



# Investor Relations

*PROGRESSIVE*

2022 Q4

Telematics innovation  
at Progressive

# 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;
- our ability to attract, develop and retain talent and maintain appropriate staffing levels;
- the impact of misconduct or fraudulent acts by employees, agents, and third parties to our business and/or exposure to regulatory assessments;
- the highly competitive nature of property-casualty insurance markets;
- whether we adjust claims accurately;
- compliance with complex and changing laws and regulations;
- litigation challenging our business practices, and those of our competitors and other companies;
- the success of our business strategy and efforts to acquire or develop new products or enter into new areas of business and navigate related risks;
- how intellectual property rights affect our competitiveness and our business operations;
- the possible impairment of our goodwill or intangible assets;
- the performance of our fixed-income and equity investment portfolios;
- the impact on our investment returns and strategies from regulations and societal pressures relating to environmental, social, governance and other public policy matters;
- the elimination of the London Interbank Offered Rate;
- 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;
- limitations on our ability to pay dividends on our common shares under the terms of our outstanding preferred shares;
- our ability to obtain capital when necessary to support our business and potential growth;
- evaluations by credit rating and other rating agencies;
- the variable nature of our common share dividend policy;
- whether our investments in certain tax-advantaged projects generate the anticipated returns;
- the impact from not managing 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, 2022.

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, 2022 filed with the Securities and Exchange Commission. All information, statements, and projections in this presentation and the related earnings call speak only as of the date of this presentation and related earnings call. Progressive assumes no obligation to update any forward-looking or other information included in this presentation or related earnings calls, whether as a result of new information, future developments or events or otherwise.



# Tricia Griffith

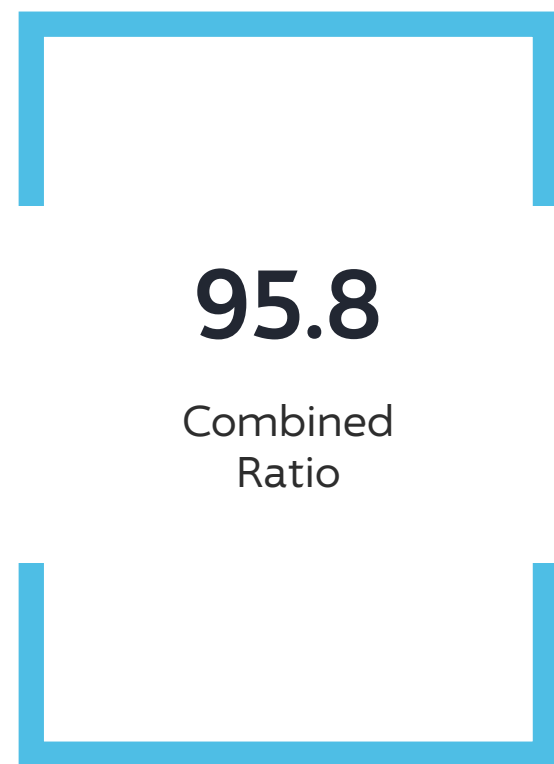
President & CEO

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INVESTOR RELATIONS **Q4**



Progressive had an excellent 2022 despite macroeconomic challenges



## Progressive's four cornerstones

**Core Values** —*Who we are*

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**Purpose** —*Why we're here*

---

**Vision** —*Where we're headed*

---

**Strategy** —*How we'll get there*

---

## Progressive's four cornerstones

### Core Values —*Who we are*

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Integrity, Golden Rule, Objectives,  
Excellence, Profit

### Purpose —*Why we're here*

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**We exist to help people move forward  
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Become consumers', agents', and **business owners'** No. 1 destination for insurance and other financial needs

### Strategy —*How we'll get there*

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People & culture	Broad Needs	Leading Brand	Competitive Prices
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## INVESTOR RELATIONS Q4

