the third quarter and the nine months ended September 30, 2025, on a year-over-year basis, we experienced an increase in agency auto quote volume of 2% and 8%, respectively, with a rate of conversion (i.e., converting a quote to a sale) decrease of 6% for the quarter, with flat conversion on a year-to-date basis. For the third quarter 2025, Sams and Dienes experienced an increase in quote volume, compared to the same period in the prior year, while Wrights and Robinsons saw a single-digit decline. On a year-over-year basis for the first nine months of 2025, all consumer segments experienced an increase in quote volume except Robinsons, who saw a moderate decline. All consumer segments experienced a decrease in conversion for the third quarter 2025, with conversion declines in Wrights and Robinsons for the first nine months of 2025, compared to the same periods last year.

The decline in new applications, quotes, and conversion for Robinsons, compared to the prior year periods, was due to several initiatives implemented in our personal property business that were focused on improving profitability, as discussed in the *Personal Property* section below. These initiatives, which began during the last half of 2024, focused primarily on home and condo coverages and impacted growth in bundled personal auto and homeowners policies.

Our personal auto rates were relatively stable during the quarter. The decrease in written premium per policy for new and renewal personal auto agency business for the third quarter and first nine months of 2025, compared to the same periods last year, was, in part, attributable to rate decreases in certain markets, including Florida, and a shift in the mix of business, including a shift to a higher percentage of 6-month policies, which have about half of the amount of net premiums written as policies with 12-month terms.

Our trailing 3- and 12-month policy life expectancy in the agency auto business experienced a decrease at the end of the third quarter 2025, on a year-over-year basis, which we believe is primarily driven by policy replacements due to increased consumer shopping and price sensitivity. As previously discussed, due, in part, to the efforts of our customer preservation team, during the period we saw an increase in existing customers who went through our new customer quote process to either modify existing coverage or to find a lower rate. As a result, some of these customers replaced their existing policies with new Progressive policies, which negatively impacted policy life expectancy, but retained the customer.

Personal Auto - Direct

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

	Quarter		Year-to-date	
	2025	2024	2025	2024
Applications				
New	0 %	117 %	13 %	41 %
Renewal	21	10	22	10
Total	15	27	20	17
Written premium per policy				
New	3	13	3	11
Renewal	0	5	1	10
Total	1	5	1	9
Policy life expectancy				
Trailing 3 months	(7)	(9)		
Trailing 12 months	(6)	(6)		

The personal auto direct business includes business written directly by Progressive online or by phone. During the third quarter 2025, we generated new direct personal auto application growth in 27 states and the District of Columbia, including six of our top 10 largest direct states. Compared to the same periods in the prior year, all consumer segments experienced a decline in new applications, except Sams, who experienced moderate growth for the third quarter 2025, with all four consumer segments experiencing growth for the first nine months of 2025. Policies in force grew between 15% and 19% in each consumer segment, compared to the same period last year.

For the third quarter and first nine months of 2025, direct personal auto quote volume decreased 4% and increased 6%, respectively, with a rate of conversion increase of 4% and 6%, compared to the same periods last year, primarily driven by increased advertising spend and our competitiveness in the marketplace. For the third quarter 2025, all consumer segments experienced a decline in quote volume, except Robinsons, who experienced a slight increase, with all consumer segments experiencing quote volume growth for the first nine months of 2025, compared to the same periods last year. For the third quarter and first nine months of 2025, all consumer segments experienced an increase in conversion, except for Robinsons, who experienced a slight decline in both periods, compared to the same periods in the prior year.

The personal property profitability initiatives that negatively affected Robinsons new application, quote, and conversion growth in the agency channel were not as impactful to the direct channel as the majority of the property business bundles with personal auto in the direct channel is written through unaffiliated third-party carriers, which remain available even when we restrict writing our personal property products.

Our personal auto rates were relatively stable during the quarter, resulting in relatively steady written premium per policy for the third quarter and first nine months of 2025, compared to the same periods last year.

Our trailing 3- and 12-month policy life expectancy in the direct auto business experienced a decrease at the end of the third quarter 2025, on a year-over-year basis, which we believe is primarily due to increased shopping and price sensitivity where we saw an increase in the number of existing customers who went through our new customer quote process to either modify existing coverage or to find a lower rate. As a result, some of these customers replaced their existing policies with new Progressive policies, which negatively impacted policy life expectancy, but retained the customer.

