



# Investor Relations

*PROGRESSIVE*

2025 Q4

Progressive  
Capital  
Management

# Information Relevant to this Presentation

## Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

Investors are cautioned that certain statements in this presentation and related comments by management during the earnings call 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, 2025.

Any forward-looking statements are made only as of the date presented. Except as required by applicable law, we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or developments or otherwise.

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

# Information Relevant to this Presentation

## Regulation FD Disclosure Outlets

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

## Additional Information

Information in this presentation, and related comments by management during the earnings call, should be reviewed together. Additional information can also be found in Progressive's annual report on Form 10-K for the year ending December 31, 2025, filed with the Securities and Exchange Commission. All information, statements, and projections in this presentation and the related earnings call speak only as of the date of this presentation and related earnings call. Progressive assumes no obligation to update any forward-looking or other information included in this presentation or related earnings calls, whether as a result of new information, future developments or events or otherwise.

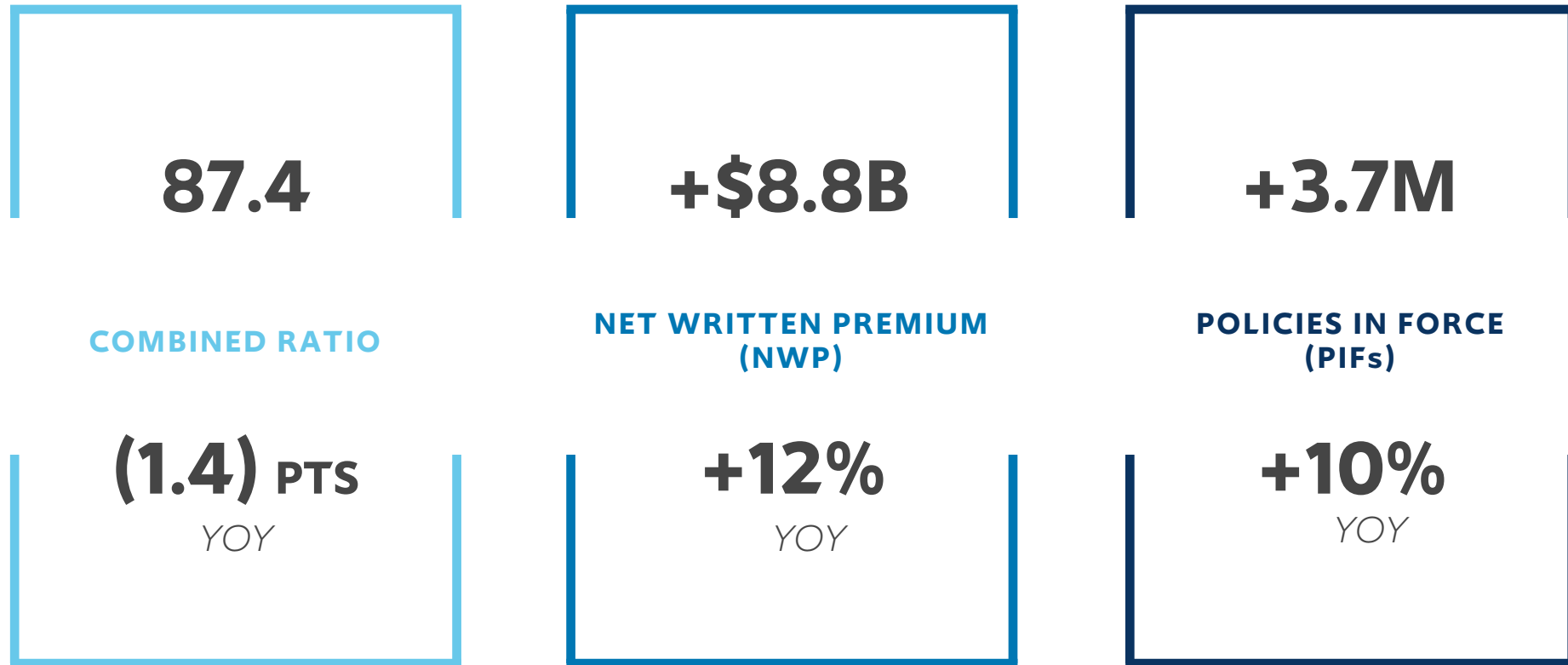


# John Sauerland

Chief Financial Officer

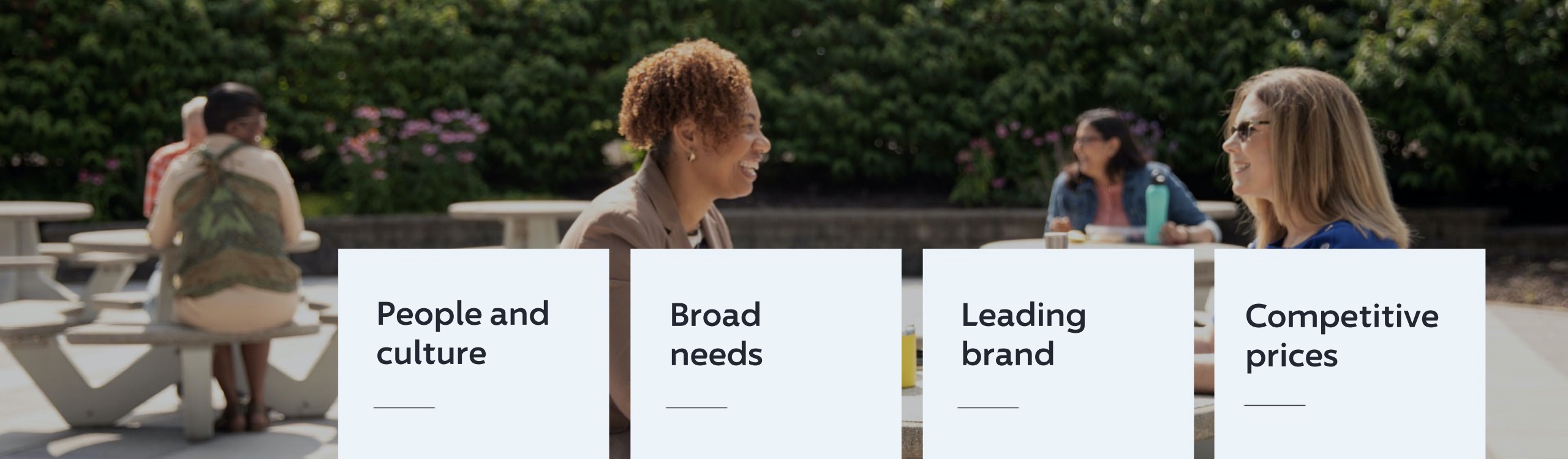
INVESTOR RELATIONS Q4

## Overview of 2025 performance



Our major lines of business had an excellent 2025





## Progressive's four strategic pillars

### People and culture

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Ensuring that our people and culture collectively remain our most powerful source of competitive advantage

### Broad needs

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Meeting the broader needs of our customers throughout their lifetimes.

### Leading brand

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Maintaining a leading brand recognized for innovative offerings and supported by experiences that instill confidence.

### Competitive prices

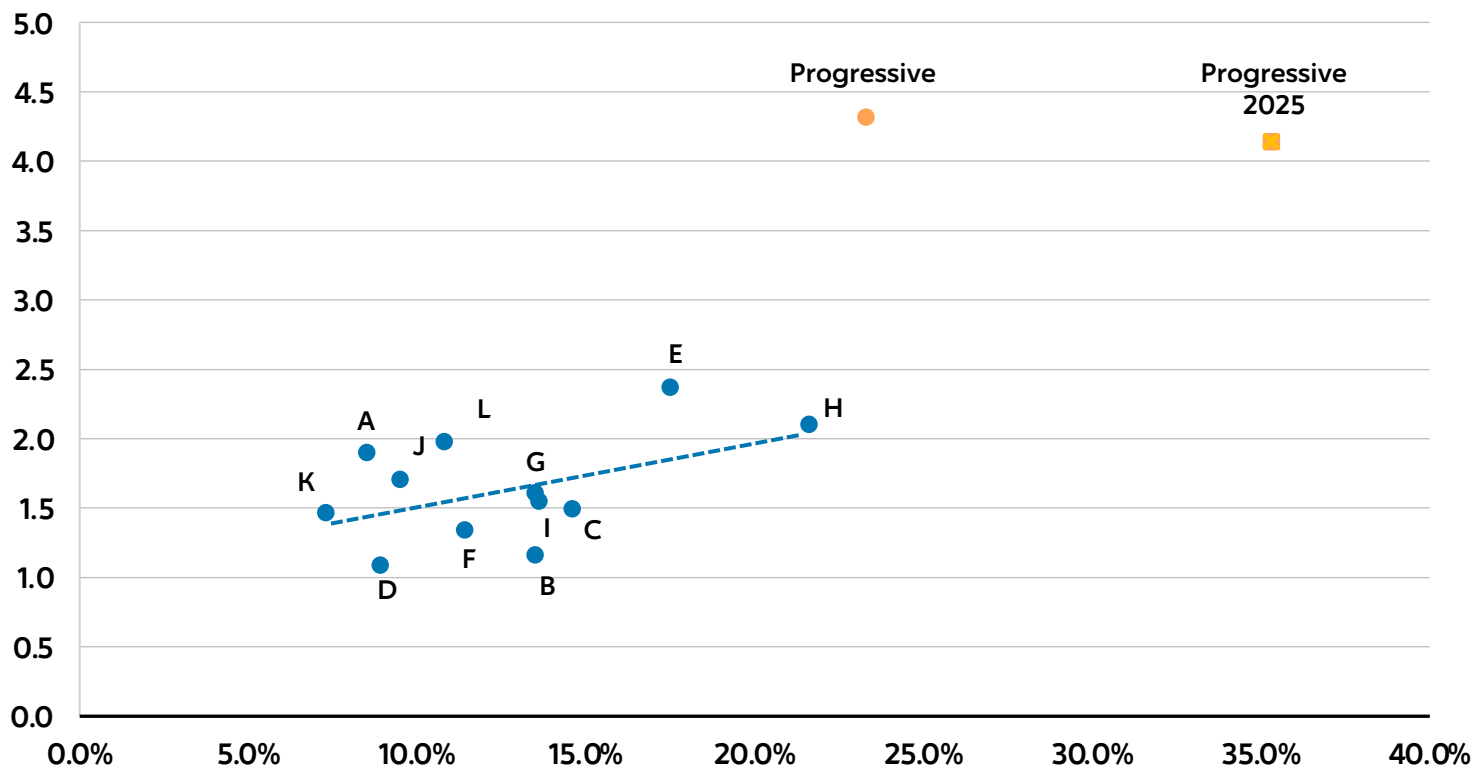
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Offering competitive prices driven by industry-leading segmentation, claims accuracy, and operational efficiency.



# ROE, growth, and price/book

2020 – 2024 ROAE AND PRICE-TO-BOOK VALUE FOR U.S.-BASED PUBLIC P&C COMPANIES WITH >\$5B DWP



2020 – 2024  
Direct Written Premium CAGR

Company	2020 – 2024 Direct Written Premium CAGR
<b>Progressive</b>	<b>16.1%</b>
A	11.9%
B	9.6%
C	8.9%
D	5.3%
E	13.1%
F	11.8%
G	5.4%
H	9.7%
I	11.8%
J	6.9%
K	10.8%
L	13.5%

Source: S&P Market Intelligence  
2025 PGR P/BV calculation uses a dividend-adjusted price

# Financial policies support operating business and help drive leading ROE



## Operating

- Accurate, timely loss reserving
- Manage profit at lowest level
- Efficient premium to surplus ratios (operating leverage)



## Financing

- Debt/total capital <30%
- Neutralize employee stock compensation
- Return under-leveraged capital via dividends and buybacks



## Investing

- Total return focus
- Actively managed fixed income portfolio
  - High quality
  - Liquid
  - 1.5- to 5-year duration
- Russell 1000 replication strategy in equity investments

How do we balance  
all of those goals?