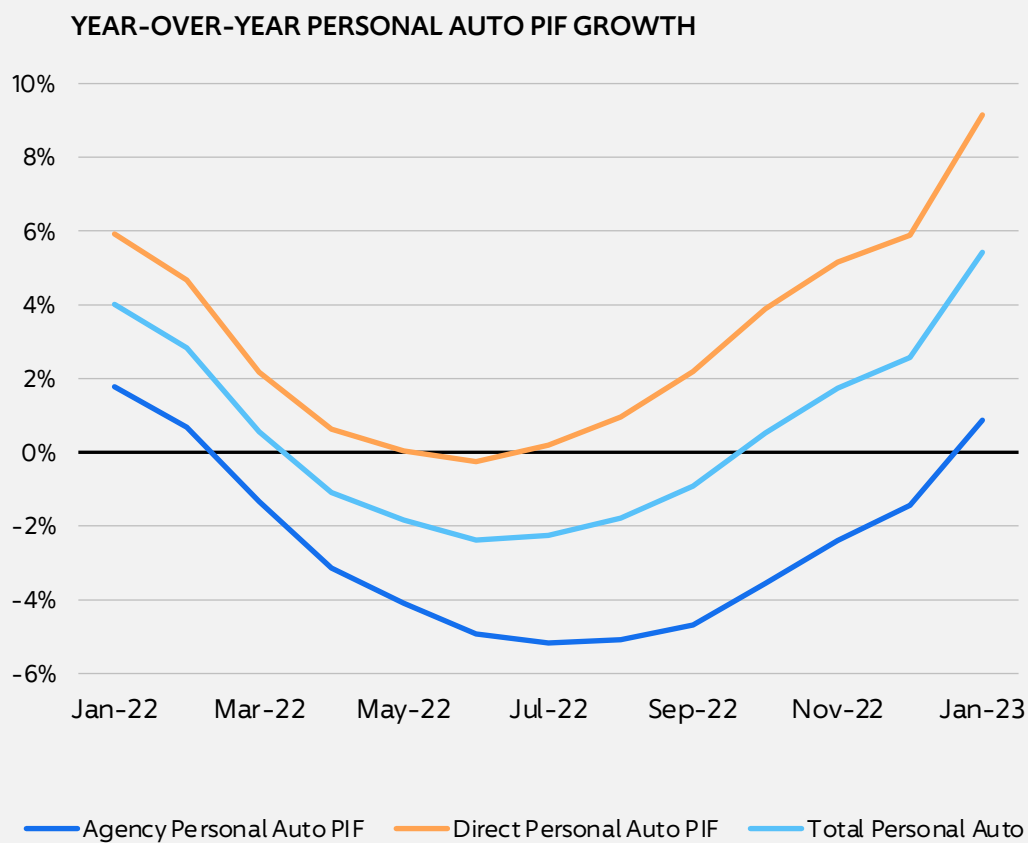
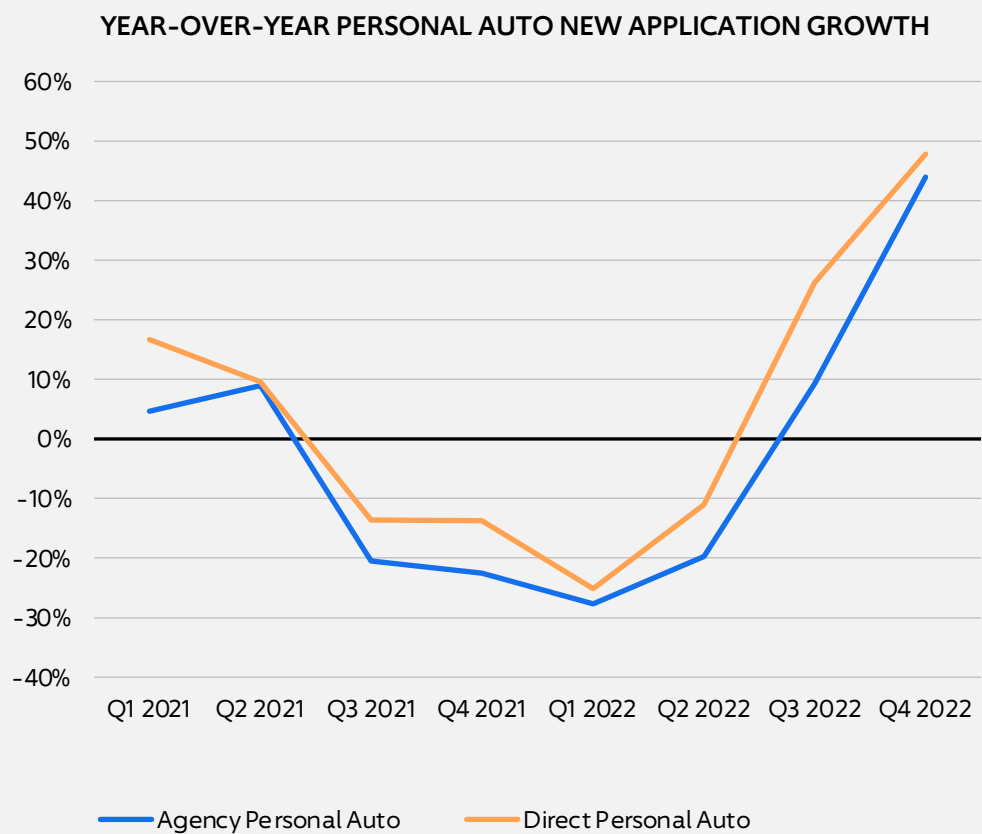
We continue to  
take rate to stay  
ahead of trends

We believe our  
major rate increases  
are behind us

		Aggregate rate change	Number of states	Average rate change per state
2021	Q1	0%	-	-
	Q2	2%	11	5%
	Q3	3%	20	6%
	Q4	3%	19	7%
	Total 2021	8%		
2022	Q1	7%	36	9%
	Q2	2%	17	5%
	Q3	2%	20	5%
	Q4	2%	13	4%
	Total 2022	13%		