Personal Property

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

	Quarter		Year-to-date	
	2025	2024	2025	2024
Applications				
New	(4)%	42 %	(5)%	36 %
Renewal	13	3	13	5
Total	7	15	6	15
Written premium per policy				
New	(16)	(22)	(31)	(11)
Renewal	(6)	1	(4)	3
Total	(5)	(9)	(7)	(4)
Policy life expectancy				
Trailing 12 months	(15)	(6)		

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 markets (e.g., coastal and hail-prone states), we continued to focus on achieving profitability goals in markets that are less susceptible to catastrophes for our homeowners product, which we define as our total personal property business excluding renters and umbrella products. In the growth-oriented states, homeowners product policies in force increased 2% on a year-over-year basis as of September 30, 2025. Policies in force decreased 15% in the volatile weather states as of the end of the third quarter 2025, compared to the same period in the prior year.

We believe actions taken to address profitability adversely impacted new business application growth. During the first nine months of 2025, we continued several initiatives, including: (i) prioritizing insuring lower-risk properties (e.g., new construction, existing homes with newer roofs); (ii) having underwriting restrictions in place in most states, to only accept new homeowners product business when the property policy is bundled with a Progressive personal auto policy, where permitted; (iii) 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. During the third quarter 2025, we began to take actions in certain states to generate new business growth at the state level based on our concentration risks, product segmentation, rate adequacy, cost sharing execution, and regulatory and market conditions. Some of these actions include expanding agency relationships and reopening new business in certain agency and direct channel markets.

Our written premium per policy decreased on a year-over-year basis for the third quarter and first nine months of 2025, primarily attributable to a shift in the mix of business to more renters policies, which have lower average written premiums, and a decline in homeowners policies in force in both volatile weather-related markets and non-owner-occupied properties, which both have higher average premiums. The effect of these declines were partially offset by rate increases taken during the last 12 months and higher premium coverages reflecting increased property values. During the third quarter 2025, we increased rates, in aggregate, about 2% in our personal property business, bringing the year-to-date aggregate rate increase to 8%. We intend to continue to make targeted rate increases in states where we are not achieving our profitability goals.

The policy life expectancy in our personal property business shortened as of the end of the third quarter 2025, compared to the same period last year, which we believe is primarily driven by a shift in the mix of business to more renters policies.

E. Commercial Lines

The following table and discussion focuses on our core commercial auto products, which accounted for about 80% of our Commercial Lines segment net premiums written on a trailing 12-month basis, as of the end of the third quarter 2025. Year-over-year changes in our core commercial auto products were as follows:

	Quarter		Year-to-date	
	2025	2024	2025	2024
Applications				
New	(1)%	11 %	4 %	6 %
Renewal	6	2	5	1
Total	4	5	5	3
Written premium per policy				
New	(6)	(3)	(7)	1
Renewal	(7)	5	(6)	11
Total	(7)	2	(6)	7
Policy life expectancy				
Trailing 12 months	11	(20)		

For the third quarter and first nine months of 2025, on a year-over-year basis, core commercial auto new application growth was positive in all BMTs, except for-hire transportation, which was impacted by rate and non-rate actions taken to address profitability challenges and, to a lesser extent, the continued decline in the number of active motor carriers in this BMT. Policies in force grew in all of our BMTs, except in the for-hire transportation and for-hire specialty BMTs, compared to the same period in the prior year. For the third quarter 2025, quote volume and the rate of conversion increased about 4% and decreased about 5%, respectively, in our core commercial auto products, compared to the same period in the prior year. On a year-over-year basis for the first nine months of 2025, quote volume increased 4%, while conversion was flat.

The effect the previously discussed rate increases had on written premium per policy for our core commercial auto business was offset by a shift in the mix of business, primarily driven by decreased demand for products in our for-hire transportation BMT. Written premium per policy was also impacted by a shift to a greater mix of policies with 6-month terms in our contractor and business auto BMTs, which have about half the amount of net premiums written as 12-month policies. During the third quarter 2025, we increased rates, in aggregate, about 2% in our core commercial auto products, bringing the year-to-date aggregate rate increase to 6%. We will continue to evaluate our rate need and adjust rates as we deem necessary.