## What happened from 2022 – 2023

### Growth in net written premiums



Full year 2022:

**+\$5 billion**

**10% growth**

Full year 2023:

**+\$10 billion**

**20% growth**

### Higher combined ratios



2022 Progressive  
combined ratio:

**95.8%**

2023 Progressive  
combined ratio:

**94.9%**

### Financial markets turbulence

Interest rate and equity market volatility



2022 Progressive  
portfolio return:

**-7.8%**

2023 Progressive  
portfolio return:

**6.3%**

### Other capital actions

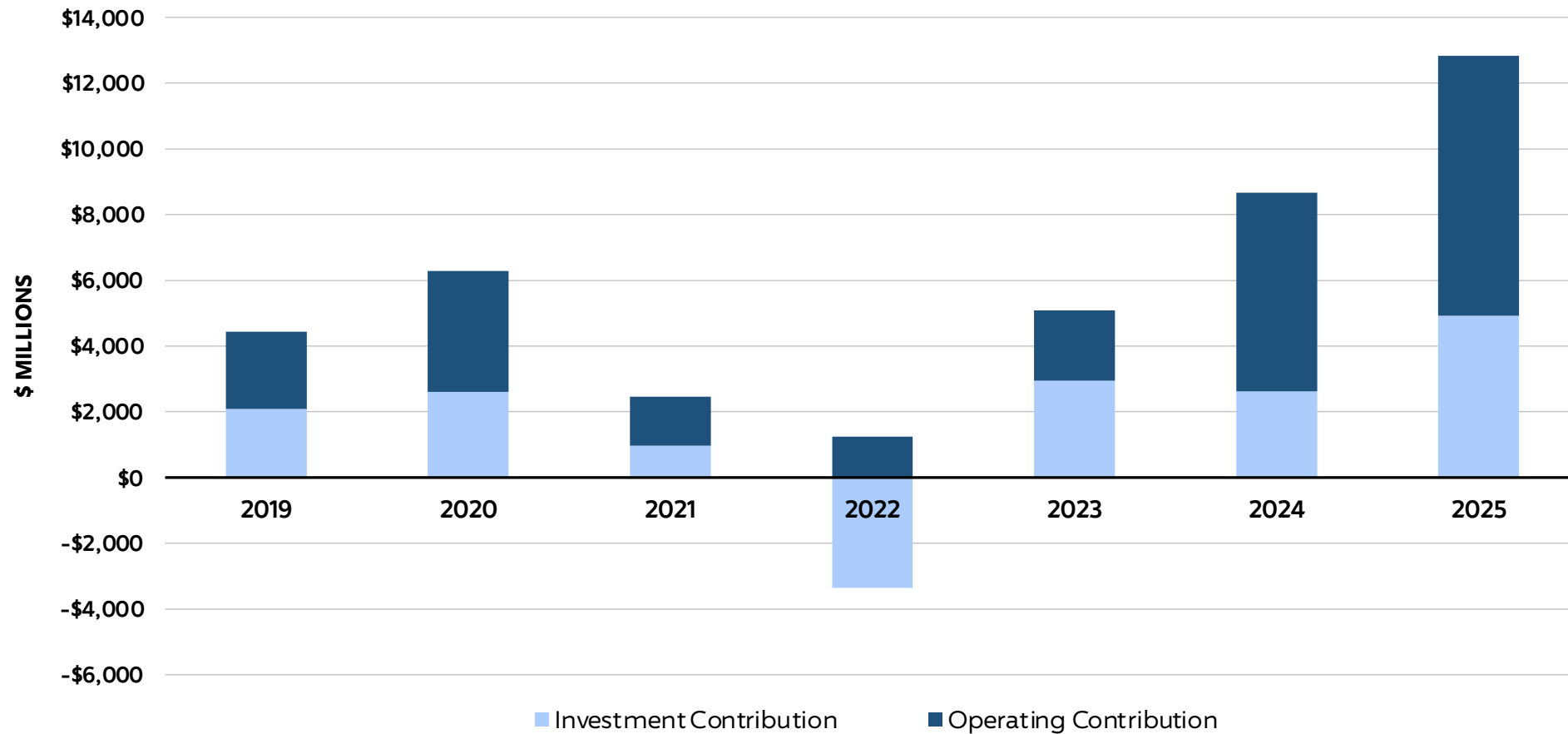
Raised **\$2 billion** in corporate bond market  
Share repurchases to offset dilution



#### Dividends

- No variable dividend in 2022
- **\$0.75/shr** variable dividend in 2023
- **\$0.10/shr** quarterly dividend throughout

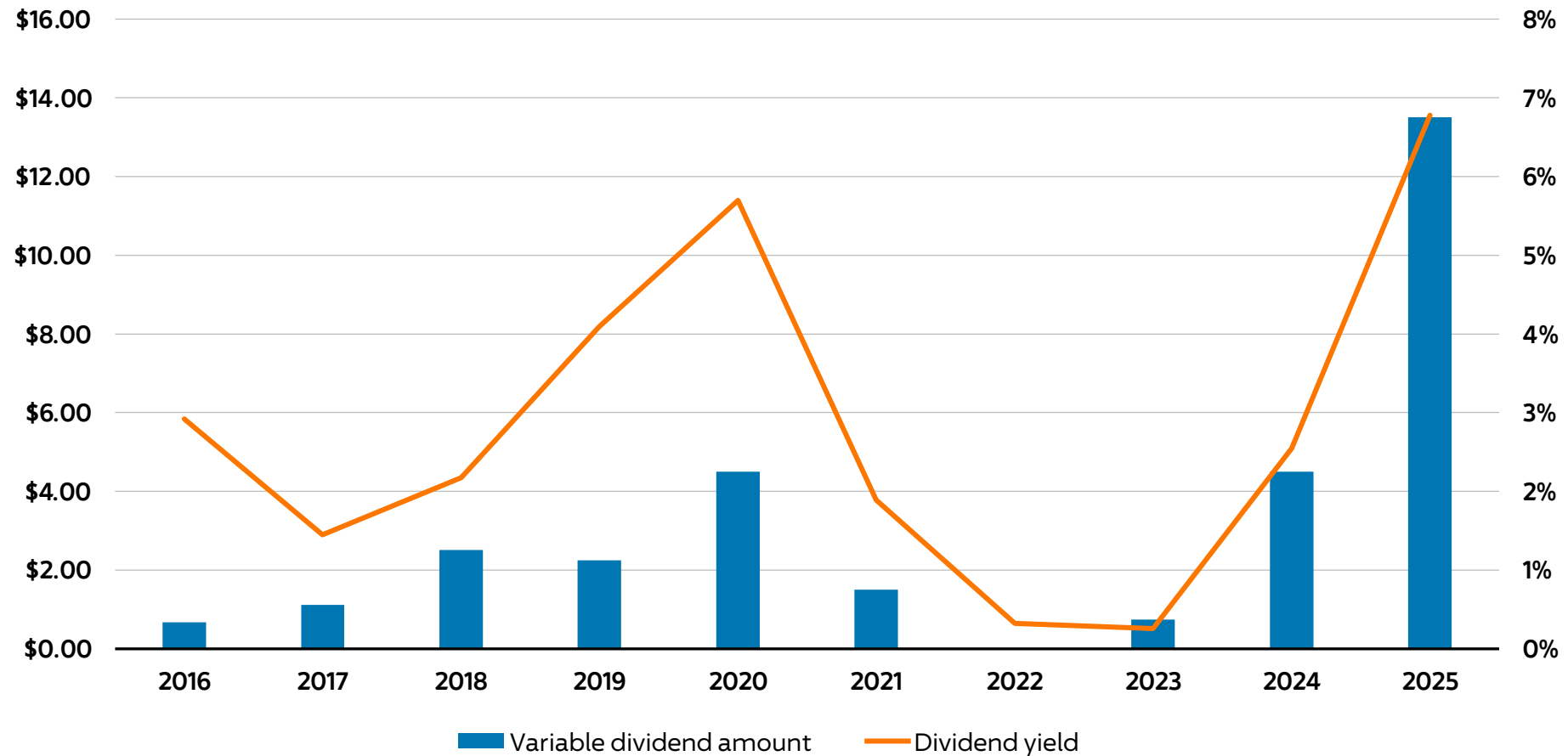
# Comprehensive income over time



Source: Internal data

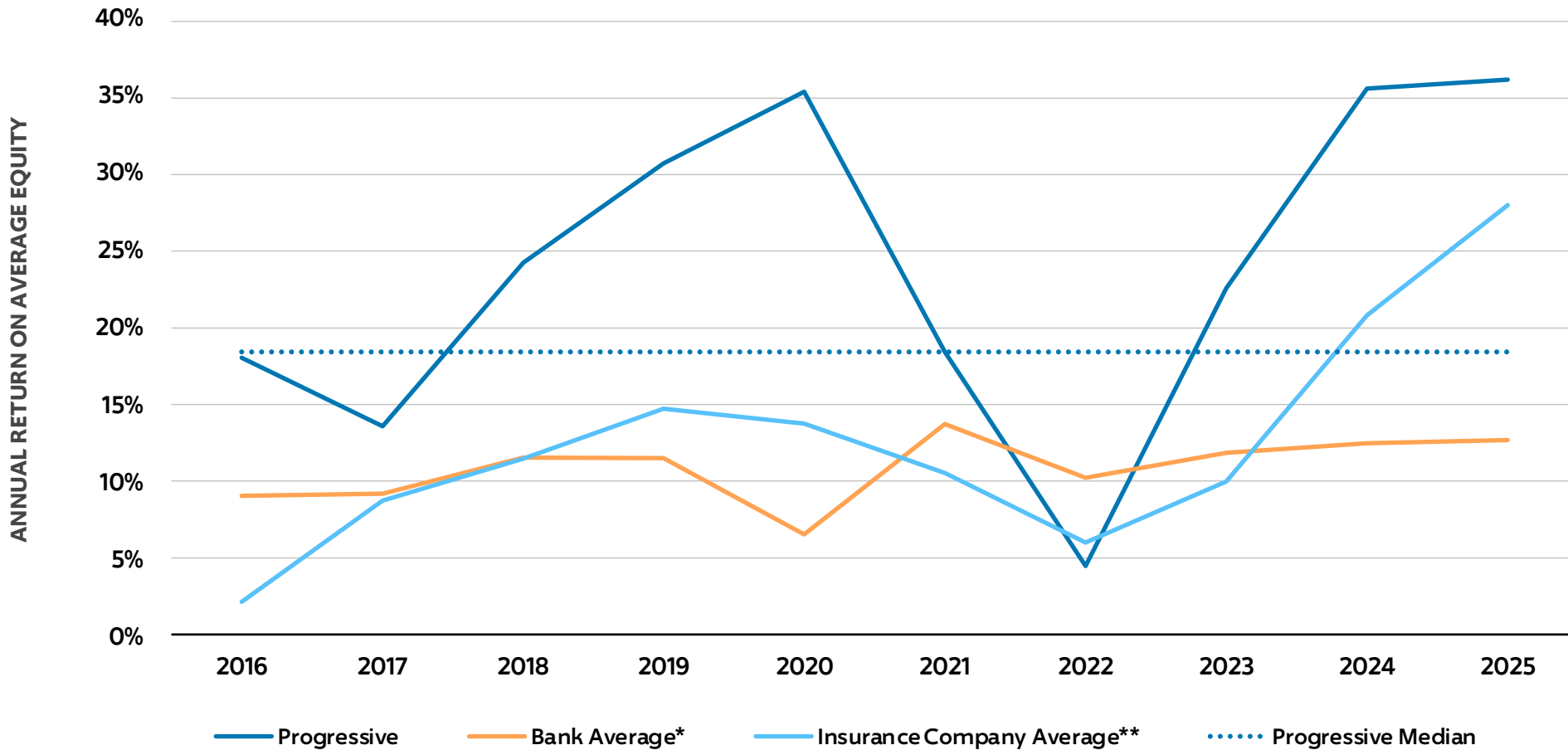
Investment Contribution includes investment income, realized changes, and unrealized changes in both the equity and fixed income portfolio and is net of investment expense

## Variable dividend per share over time



Source: Internal data  
 Dividend yield reflects the last 12 months dividend yield after the ex-date and price as of Jan. 15 of the following year