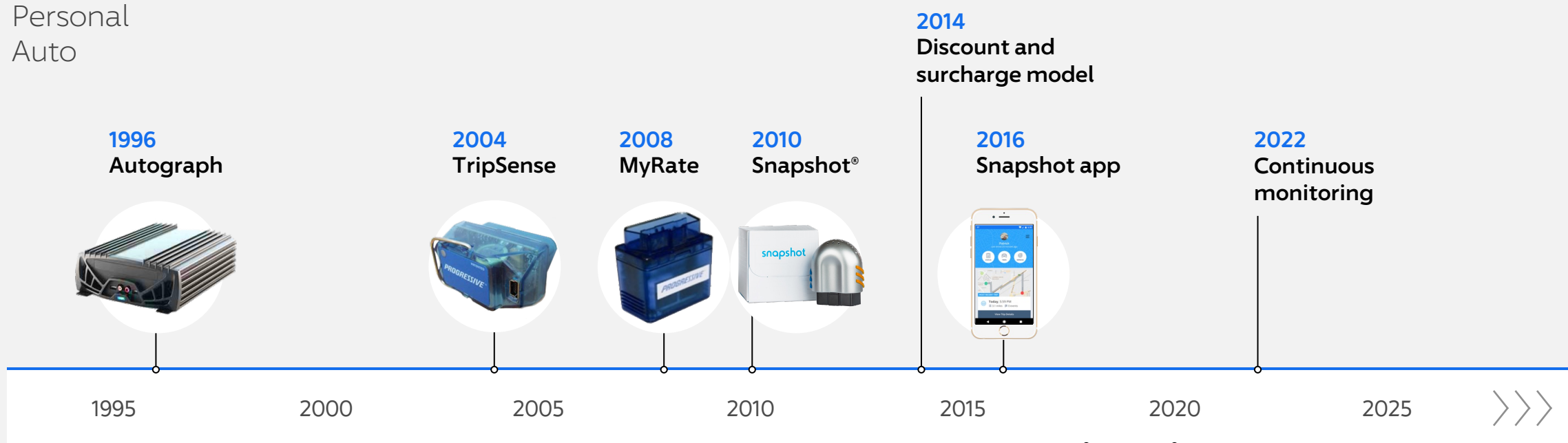


# Growth is accelerating in Personal Auto



Progressive has been offering usage-based insurance (UBI) for over 25 years

Personal  
Auto



Commercial  
Auto

2018 Smart Haul®  
2020 Snapshot ProView®



**Jim Haas**

Business Leader  
Personal Lines  
Telematics



**Cory Fischer**

Business Leader  
Commercial Lines  
Product Development

## Agenda

01 / **Personal Lines  
Telematics**

02 / **Commercial Lines  
Telematics**

# Personal Lines Telematics





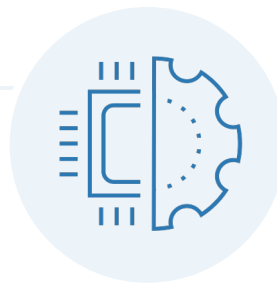
## PERSONAL LINES TELEMATICS

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We've continued to innovate—improving our core program, expanding to use data from new sources, and powering new services for our customers



**SNAPSHOT**



**PARTNER DATA FOR PRICING  
AT NEW BUSINESS**

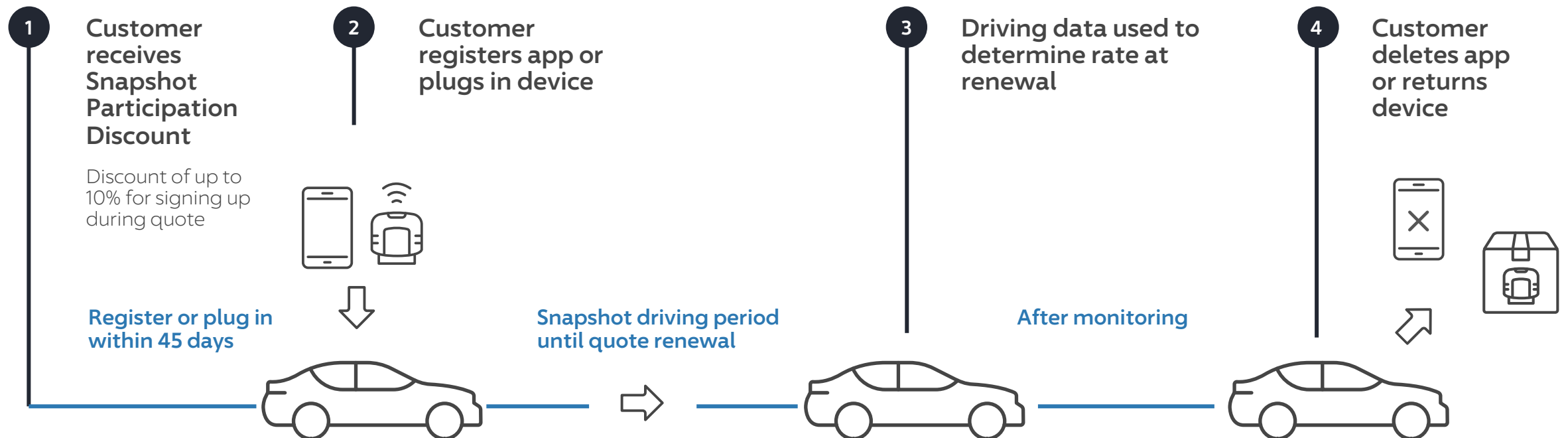


**TELEMATICS  
VALUE-ADDED SERVICES**

## PERSONAL LINES TELEMATICS

As a reminder, historically, Snapshot has offered an upfront participation discount and required customers to monitor for only six months