Our policy life expectancy increased in all BMTs, except in for-hire specialty, as of the end of the third quarter 2025, compared to the same period last year. As of the end of the third quarter 2025, policy life expectancy has experienced sequential month-over-month improvement since the end of the third quarter 2024. We believe this improvement is due to the moderation of our rate increases, compared to competitor rate increases, and various initiatives, such as payment and renewal reminders.

IV. RESULTS OF OPERATIONS – INVESTMENTS

A. Investment Results

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

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

	Three Months		Nine Months	
	2025	2024	2025	2024
Pretax recurring investment book yield (annualized)	4.2 %	4.0 %	4.2 %	3.8 %
FTE total return:				
Fixed-income securities	1.5	3.9	5.8	5.1
Common stocks	8.1	5.8	13.8	20.3
Total portfolio	1.7	4.0	6.1	5.7

The increase in the book yield, compared to last year, primarily reflected investing new cash from insurance operations, and proceeds from maturing bonds, in higher coupon rate securities. The change in the fixed-income portfolio FTE total return, compared to last 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 periods ended September 30, follows:

	Three Months		Nine Months	
	2025	2024	2025	2024
Fixed-income securities:				
U.S. government obligations	1.3 %	4.2 %	6.1 %	4.5 %
State and local government obligations	1.6	3.5	5.1	4.4
Foreign government obligations	(0.9)	4.2	5.8	1.6
Corporate and other debt securities	1.6	3.7	5.7	5.4
Residential mortgage-backed securities	1.6	3.6	5.2	7.9
Commercial mortgage-backed securities	2.0	4.1	6.3	9.2
Other asset-backed securities	1.5	2.4	4.3	5.3
Nonredeemable preferred stocks	1.5	3.5	5.4	8.0
Short-term investments	1.1	1.5	3.3	4.3

B. Portfolio Allocation

The composition of the investment portfolio was:

(\$ in millions)	Fair Value	% of Total Portfolio	Duration (years)	Average Rating ¹
<u>September 30, 2025</u>				
U.S. government obligations	\$ 51,339	54.3 %	4.4	AA+
State and local government obligations	3,275	3.5	2.5	AA+
Foreign government obligations	16	0	0.9	AAA
Corporate and other debt securities	18,817	19.9	2.7	BBB+
Residential mortgage-backed securities	3,000	3.2	2.6	AA+
Commercial mortgage-backed securities	5,686	6.0	1.5	AA-
Other asset-backed securities	6,376	6.7	1.3	AA
Nonredeemable preferred stocks	438	0.5	1.1	BB+
Short-term investments	1,515	1.6	0.1	AA-
Total fixed-income securities	90,462	95.7	3.4	AA-
Common equities	4,047	4.3	na	na
Total portfolio ²	\$ 94,509	100.0 %	3.4	AA-
<u>September 30, 2024</u>				
U.S. government obligations	\$ 44,429	56.0 %	4.0	AA+
State and local government obligations	2,601	3.3	2.7	AA+
Foreign government obligations	16	0	1.9	AAA
Corporate and other debt securities	15,036	18.9	2.7	BBB+
Residential mortgage-backed securities	1,424	1.8	2.9	AA+
Commercial mortgage-backed securities	4,291	5.4	1.9	A+
Other asset-backed securities	6,614	8.3	1.2	AA+
Nonredeemable preferred stocks	735	0.9	1.7	BBB-
Short-term investments	757	1.0	<0.1	AA-
Total fixed-income securities	75,903	95.6	3.3	AA-
Common equities	3,497	4.4	na	na
Total portfolio ²	\$ 79,400	100.0 %	3.3	AA-
<u>December 31, 2024</u>				
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-

na = not applicable

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

² At September 30, 2025 and 2024 and December 31, 2024, we had \$523 million, \$469 million, and \$125 million, respectively, of net unsettled security transactions included in accounts payable, accrued expenses, and other liabilities on our consolidated balance sheets. The total fair value of the portfolio at September 30, 2025 and 2024 and December 31, 2024, included \$4.9 billion, \$4.1 billion, and \$6.2 billion, respectively, of securities held in a consolidated, non-insurance subsidiary of the holding company, net of unsettled security transactions. A portion of the investments held at December 31, 2024 were sold and proceeds were used to pay our common share dividends in January 2025; see *Note 9 – 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:

(\$ in millions)	September 30, 2025		September 30, 2024		December 31, 2024	
	Fair Value	% of Total Portfolio	Fair Value	% of Total Portfolio	Fair Value	% of Total Portfolio
Group I securities:						
Non-investment-grade fixed maturities	\$ 630	0.6 %	\$ 499	0.6 %	\$ 385	0.5 %
Nonredeemable preferred stocks	438	0.5	735	0.9	728	0.9
Common equities	4,047	4.3	3,497	4.4	3,575	4.5
Total Group I securities	5,115	5.4	4,731	5.9	4,688	5.9
Group II securities:						
Other fixed maturities	87,879	93.0	73,912	93.1	74,947	93.4
Short-term investments	1,515	1.6	757	1.0	615	0.7
Total Group II securities	89,394	94.6	74,669	94.1	75,562	94.1
Total portfolio	\$ 94,509	100.0 %	\$ 79,400	100.0 %	\$ 80,250	100.0 %

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

Unrealized Gains (Losses)

As of September 30, 2025, our fixed-maturity portfolio had a total after-tax net unrealized gain, which is recorded as part of accumulated other comprehensive income (loss) on our consolidated balance sheet, of \$0.2 billion, compared to total after-tax net unrealized losses of \$0.1 billion and \$1.4 billion at September 30, 2024, and December 31, 2024, respectively. The improvement from total net unrealized losses at both prior periods to the September 30, 2025 total net unrealized gain balance, was due to valuation increases across all fixed-maturity sectors. Our U.S. Treasury, corporate and other debt, and commercial mortgage-backed portfolios had the most significant valuation increase. Lower interest rates and, in some cases, tighter credit spreads drove strong portfolio performance.

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

Holding Period Gains (Losses)

The following table provides the balance and activity for both the gross and net holding period gains (losses) for the nine months ended September 30, 2025:

(millions)	Gross Holding Period Gains	Gross Holding Period Losses	Net Holding Period Gains (Losses)
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
Current year change in holding period securities			
Hybrid fixed-maturity securities	9	8	17
Equity securities ¹	422	(1)	421
Total changes in holding period securities	431	7	438
Balance at September 30, 2025			
Hybrid fixed-maturity securities	17	(4)	13
Equity securities ¹	3,260	(37)	3,223
Total holding period securities	\$ 3,277	\$ (41)	\$ 3,236

¹Equity securities include common equities and nonredeemable preferred stocks.

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

Fixed-Income Securities

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

Interest Rate Risk Our duration of 3.4 years at September 30, 2025 and 3.3 years at both September 30, 2024, and December 31, 2024, fell within our acceptable range of 1.5 to 5.0 years. The duration distribution of our fixed-income portfolio, excluding short-term investments, represented by the interest rate sensitivity of the comparable benchmark U.S. Treasury Notes, was:

Duration Distribution	September 30, 2025	September 30, 2024	December 31, 2024
1 year	10.8 %	10.9 %	9.6 %
2 years	8.1	9.9	8.2
3 years	30.5	30.2	29.5
5 years	30.2	38.8	43.6
7 years	19.9	9.0	8.2
10 years	0.5	1.2	0.9
Total fixed-income portfolio	100.0 %	100.0 %	100.0 %

Credit Risk This exposure is managed by maintaining an A minimum weighted average portfolio credit quality rating, as defined by NRSROs. At September 30, 2025 and 2024, and December 31, 2024, our weighted average credit quality rating was AA-. The credit quality distribution of the fixed-income portfolio was:

Average Rating ¹	September 30, 2025	September 30, 2024	December 31, 2024
AAA	12.5 %	12.4 %	12.6 %
AA	62.1	62.7	64.2
A	8.1	7.3	6.4
BBB	16.1	16.4	15.7
Non-investment grade/non-rated			
BB	1.0	0.9	0.8
B	0.1	0.2	0.2
Non-rated	0.1	0.1	0.1
Total fixed-income portfolio	100.0 %	100.0 %	100.0 %

¹ The credit quality ratings are assigned by NRSROs.

Concentration Risk We did not have any investments in a single issuer, either overall or in the context of individual asset classes and sectors, that exceeded our thresholds during the third quarter 2025.