# Return on equity outperformance versus financial services peers



Source: S&P Market Intelligence

\*Top 3 US-based banks by market cap

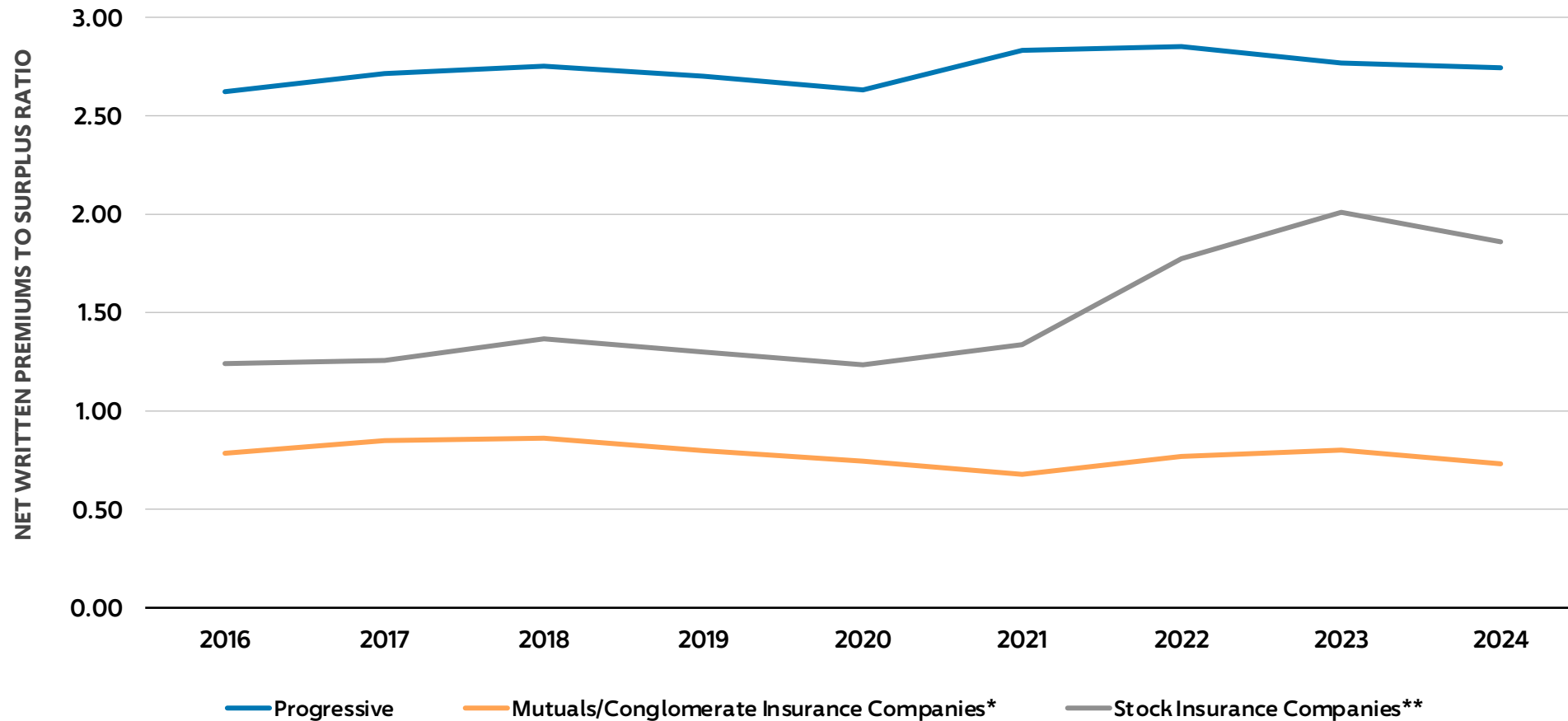
\*\*Top 3 public, stand-alone U.S.-based P&C insurers by personal auto direct premiums written

## We optimize our operating leverage (premium : surplus)

- The amount of capital we need to hold against the premiums we write
- We believe that we have a differentiated business model
- Therefore, we want to leverage our returns on that business as much as possible
- Key state regulators have approved a limit of up to 3.5x premiums to surplus
- We hold additional capital at a non-insurance subsidiary



We are more capital efficient than most other insurance companies



Source: S&P Market Intelligence. Annual surplus ratios calculated using trailing 4 quarter net written premium divided by fourth quarter surplus.

\*Top 3 mutuals or conglomerate insurance companies by personal auto direct premiums written

\*\* Top 3 public insurance companies, excluding PGR, by personal auto direct premiums written

# We think about capital in three layers

## Layer A – Regulatory Capital

- Required regulatory capital, guided by target premiums to surplus ratios

## Layer B – Contingent Capital

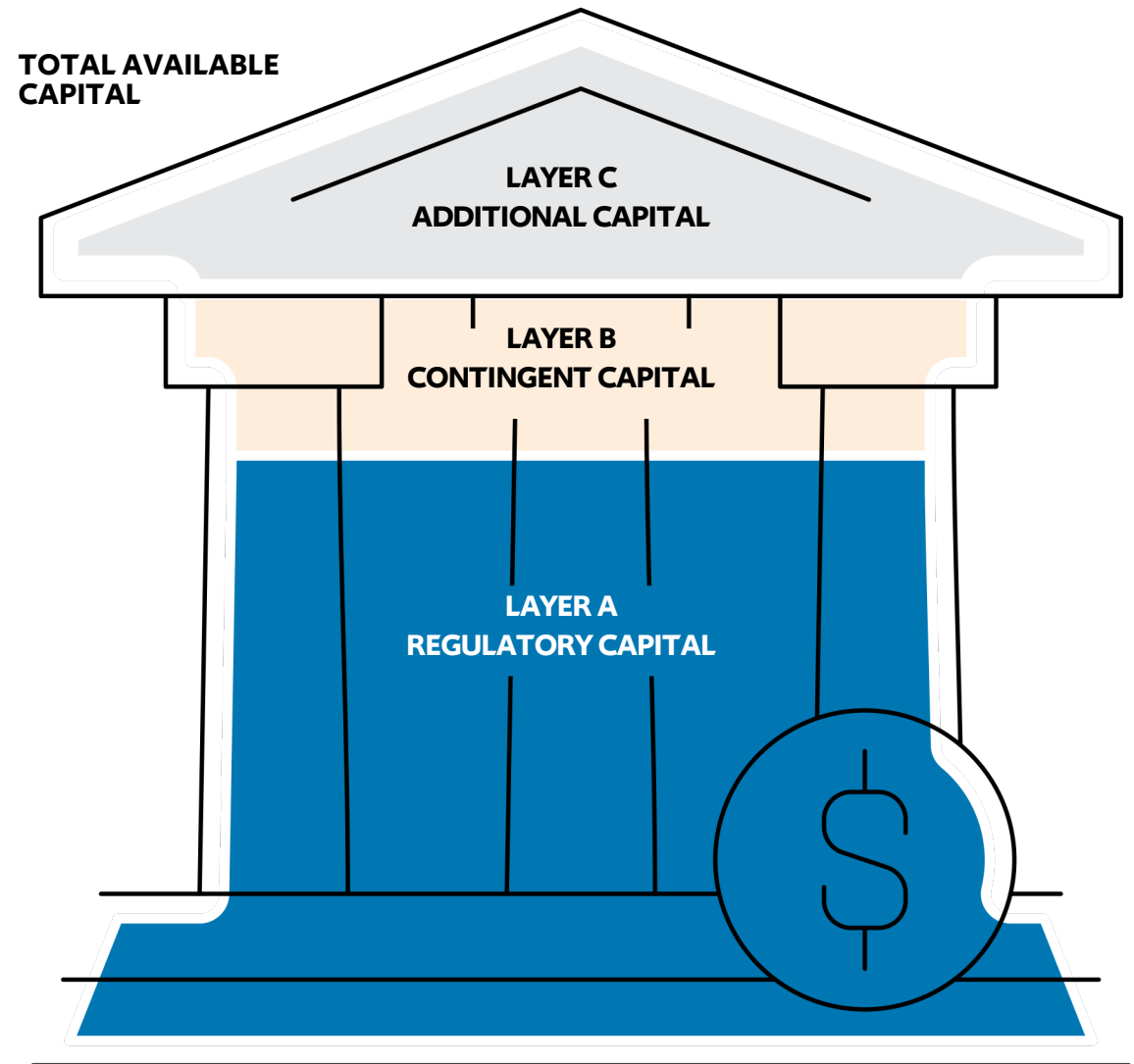
- Guided by the amount of capital that ensures the modeled probability of available capital falling below regulatory capital is less often than 1 in 200 years

## Layer C – Additional Capital

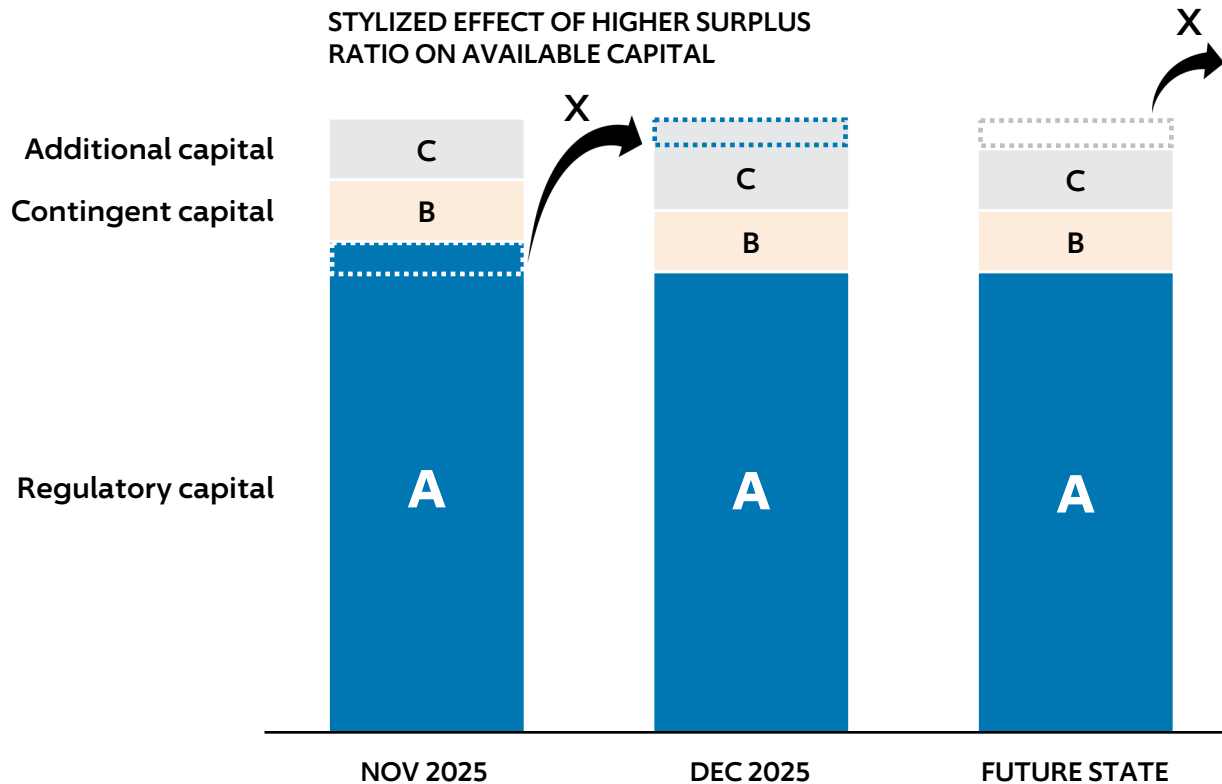
- Capital in excess of the regulatory and contingent capital

## Total available capital

- Sum of the three layers



# Capital, equity, and surplus optimization



Two DOIs have approved increasing premium : surplus ratios up to 3.5:1 from 3.1:1



In 2025, this freed up ~\$1.6B in capital (“X”), which moved to additional capital and is available to be returned to shareholders