Snapshot data is used to apply a permanent discount or surcharge



## PERSONAL LINES TELEMATICS

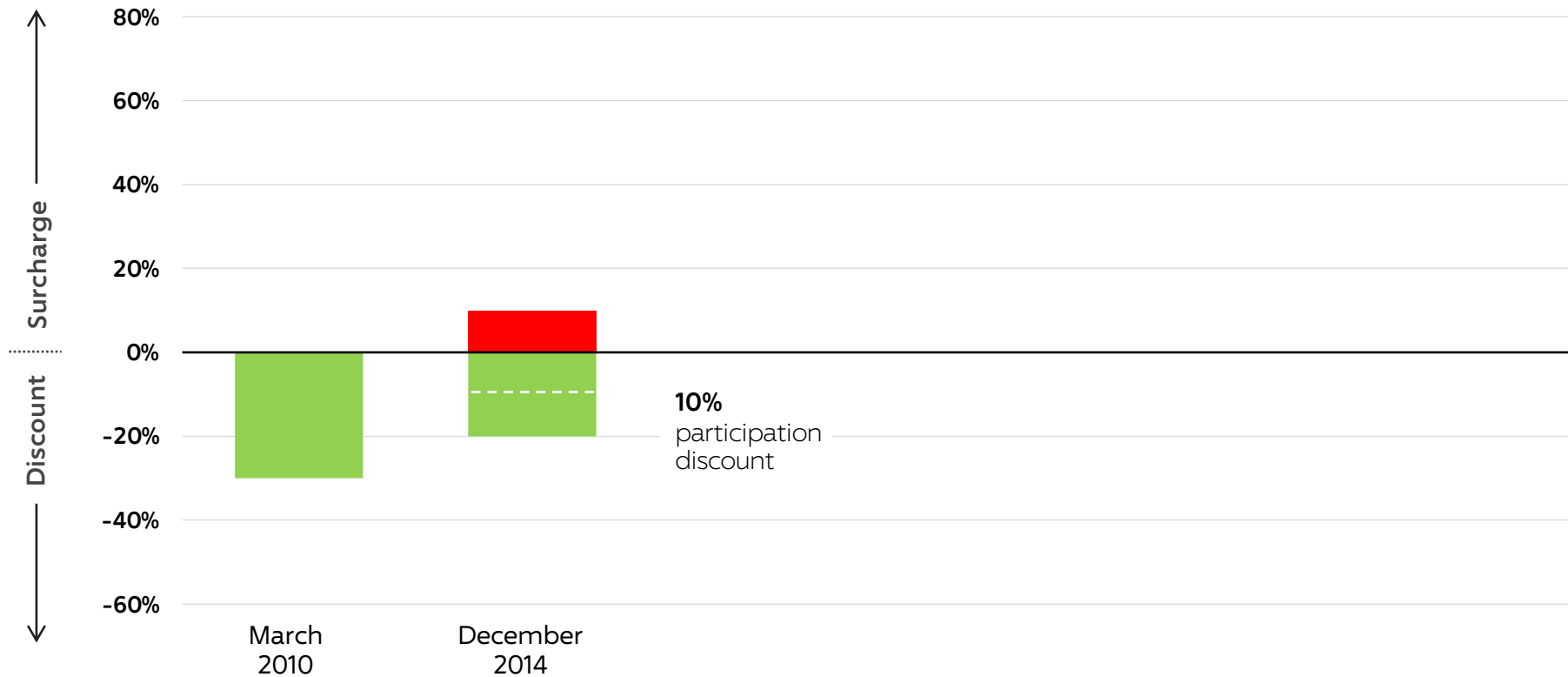
Initial Snapshot program (circa 2010) offered only discounts



Note that our goal with UBI is to price more accurately.