Prepayment and Extension Risk We did not experience significant adverse prepayment or extension of principal relative to our cash flow expectations in the portfolio during the third quarter 2025.

Liquidity Risk Our overall portfolio remains very liquid and we believe that it is sufficient to meet expected near-term liquidity requirements. The short-to-intermediate duration of our portfolio provides a source of liquidity. During the next 12 months, we expect approximately \$9.6 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 September 30, 2025:

(\$ in millions)	Fair Value	Duration (years)
<u>U.S. Treasury Notes</u>		
Less than one year	\$ 258	0.5
One to two years	951	1.4
Two to three years	2,248	2.5
Three to five years	27,220	3.7
Five to seven years	20,661	5.7
Seven to ten years	1	8.4
Total U.S. Treasury Notes	<u>\$ 51,339</u>	<u>4.4</u>

ASSET-BACKED SECURITIES

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

(\$ in millions)	Fair Value	Net Unrealized Gains (Losses)	% of Asset-Backed Securities	Duration (years)	Average Rating (at period end) ¹
<u>September 30, 2025</u>					
Residential mortgage-backed securities	\$ 3,000	\$ 20	19.9 %	2.6	AA+
Commercial mortgage-backed securities	5,686	(230)	37.8	1.5	AA-
Other asset-backed securities	6,376	2	42.3	1.3	AA
Total asset-backed securities	<u>\$ 15,062</u>	<u>\$ (208)</u>	<u>100.0 %</u>	<u>1.6</u>	<u>AA</u>
<u>September 30, 2024</u>					
Residential mortgage-backed securities	\$ 1,424	\$ 18	11.6 %	2.9	AA+
Commercial mortgage-backed securities	4,291	(373)	34.8	1.9	A+
Other asset-backed securities	6,614	(14)	53.6	1.2	AA+
Total asset-backed securities	<u>\$ 12,329</u>	<u>\$ (369)</u>	<u>100.0 %</u>	<u>1.6</u>	<u>AA</u>
<u>December 31, 2024</u>					
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	<u>\$ 12,596</u>	<u>\$ (410)</u>	<u>100.0 %</u>	<u>1.6</u>	<u>AA</u>

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 September 30, 2025, to our original investment value (adjusted for returns of principal, amortization, and write-downs):

(\$ in millions) Average Rating ¹	Non-Agency	Government/ GSE ²	Total	% of Total
AAA	\$ 2,334	\$ 0	\$ 2,334	77.8 %
AA	109	1	110	3.7
A	425	0	425	14.2
BBB	129	0	129	4.3
Non-investment grade/non-rated:				
CCC and lower	1	0	1	0
Non-rated	1	0	1	0
Total fair value	\$ 2,999	\$ 1	\$ 3,000	100.0 %
Increase (decrease) in value	0.7 %	(3.0)%	0.7 %	

¹ The credit quality ratings are assigned by NRSROs; when we assigned the NAIC ratings for our RMBS, 90.9% of our non-investment-grade securities were rated investment grade and reported as Group II securities.

² The securities in this category are insured by a Government Sponsored Entity (GSE) and/or collateralized by mortgage loans insured by the Federal Housing Administration (FHA) or the U.S. Department of Veteran Affairs (VA).

Our RMBS portfolio consists of deals that are backed by high-credit quality borrowers and/or those that have strong structural protections through underlying loan collateralization. During the third quarter of 2025, we continued to increase our exposure through purchases in both primary and secondary markets. Our additions were concentrated in high-quality investment-grade securities and contained both fixed-rate and adjustable-rate residential mortgages.

Commercial Mortgage-Backed Securities (CMBS) The following table details the credit quality rating and fair value of our CMBS, along with a comparison of the fair value at September 30, 2025, to our original investment value (adjusted for returns of principal, amortization, and write-downs):

(\$ in millions) Average Rating ¹	Multi-Borrower	Single-Borrower	Total	% of Total
AAA	\$ 118	\$ 2,751	\$ 2,869	50.5 %
AA	0	984	984	17.3
A	0	591	591	10.4
BBB	0	878	878	15.4
Non-investment grade/non-rated:				
BB	0	351	351	6.2
B	0	13	13	0.2
Total fair value	\$ 118	\$ 5,568	\$ 5,686	100.0 %
Increase (decrease) in value	(4.7)%	(3.9)%	(3.9)%	

¹ The credit quality ratings are assigned by NRSROs; when we assigned the NAIC ratings for our CMBS, 91% of our non-investment-grade securities were rated investment grade and reported as Group II securities, with the remainder classified as Group I.