**Maureen  
Spooner**

Treasurer



**Jonathan  
Bauer**

Chief Investment Officer

# Agenda

01 / **Financing policies**

02 / **Investment policies**

# Financing Policies

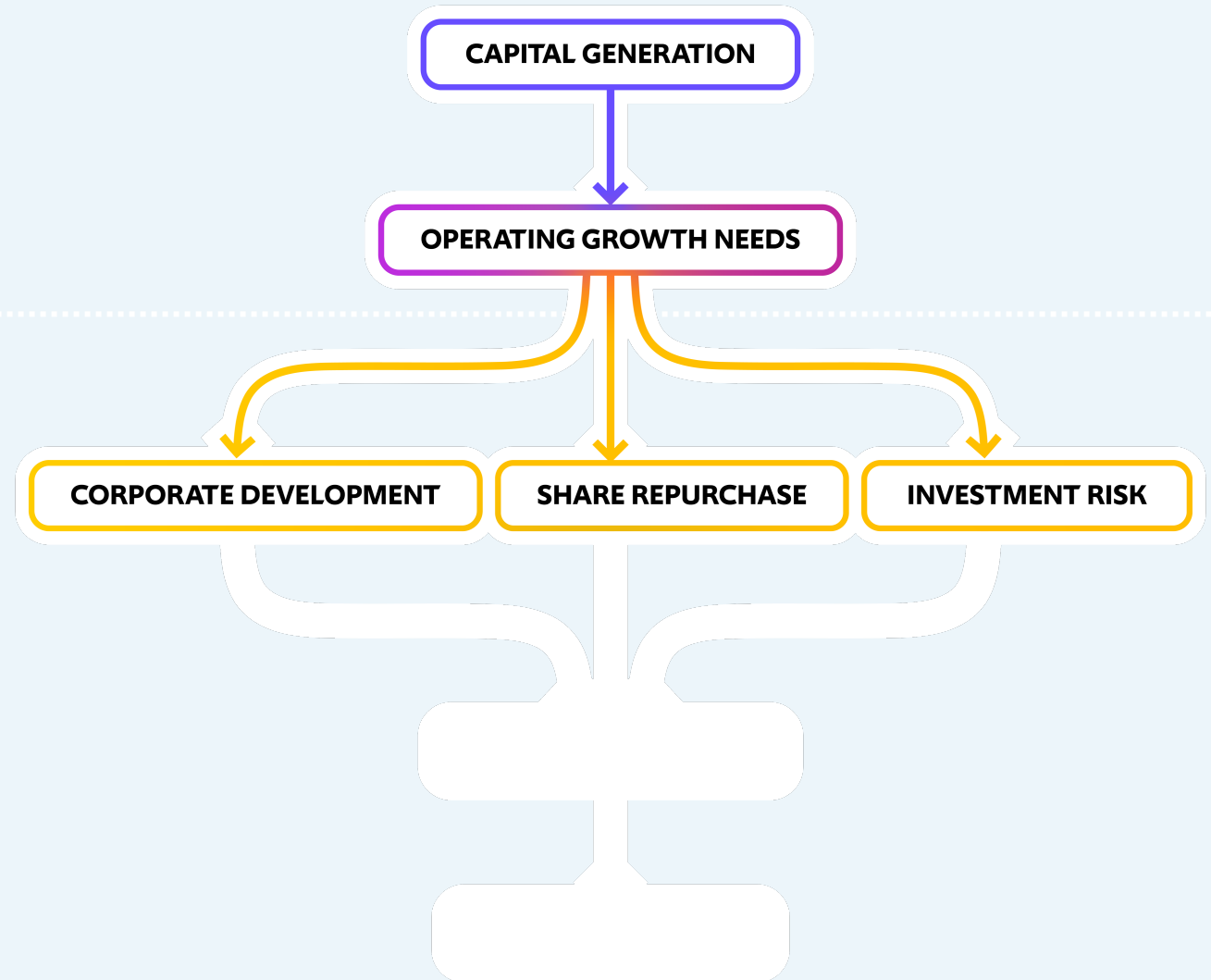




# Valuation matters across capital allocation options

*Do we have excess capital after funding growth?*

*Are valuations attractive?*



# Corporate development is viewed through a Three Horizons framework

## Progressive growth strategy

03

### HORIZON 3: EXPLORE

Research, invest, and innovate beyond our property and casualty segment, and explore financial services.



02

### HORIZON 2: EXPAND

Invest in new products and services that are adjacent to our core businesses, within the property and casualty segment.

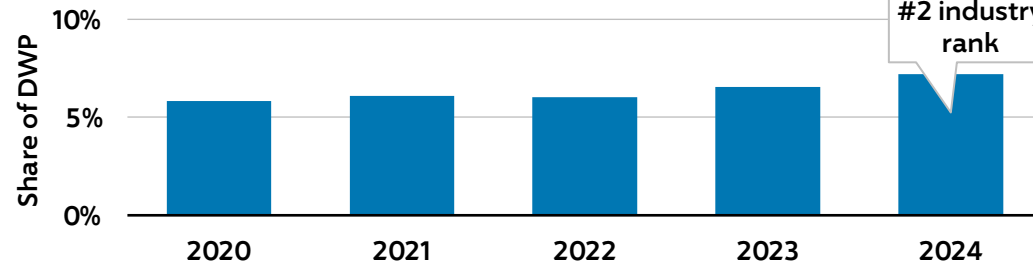


01

### HORIZON 1: EXECUTE

Continue growing our core revenue (net premiums earned) in our Personal and Commercial Auto, Special Lines, and Property business.

PROGRESSIVE SHARE OF U.S. P&C INSURANCE MARKET



Source: S&P Market Intelligence

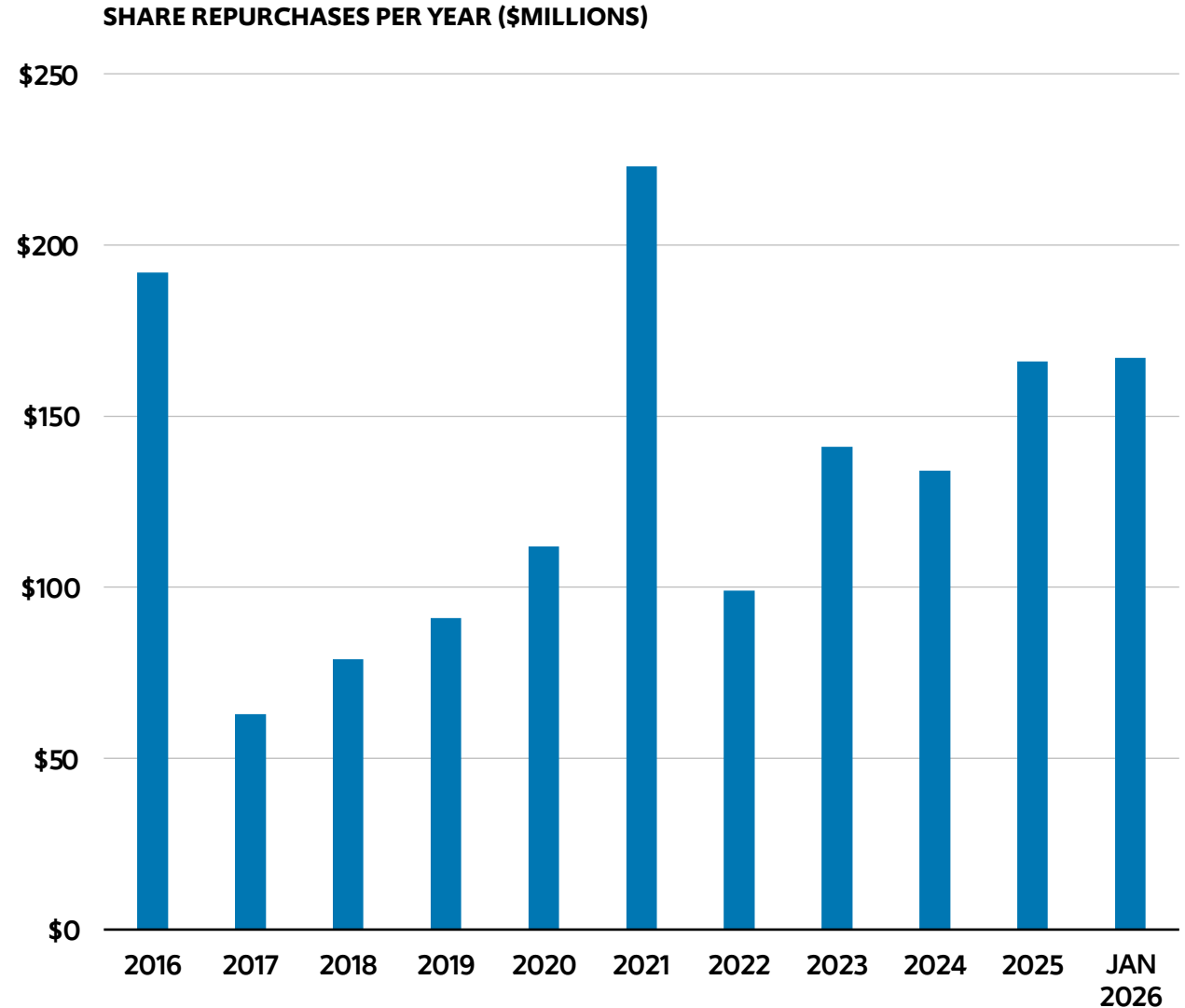
REVENUE

TIME TO BOTTOM-LINE CONTRIBUTION

## INVESTOR RELATIONS Q4

Share repurchase volume is dependent on intrinsic value

- Our financial policy is to repurchase enough shares annually to neutralize the effect of employee stock compensation
- When our stock trades below our view of its intrinsic value and we have additional capital, we repurchase shares in the open market



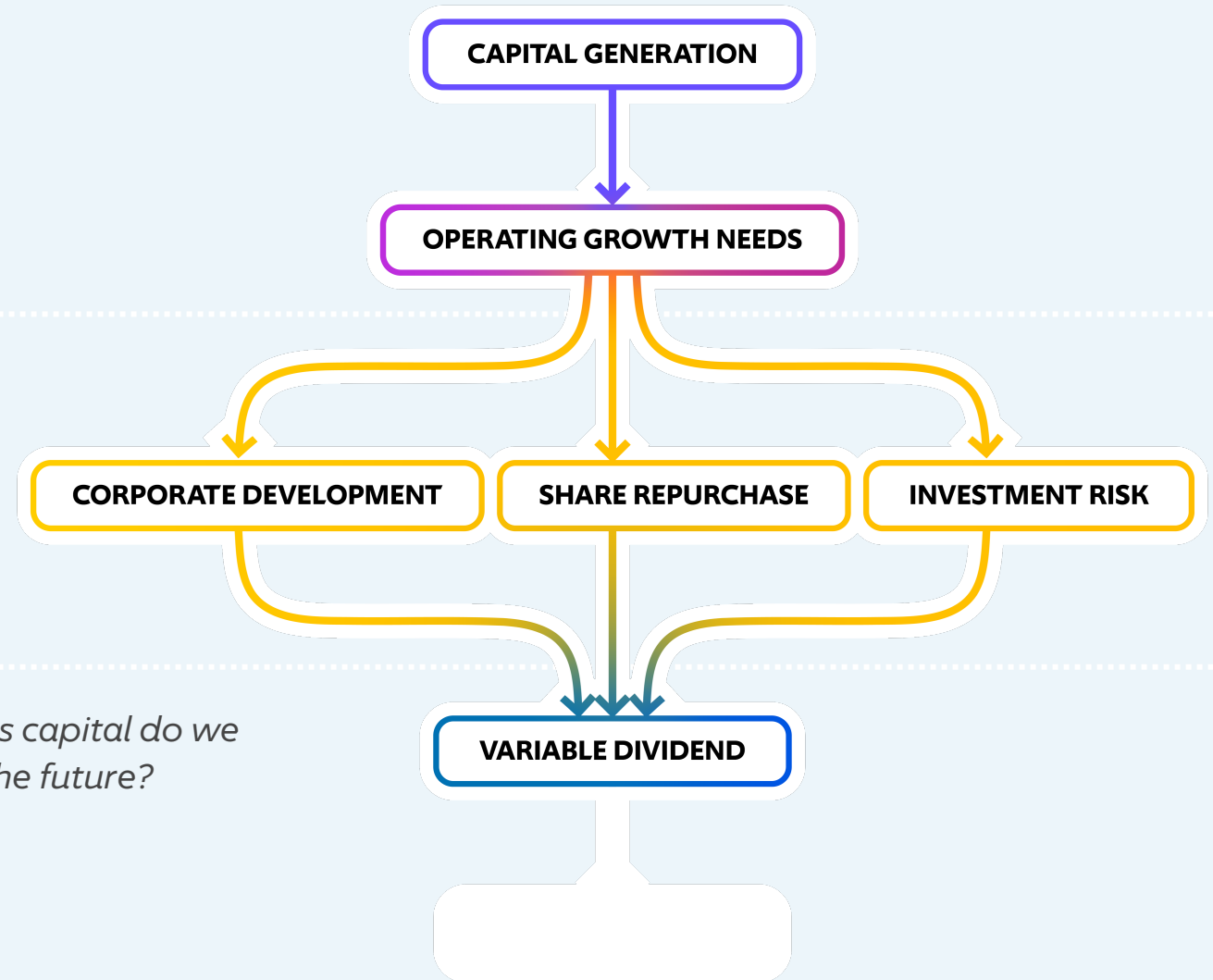
Source: Internal Data

Dividends return excess capital that the business doesn't require for future growth

*Do we have excess capital after funding growth?*

*Are valuations attractive?*

*What level of excess capital do we need to retain for the future?*



## Our dividend policy is flexible

- Fixed quarterly dividend of \$0.10/share
- Annual consideration of a variable dividend was established in 2007
  - Originally tied to Gainshare employee bonus calculation
  - Revised to be entirely variable in 2019
  - Revision addressed times at which growth/margins were out of sync with formulaic approach