## PERSONAL LINES TELEMATICS

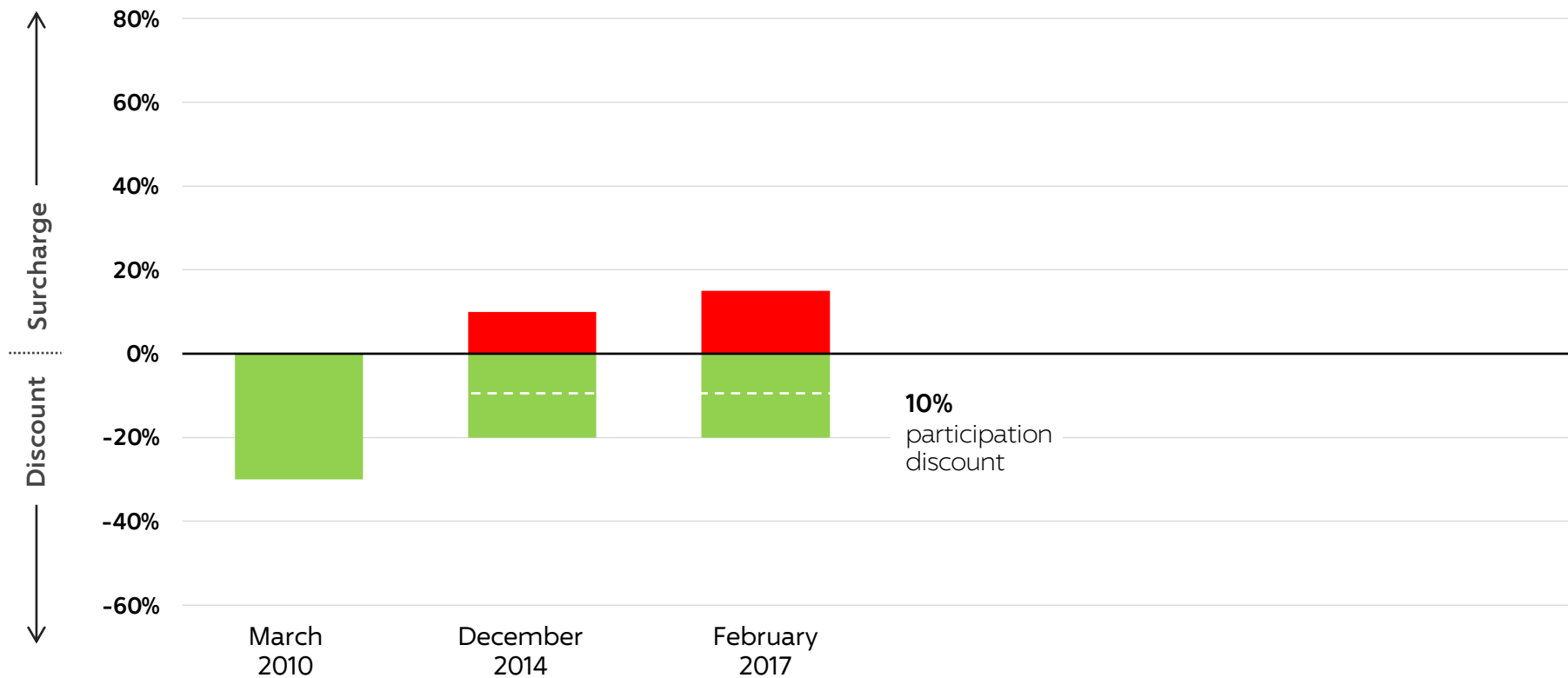
Introduced the possibility of a small surcharge in 2014—first step in the direction of more accurate pricing