At September 30, 2025, the CMBS portfolio fair value was \$5.7 billion, which increased from \$5.0 billion at June 30, 2025. The majority of this increase was due to purchases of investment-grade single-borrower securities in new issue markets across the apartment, logistics, life sciences, and grocery-anchored retail sectors. Overall, CMBS credit spreads remained unchanged during the quarter and there was an increase in new issuances in the market. As of September 30, 2025, we had no delinquencies in our CMBS portfolio.

The following table shows the composition of our CMBS portfolio by maturity year and sector at September 30, 2025:

(\$ in millions) Maturity ¹	Office	Lab Office	Multi- family	Multi- family IO	Industrial	Self- Storage	Casino	Data Center	Retail	Hotel	Total	Average Original LTV	Average Current DSCR
2025	\$ 0	\$ 0	\$ 0	\$ 10	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10		
2026	184	47	165	36	0	100	114	0	0	0	646	65.6 %	1.3
2027	390	0	62	32	0	186	0	0	0	0	670	62.1	2.0
2028	289	0	0	24	0	119	0	0	0	0	432	66.0	2.2
2029	505	254	595	12	445	239	72	0	0	0	2,122	63.4	2.1
2030	109	204	201	4	377	0	100	66	343	37	1,441	63.7	2.0
2031	249	96	0	0	0	0	0	0	0	0	345	66.5	2.2
2032	20	0	0	0	0	0	0	0	0	0	20	68.0	1.7
Total fair value	\$ 1,746	\$ 601	\$ 1,023	\$ 118	\$ 822	\$ 644	\$ 286	\$ 66	\$ 343	\$ 37	\$ 5,686		

LTV= loan to value

DSCR= debt service coverage ratio

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

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

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

Other Asset-Backed Securities (OABS) The following table details the credit quality rating and fair value of our OABS, along with a comparison of the fair value at September 30, 2025, to our original investment value (adjusted for returns of principal, amortization, and write-downs):

(\$ in millions) Average Rating	Automobile	Collateralized Loan Obligations	Student Loan	Whole Business Securitizations	Equipment	Other	Total	% of Total
AAA	\$ 2,609	\$ 397	\$ 43	\$ 0	\$ 861	\$ 262	\$ 4,172	65.4 %
AA	3	36	2	0	42	0	83	1.3
A	0	0	0	0	159	597	756	11.9
BBB	0	0	0	1,289	0	40	1,329	20.8
Non-investment grade/ non-rated:								
BB	0	0	0	0	0	36	36	0.6
Total fair value	\$ 2,612	\$ 433	\$ 45	\$ 1,289	\$ 1,062	\$ 935	\$ 6,376	100.0 %
Increase (decrease) in value	0.5 %	0 %	(4.4)%	(1.2)%	0.5 %	0 %	0 %	

At September 30, 2025, the OABS portfolio fair value was \$6.4 billion, which decreased from \$6.7 billion at June 30, 2025. The net decline was primarily due to principal paydowns on securities, which were partially offset by security purchases during the third quarter 2025. 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, equipment, and collateralized loan obligations categories in highly-rated senior and short-tenor debt tranches. Additions were primarily made in new issue markets with some selective secondary purchases.

STATE AND LOCAL GOVERNMENT OBLIGATIONS

The following table details the credit quality rating of our state and local government obligations (municipal securities) at September 30, 2025, without the benefit of credit or bond insurance:

(millions) Average Rating	General Obligations	Revenue Bonds	Total
AAA	\$ 782	\$ 576	\$ 1,358
AA	544	1,180	1,724
A	0	193	193
Total fair value	\$ 1,326	\$ 1,949	\$ 3,275

Included in the fair value of revenue bonds were \$842 million of single-family housing revenue bonds issued by state housing finance agencies, of which \$396 million were supported by individual mortgages held by the state housing finance agencies and \$446 million were supported by mortgage-backed securities.