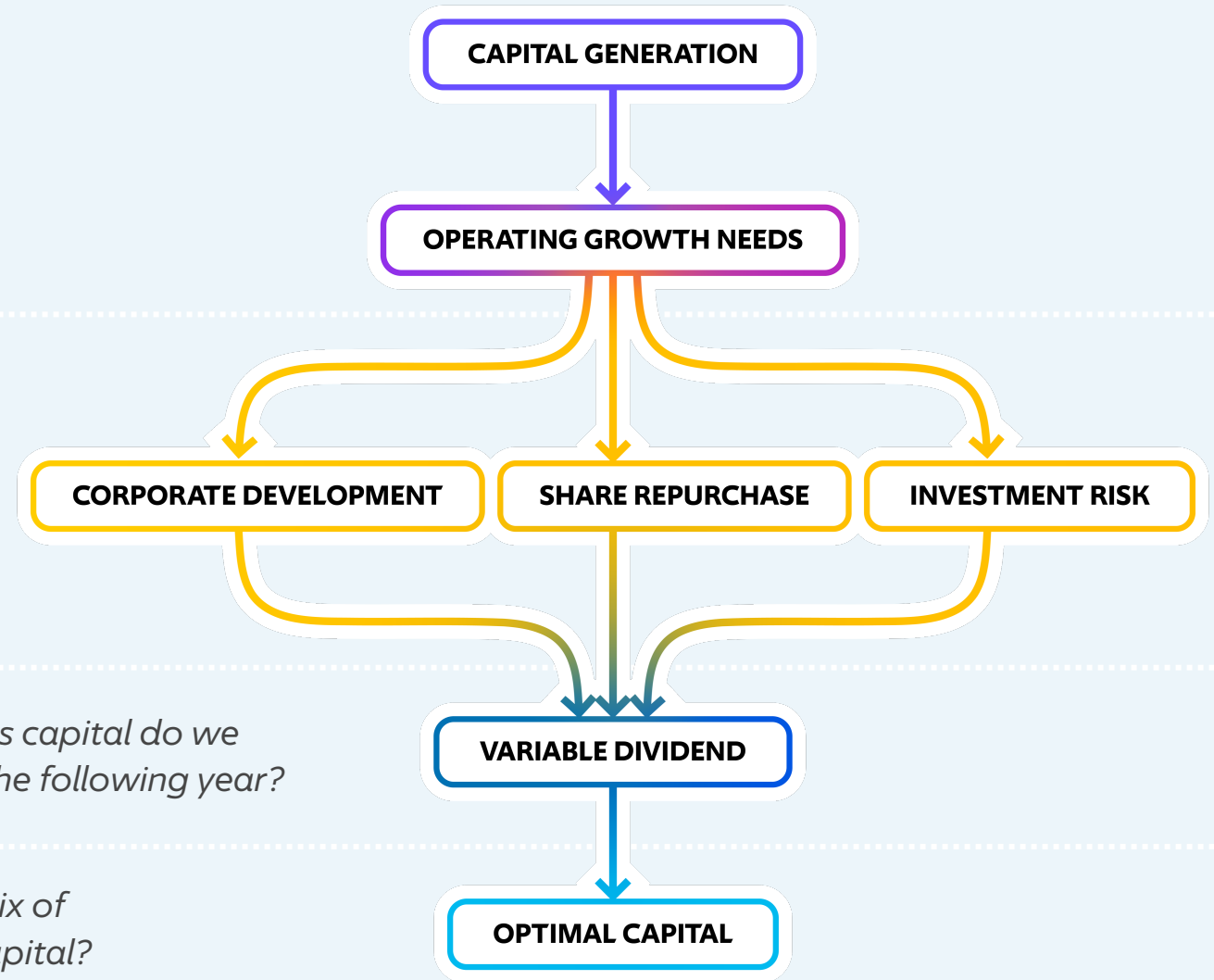
We strive to find the appropriate mix of capital

*Do we have excess capital after funding growth?*

*Are valuations attractive?*

*What level of excess capital do we need to retain for the following year?*

*What is the best mix of equity and debt capital?*

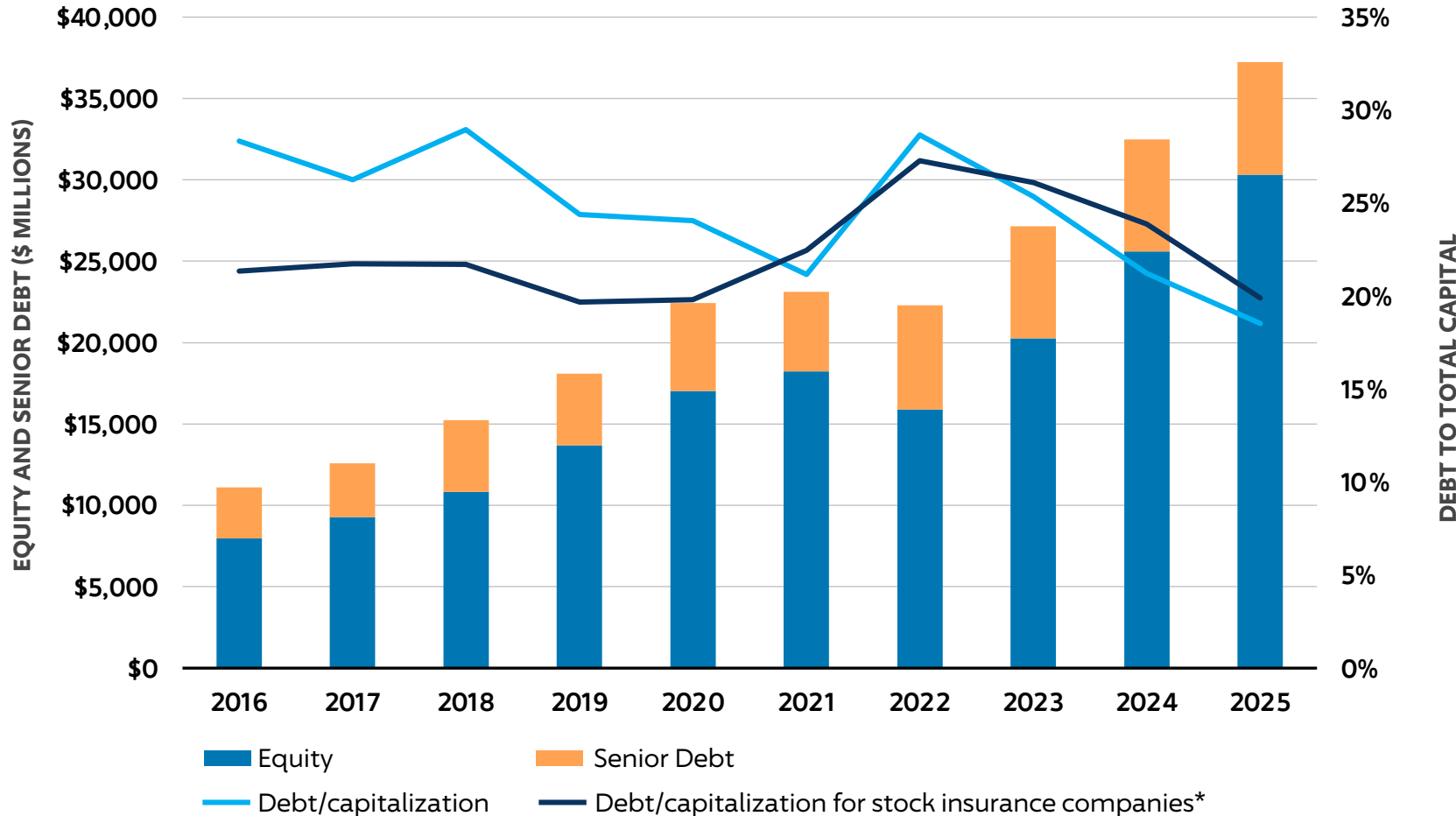


## The appropriate amount and mix of debt and equity capital

- Our guideline allows for a debt-to-total capital ratio of up to 30%
- We attempt to strike the right balance between efficiency and a strong balance sheet while considering future economic volatility
- Other forms of capital, such as preferred equity, are considered depending on the needs of the business and their relative costs



# Progressive financial leverage over time



Source: Bloomberg and internal data.  
 \*Top 3 public insurance companies, excluding PGR, by personal auto direct premiums written



## Financing policies

- Our primary objective is to ensure the capital necessary to write as much insurance at less than or equal to a 96 Combined Ratio
- Additional capital may be deployed for corporate development, share repurchase or increased investment risk
- Under-leveraged capital may be returned to shareholders via dividends
- Maintain debt-to-total capital below 30%



# Investment Policies



# Where does that leave us for investment risk?

Investment leverage = invested  
assets/shareholders equity

Risks that we take  
include credit, equity,  
and interest rate risk

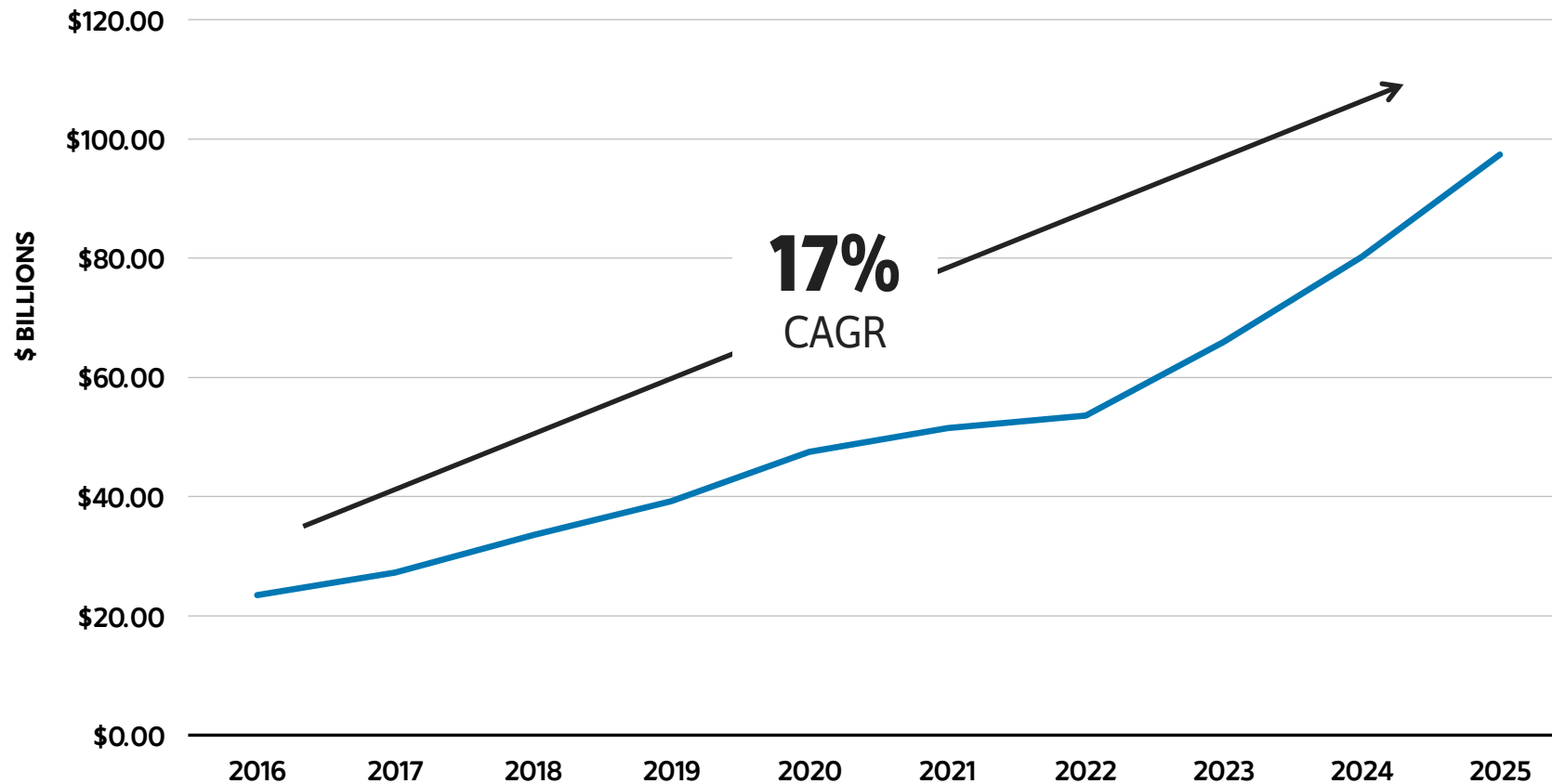
Guidelines provide  
specific limits for the  
investment team

An output of the decisions we  
take on operating leverage  
and financial leverage

Due to heightened investment  
leverage and focus on efficient  
capital structure, we have less  
risk than competitors

In times of capital need, we  
will allocate capital to organic  
growth before investment risk