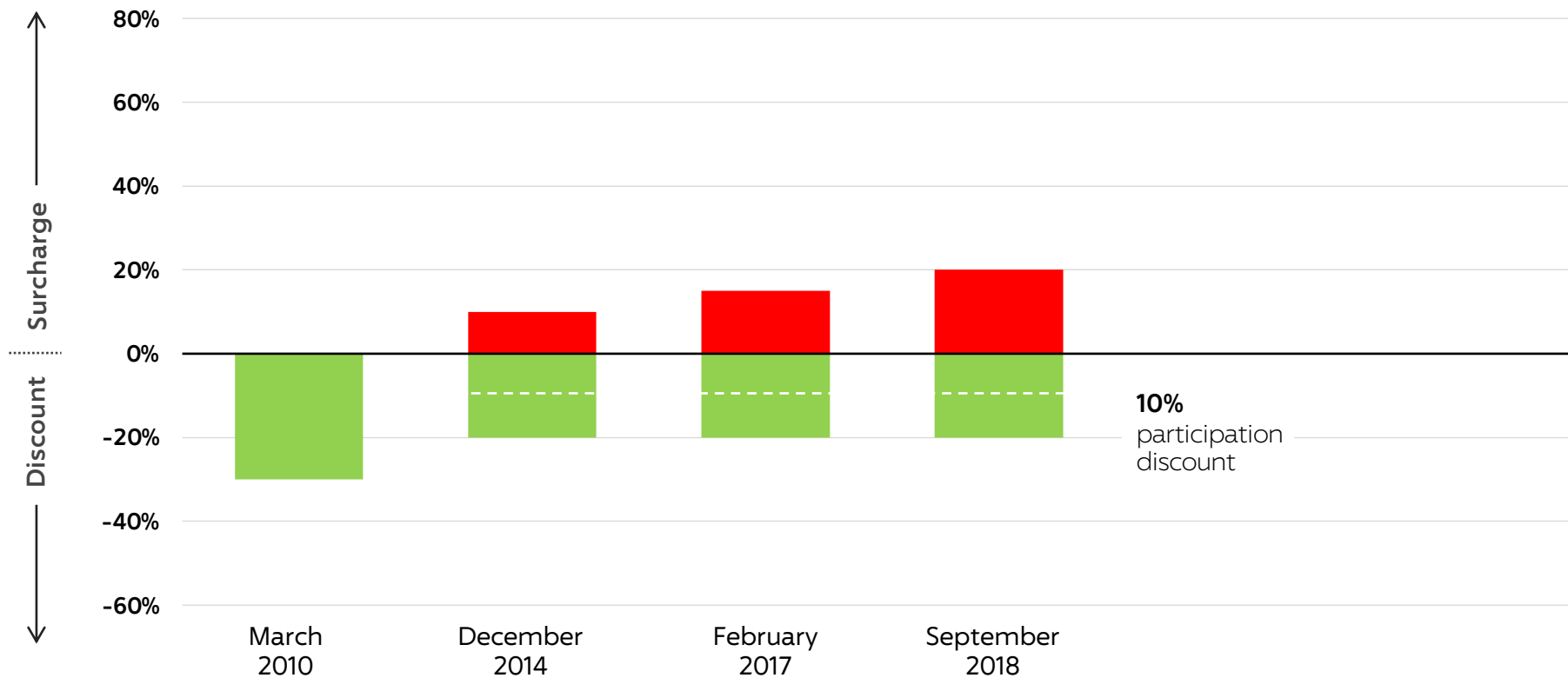
## PERSONAL LINES TELEMATICS

But we've built on that and moved to price closer and closer to what the data would suggest



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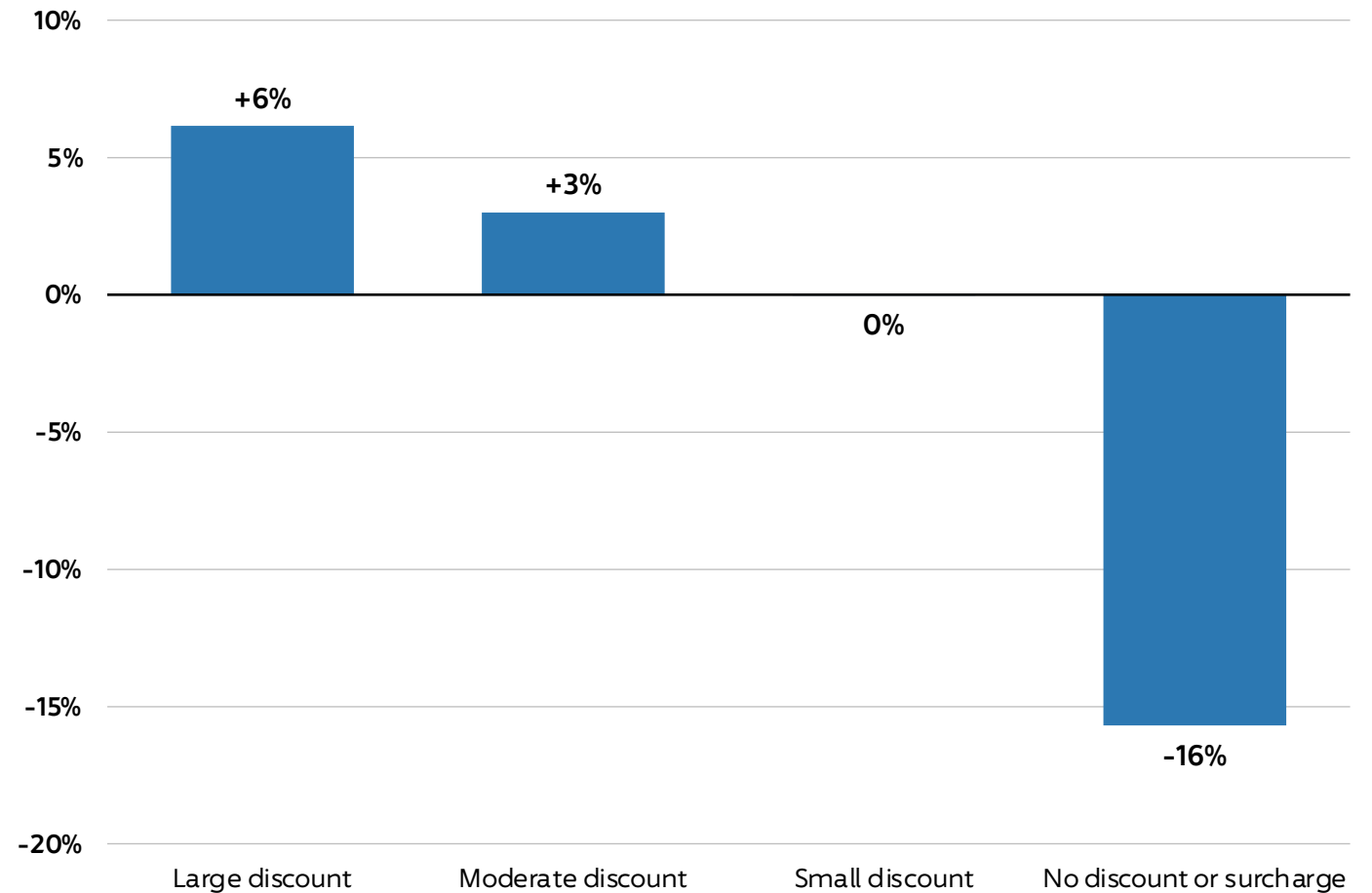
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## PERSONAL LINES TELEMATICS