Of the revenue bonds supported by individual mortgages held by the state housing finance agencies, the overall credit quality rating was AA+. Most of these mortgages were supported by the Federal Housing Administration, the U.S. Department of Veterans Affairs, or private mortgage insurance providers. Of the revenue bonds supported by mortgage-backed securities, 78% were collateralized by Ginnie Mae mortgages, which are fully guaranteed by the U.S. government; the remaining 22% were collateralized by Fannie Mae and Freddie Mac mortgages.

The broader risk rally in the third quarter 2025 contributed to tighter credit spreads in municipal securities. During the third quarter 2025, we continued to selectively add short duration bonds to the portfolio in higher quality issuers.

CORPORATE AND OTHER DEBT SECURITIES

The following table details the credit quality rating of our corporate and other debt securities at September 30, 2025:

(millions) Average Rating	Consumer	Industrial	Communication	Financial Services	Technology	Basic Materials	Energy	Total
AAA	\$ 39	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 69	\$ 108
AA	92	0	0	1,074	0	0	44	1,210
A	794	497	120	3,122	209	120	522	5,384
BBB	3,958	1,852	391	2,153	1,570	131	1,500	11,555
Non-investment grade/non-rated:								
BB	196	126	60	0	3	20	46	451
B	104	0	0	0	0	0	0	104
Non-rated	0	0	0	2	3	0	0	5
Total fair value	\$ 5,183	\$ 2,475	\$ 571	\$ 6,351	\$ 1,785	\$ 271	\$ 2,181	\$ 18,817

The fair value of our corporate and other debt portfolio increased to \$18.8 billion at September 30, 2025, from \$18.1 billion at June 30, 2025. At both September 30, 2025 and June 30, 2025, corporate and other debt securities made up approximately 21%, of our fixed-income portfolio. We generally view shorter maturity securities as having more favorable risk/reward profiles, and the average duration of our corporate and other debt portfolio decreased slightly to 2.7 years at September 30, 2025, from 2.8 years at June 30, 2025.

NONREDEEMABLE PREFERRED STOCKS

The table below shows the exposure break-down of our nonredeemable preferred stocks by sector and rating at September 30, 2025:

(millions) Average Rating	Financial Services						Utilities	Total
	U.S. Banks	Foreign Banks	Insurance	Other Financial	Industrials			
BBB	\$ 226	\$ 14	\$ 0	\$ 33	\$ 0	\$ 39	\$	312
Non-investment grade/non-rated:								
BB	66	0	0	0	0	0		66
Non-rated	0	0	20	23	17	0		60
Total fair value	\$ 292	\$ 14	\$ 20	\$ 56	\$ 17	\$ 39	\$	438

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 September 30, 2025, 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 September 30, 2025, we expect all of these securities to pay their dividends in full and on time. Approximately 97% of our nonredeemable preferred stocks pay dividends that have tax preferential characteristics, while the balance pay dividends that are fully taxable.

At September 30, 2025, the nonredeemable preferred stock portfolio fair value was \$0.4 billion, which is a slight decrease from \$0.5 billion at June 30, 2025. This decline was primarily due to nonredeemable preferred stocks that were called during the quarter.

Common Equities

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

(\$ in millions)	September 30, 2025		September 30, 2024		December 31, 2024	
Common stocks	\$	4,013	99.2 %	\$	3,474	99.4 %
Other risk investments ¹		34	0.8		23	0.6
Total common equities	\$	4,047	100.0 %	\$	3,497	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 651 out of 1,011, or 64%, of the common stocks comprising the index at September 30, 2025, which made up 89% of the total market capitalization of the index. At September 30, 2025, the year-to-date GAAP income total return was within our targeted tracking error of +/- 50 basis points. The year-to-date and full-year, as applicable, GAAP income total return did not meet our targeted tracking error as of September 30, 2024 and December 31, 2024, respectively.

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.

Quantitative and Qualitative Disclosures About Market Risk

The duration of the financial instruments held in our portfolio that are subject to interest rate risk was 3.4 years at September 30, 2025, compared to 3.3 years at September 30, 2024 and December 31, 2024. The weighted average beta of the equity portfolio was 1.1 at September 30, 2025 and 2024, and December 31, 2024. We have not experienced a material impact when compared to the tabular presentations of our interest rate and market risk sensitive instruments in our Annual Report on Form 10-K for the year ended December 31, 2024.

Controls and Procedures

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

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

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