Our investment portfolio has grown with our operating business



Source: Internal Data



# Manage on a total return basis

## Components of investment return



### Fixed-income securities

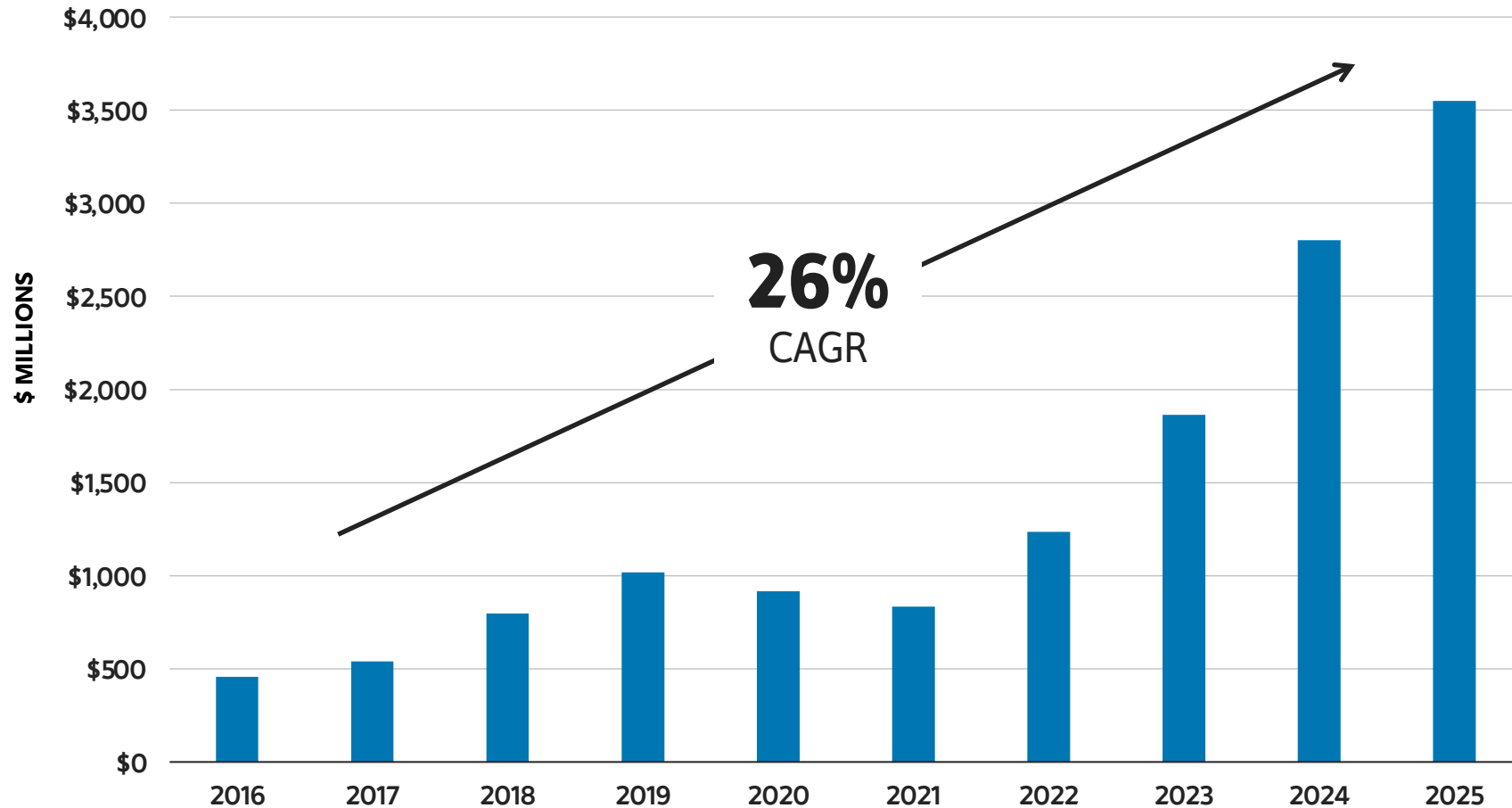


### Equities

<b>Investment income</b>	<ul style="list-style-type: none"> <li>• Interest income</li> <li>• Amortization of premium or discount</li> </ul>	Dividend income	<b>Operating income</b> <b>Net income</b> <b>Comprehensive income</b>
<b>Realized gains and losses on fixed income and holding period gains and losses on equities</b>	<ul style="list-style-type: none"> <li>• Gains and losses on security sales</li> <li>• Unrealized gains and losses on equities</li> <li>• Recognition of “other than temporary impairment” (OTTI) losses of securities held in portfolio</li> </ul>		
<b>Unrealized gains and losses on fixed income</b>	Changes in fair market value of fixed-income portfolio holdings, after considering OTTI losses recognized		
<b>Total return</b>	“All-in” return on portfolio assets		

Performance measures used by analysts

# Investment income growth

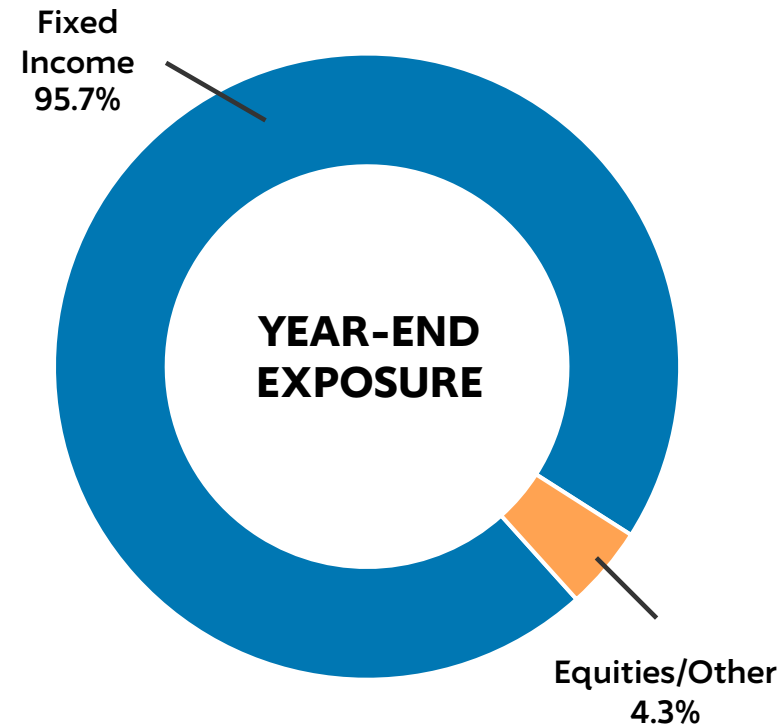


Source: Internal Data



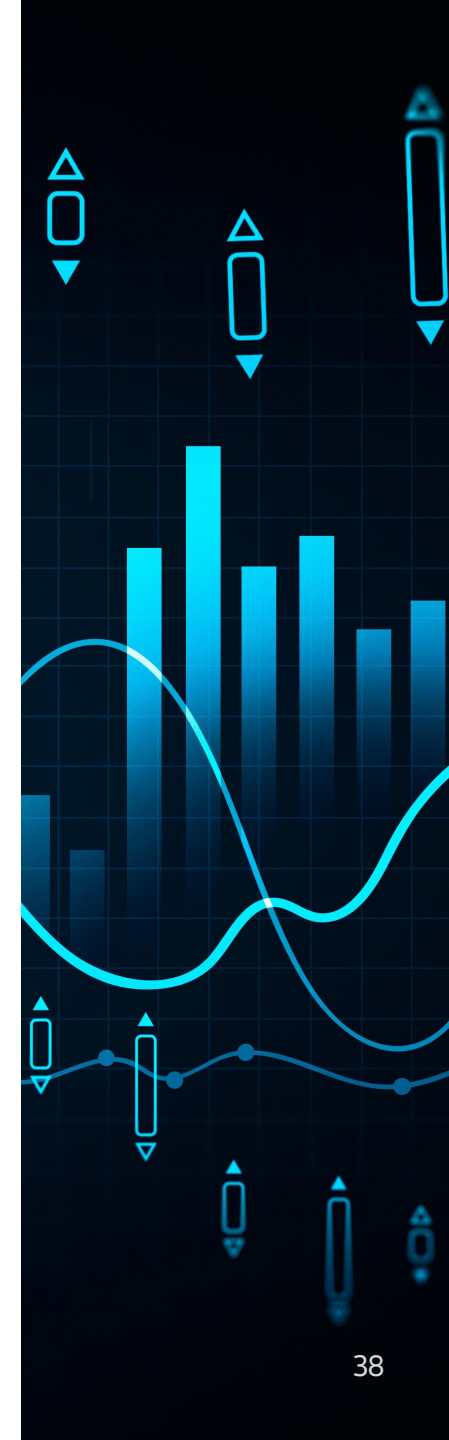
# 2025 had strong investment returns

	Return
<i>Fixed income</i>	<b>7.0%</b>
<i>Equities/other</i>	<b>16.8%</b>
<i>Total return</i>	<b>7.3%</b>
<i>After-tax comprehensive income contribution</i>	<b>~\$5.0 billion</b>



## Key financial policy guidelines

Description	Guideline	December 2025
<i>Group 1 allocation</i>	<b>&lt;25% of portfolio</b>	<b>5.6%</b>
<i>Duration</i>	<b>1.5 years to 5.0 years</b>	<b>3.4 years</b>
<i>Average credit rating</i>	<b>A or better</b>	<b>AA-</b>
<i>Financial leverage (debt/capitalization)</i>	<b>&lt;30%</b>	<b>18.5%</b>



# Investment team at a glance

## Overview



- Based in Stamford, CT
- Assets under management >\$95 billion

## Goals



- Achieve a strong, risk-adjusted total return
- Support growth of operating business
- Increase profitability of company

## Investment selection



- Actively managed fixed income portfolio
- Passively indexed equities portfolio
- Invest across fixed income asset classes in high yield and investment grade

## Asset class rotation



- Analysts and PMs periodically rotate amongst asset classes/industries
- Team has a wide breadth of knowledge/experience



# Progressive Capital Management team structure/functionality



## Economics

- Macroeconomic research
- Interest rate risk
- Operating projects
  - Pricing
  - Labor/wages
  - Claims



## Investment research

- Portfolio strategy
- Security analysis
- Relative value



## Trading/execution

- Portfolio trades
- Primary and secondary markets
- Share repurchases
- Interest rate duration management

# How do we analyze fixed income investments?

## Bottom-up view

- Analyze each investment on its own merit
- Look at relative value within and across sectors/asset classes

## Investment flexibility

- Wide investment mandate
- Invest up and down the capital structure
- No fixed allocation to any asset class/sector

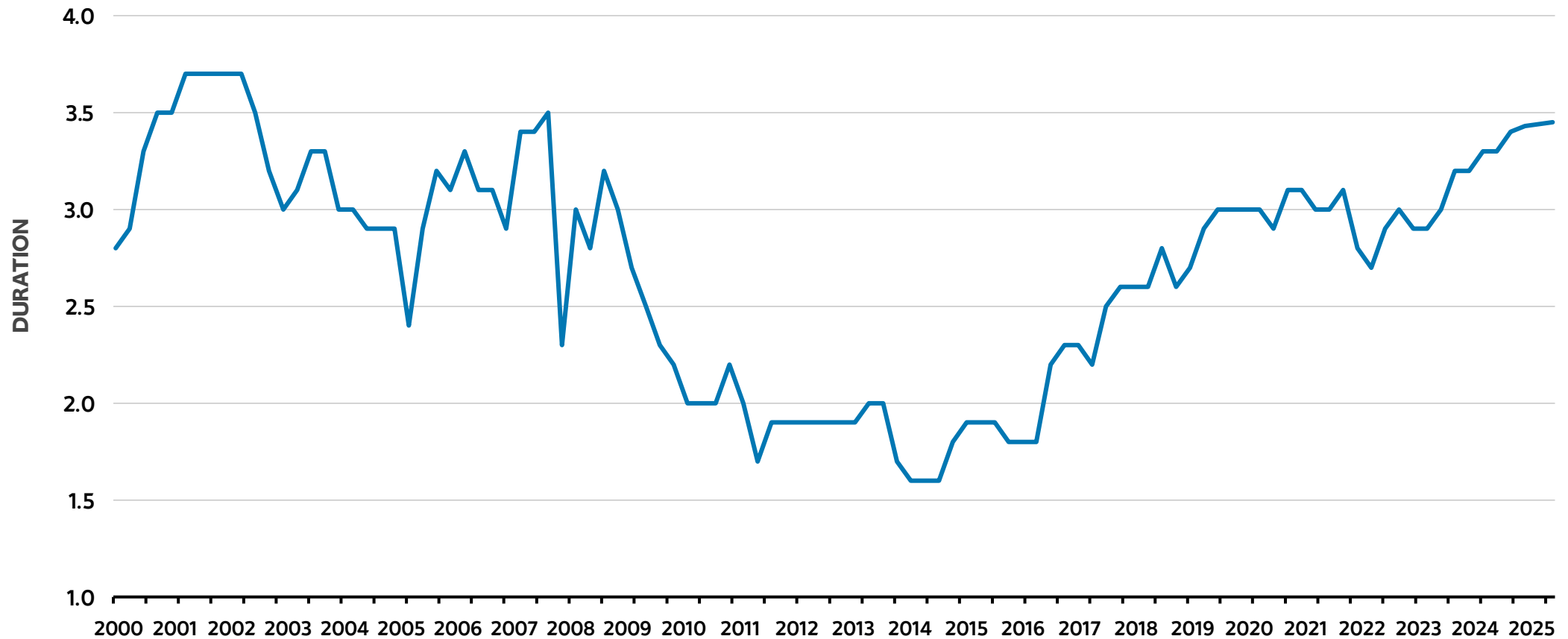
## Collaborate across teams

- Present select investments to broader team
- Work with other teams when asset classes/sectors overlap