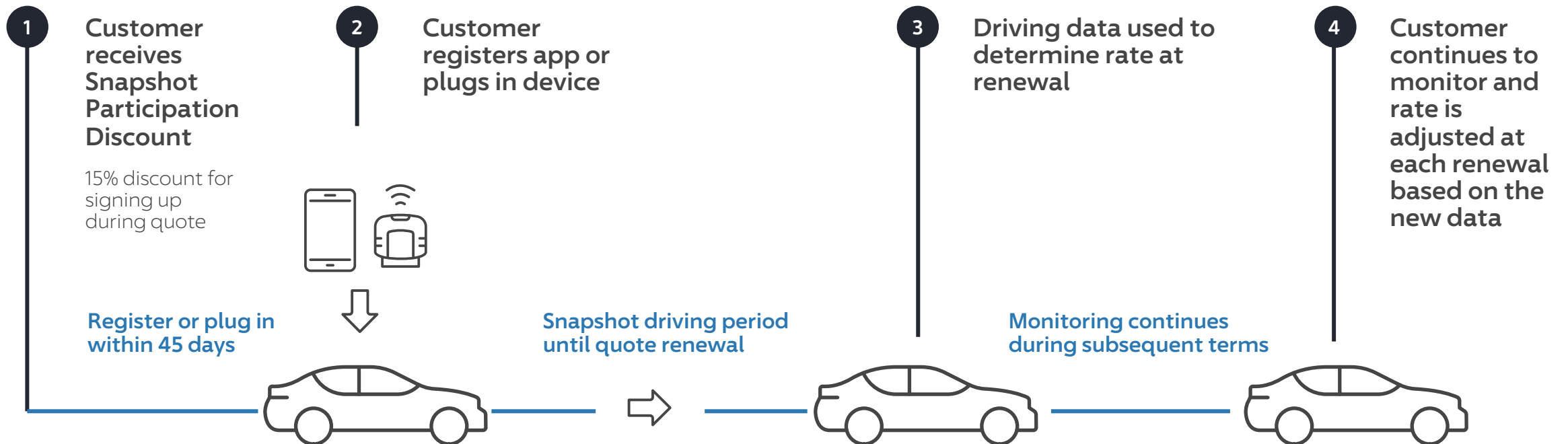
Snapshot helps retain the least risky drivers (who earn bigger discounts) and shed riskier drivers



## PERSONAL LINES TELEMATICS

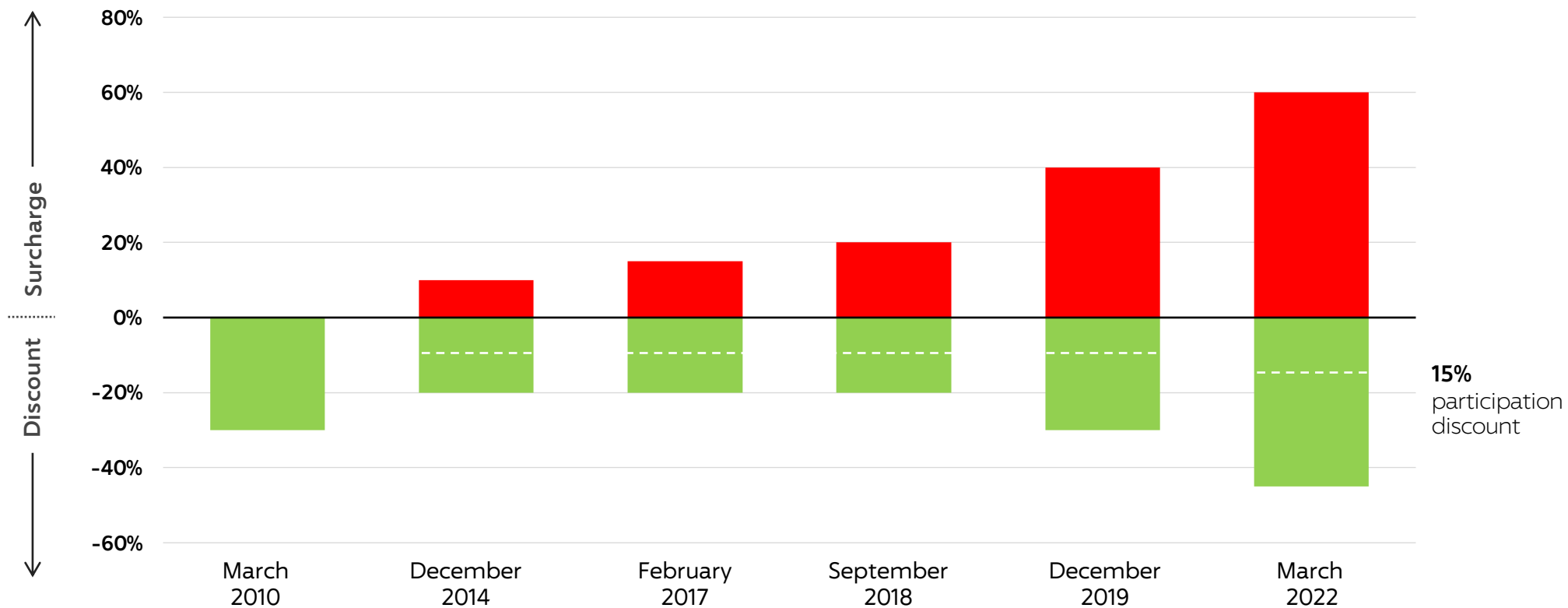
Now rolling out a continuously-monitored program (Snapshot 5.0)