## Duration positioning

- Managed at portfolio level
- Economics team supports analysis of macro trends/Fed policy
- Trading team ensures best execution
- Range of 1.5 – 5 years

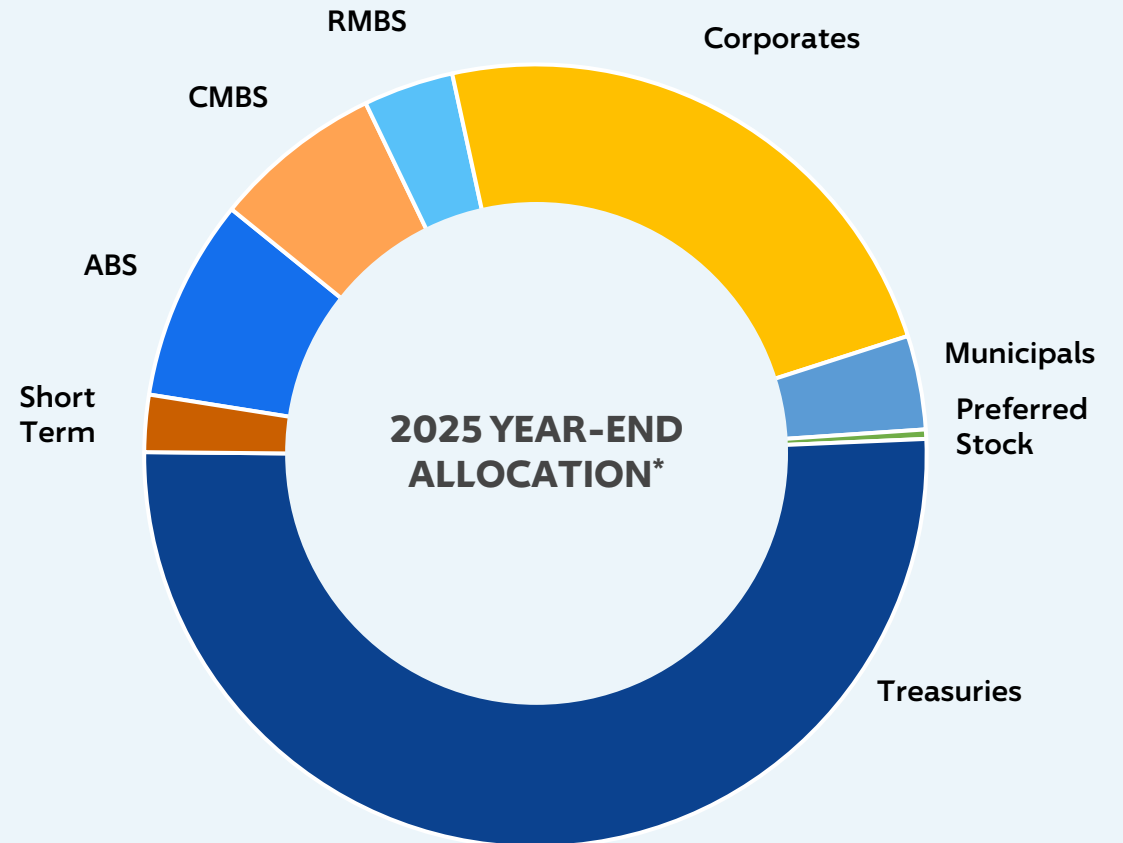
# Interest rate risk adjusts to market conditions



## INVESTOR RELATIONS Q4

We invest in the following fixed income sectors:

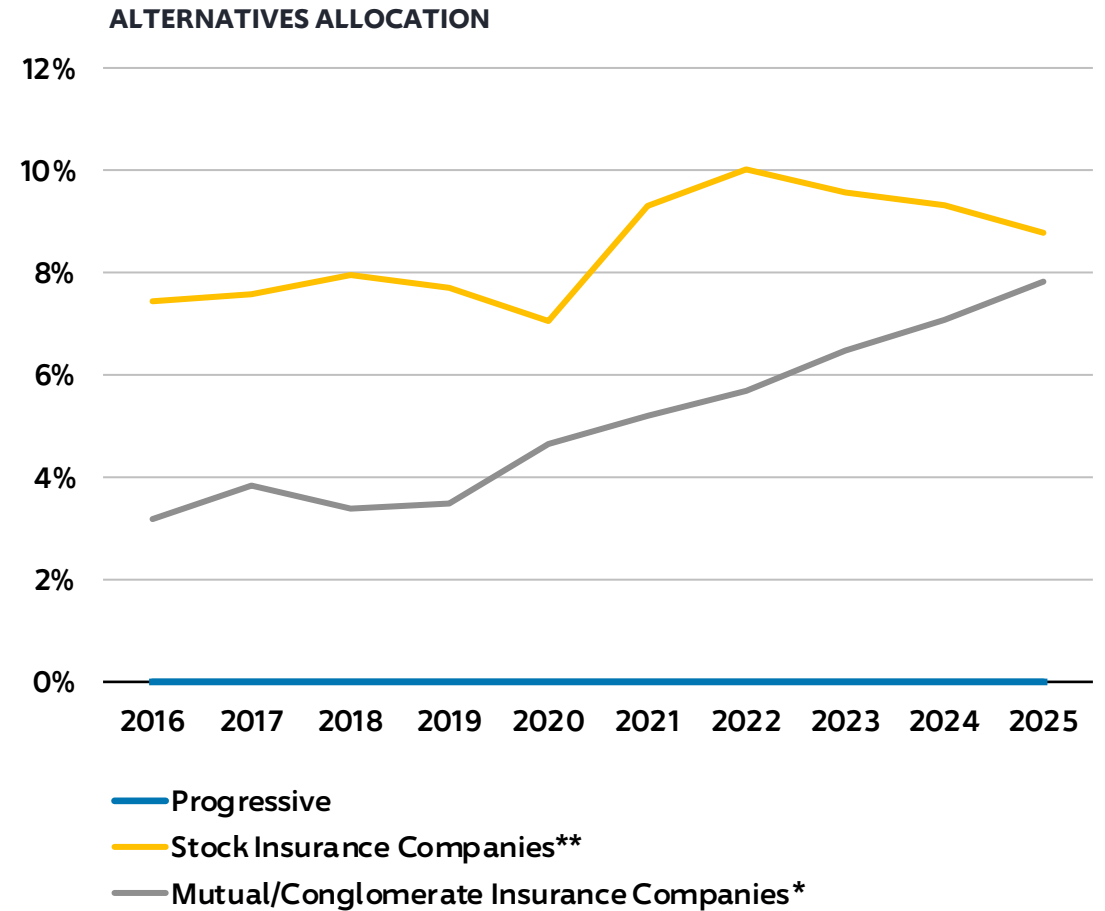
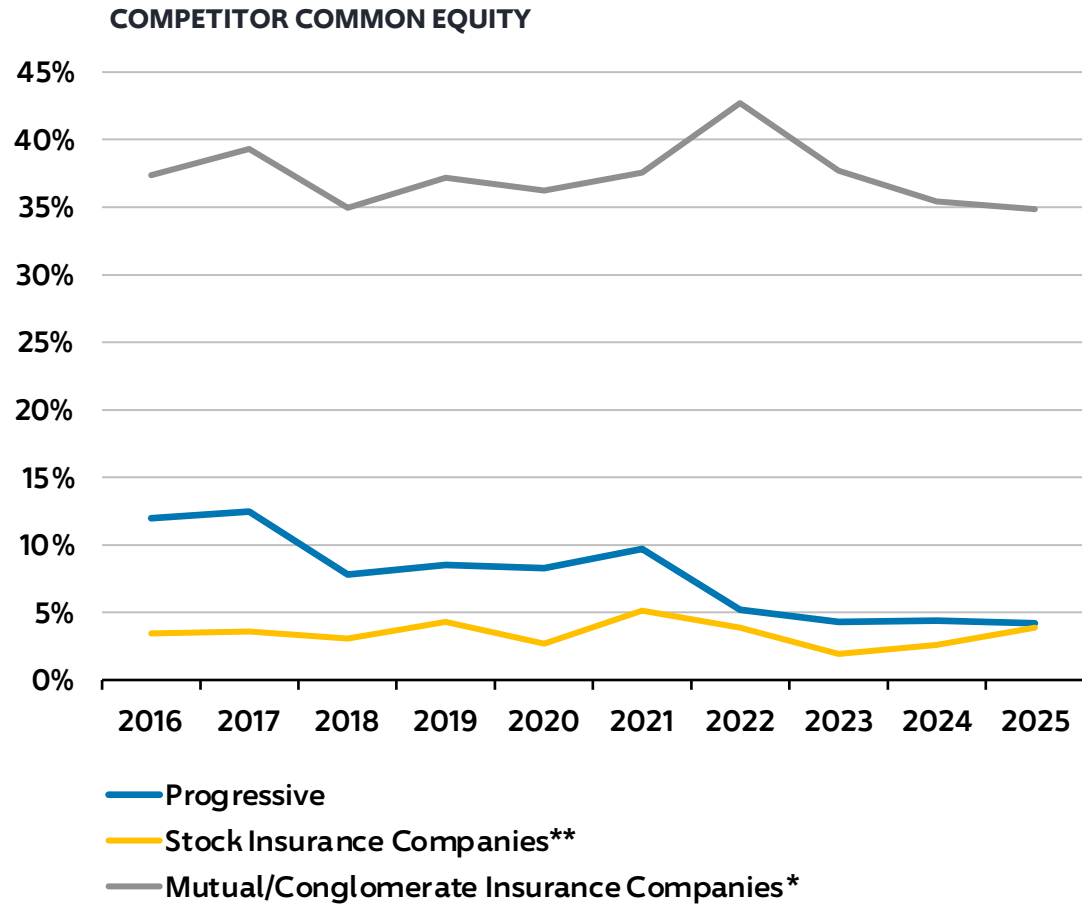
- Short-term investments
- Asset-backed securities
- Commercial mortgage-backed securities
- Residential mortgage-backed securities
- Corporate debt
- Municipal bonds
- Preferred stock
- United States Treasuries



Source: Internal Data

\*Allocations are adjusted for dividends paid in January

# Our equity mix reflects our risk/return and liquidity profile



Source: Internal data, S&P Market Intelligence, and Bloomberg

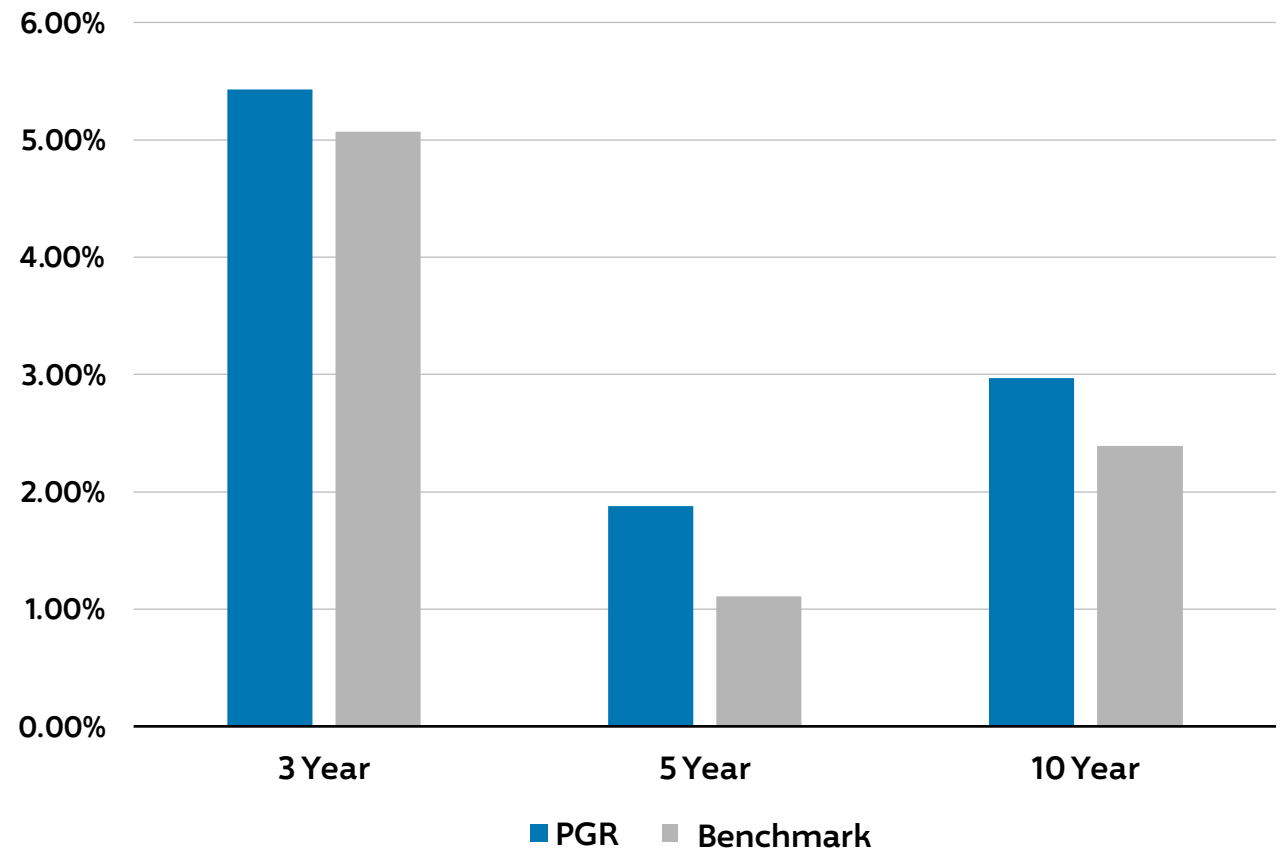
\*Top 3 mutuals or conglomerate insurance companies by personal auto direct premiums written (as of 3Q 2025)

\*\* Top 3 public insurance companies, excluding PGR, by personal auto direct premiums written

# Annualized fixed income investment returns consistently outperform benchmark

	Progressive	Benchmark
<b>3 year</b>	5.43%	5.07%
<b>5 year</b>	1.88%	1.11%
<b>10 year</b>	2.97%	2.39%

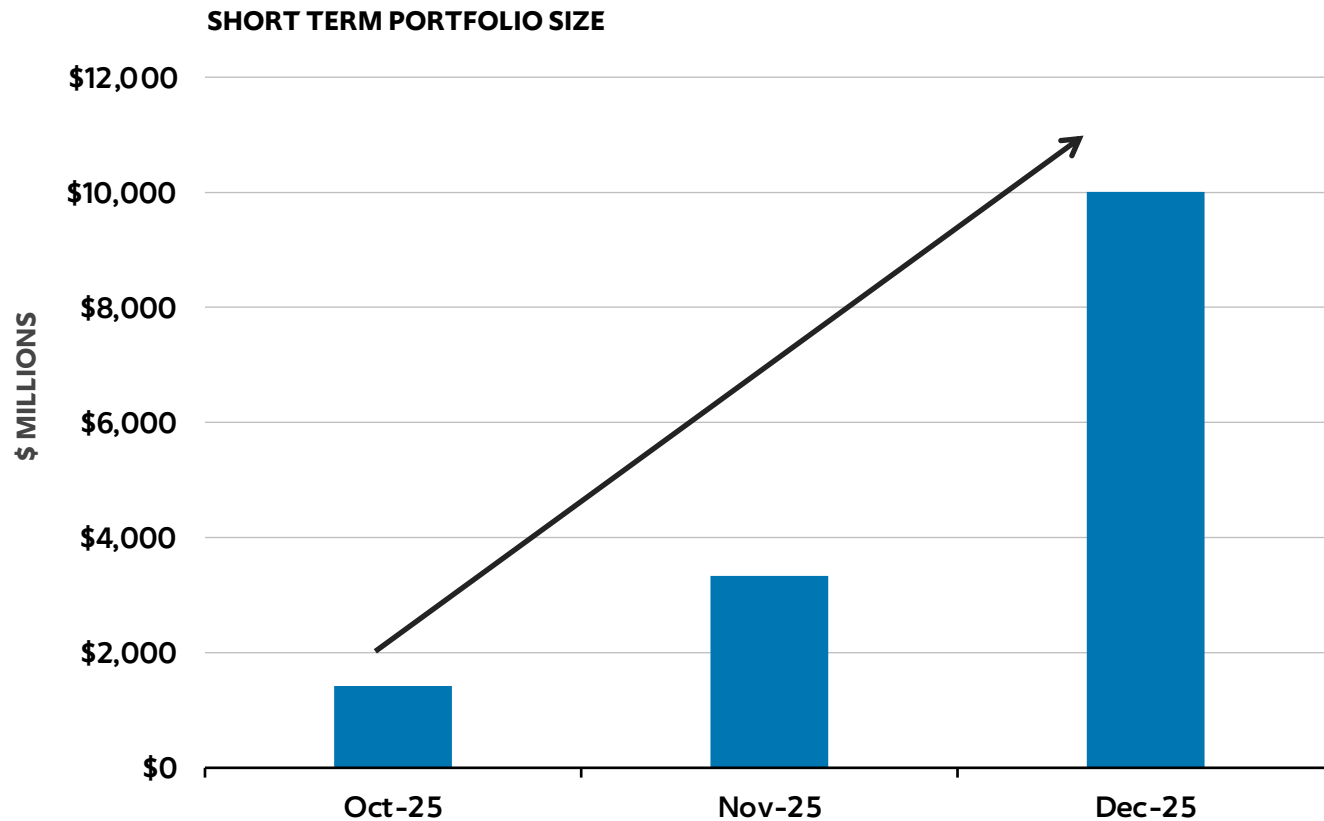
**PROGRESSIVE VS BENCHMARKS\***



Source: Internal data and Bloomberg

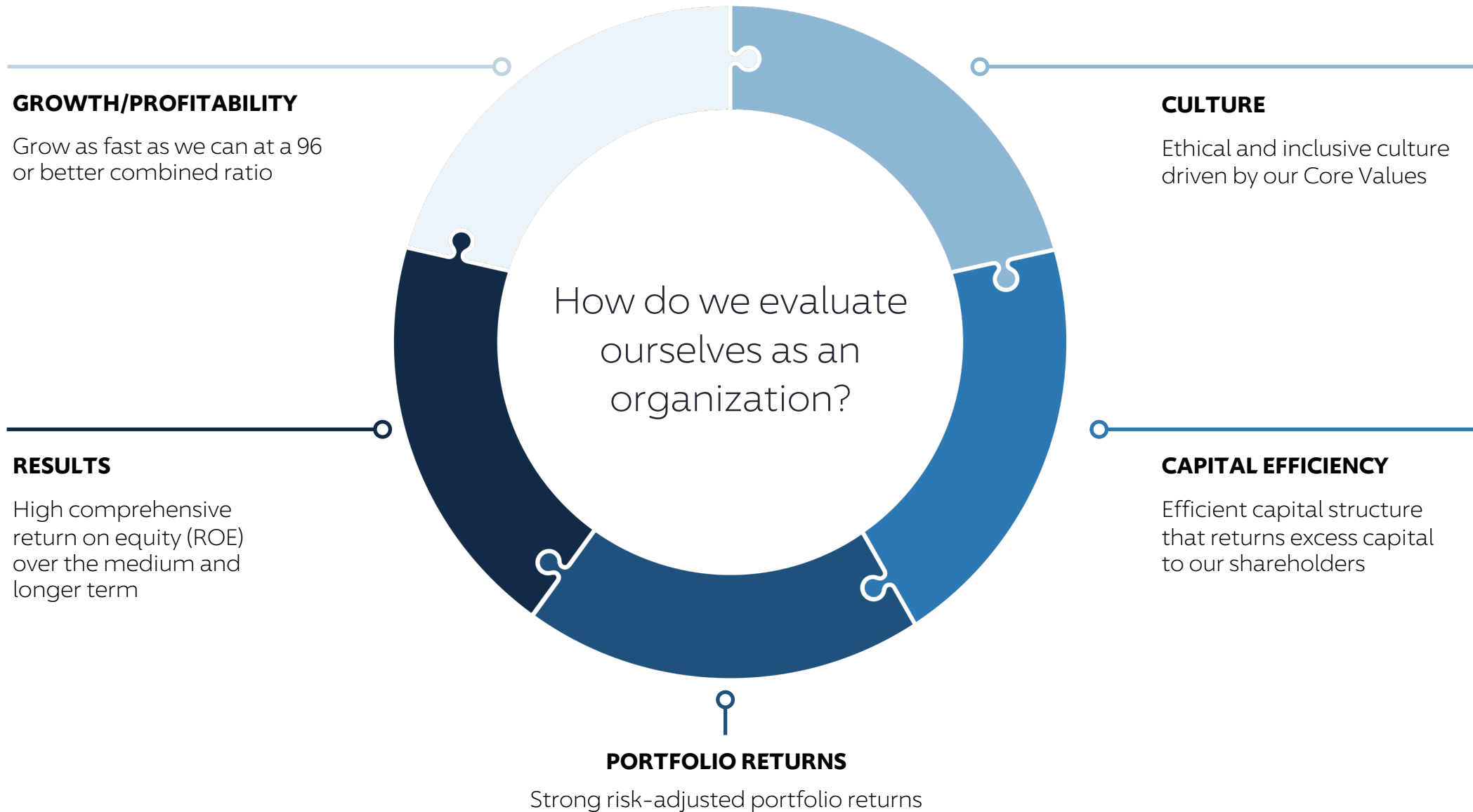
## INVESTOR RELATIONS Q4

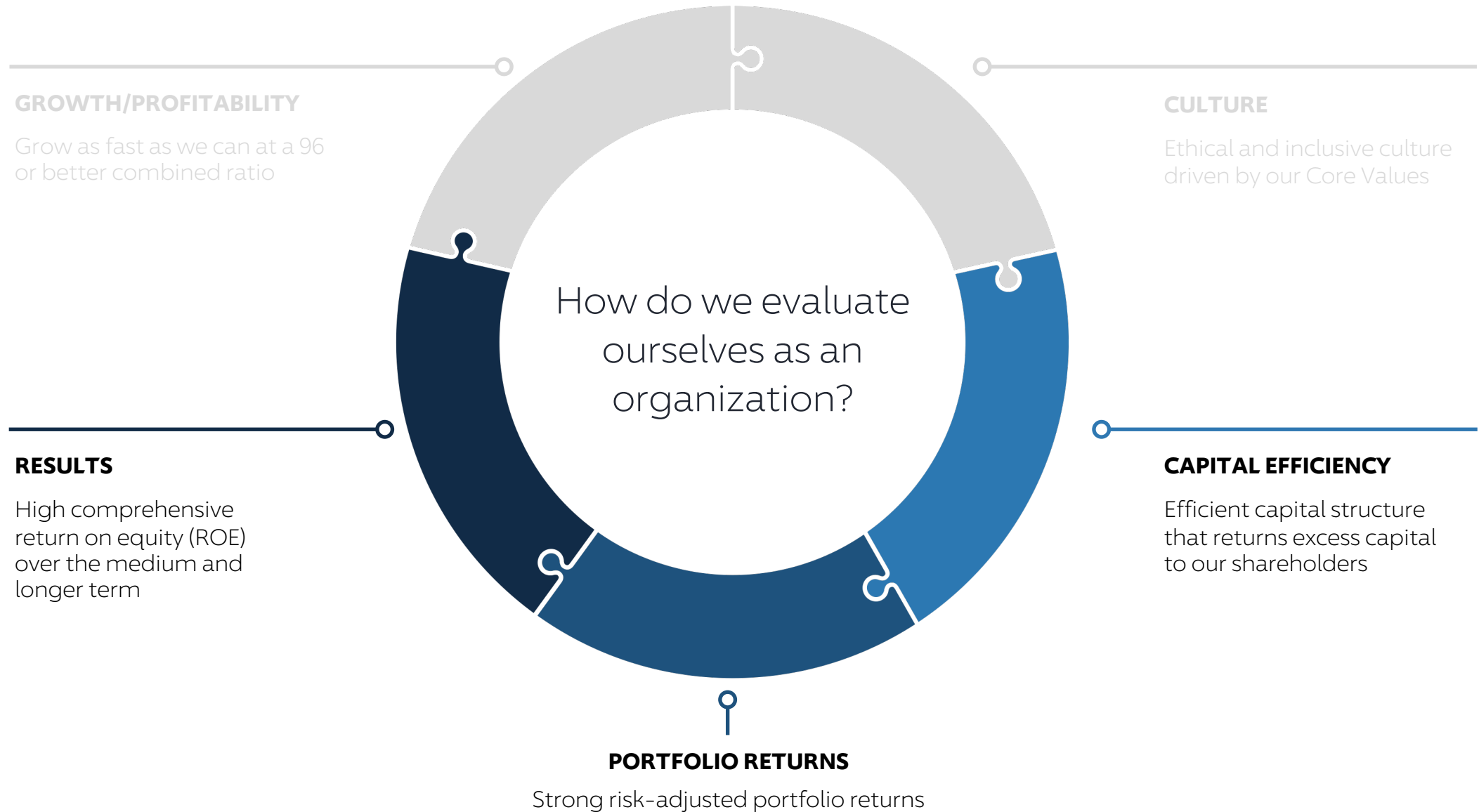
Liquidity to support both asset allocation changes and dividends



Source: Internal Data







# Thank you

INVESTOR RELATIONS Q4

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