Snapshot data is used to adjust rates at each renewal



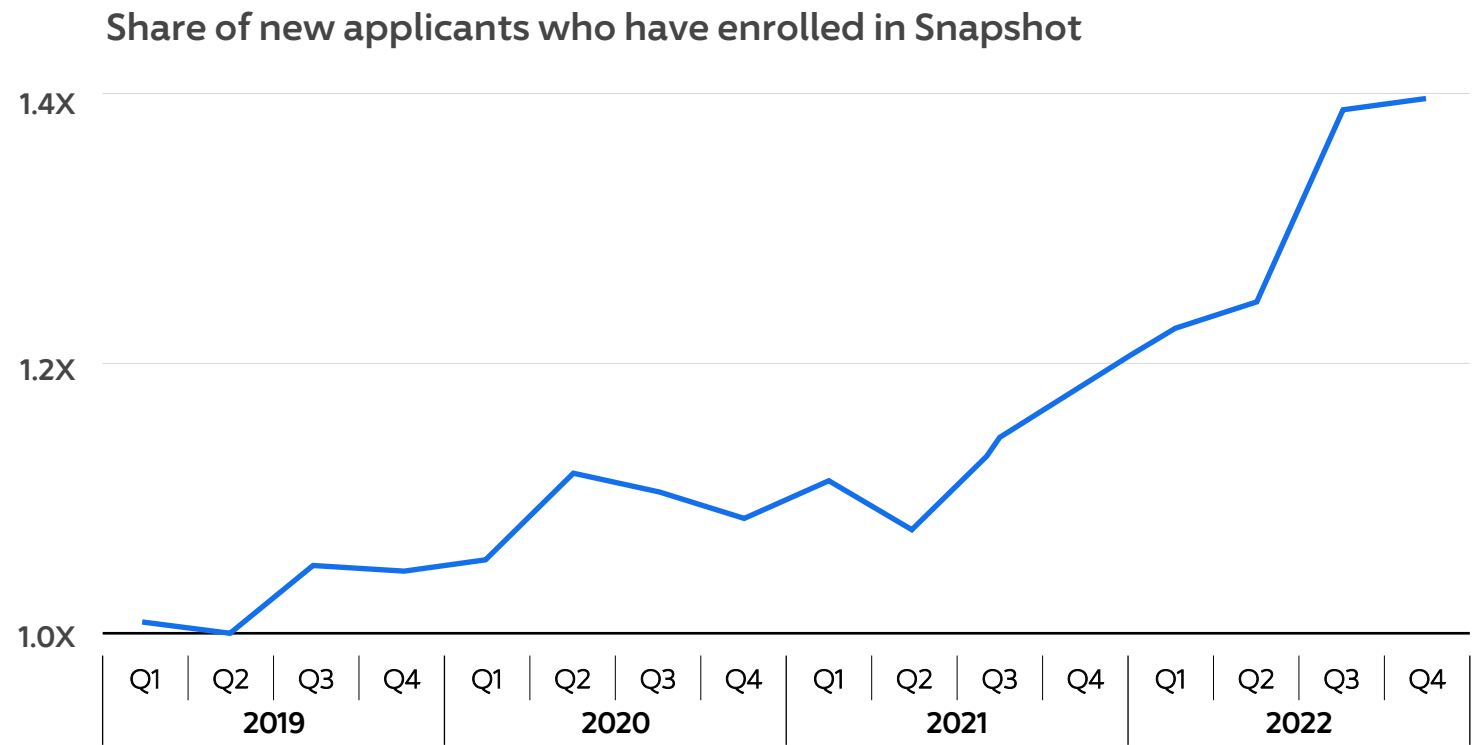
## PERSONAL LINES TELEMATICS

Continuous rating results in steeper indicated and selected factors and a larger participation discount



PERSONAL LINES TELEMATICS

Snapshot enrollment rates are up about 40% since January 2019



Source: Internal data

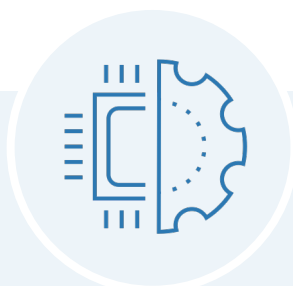
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**SNAPSHOT**



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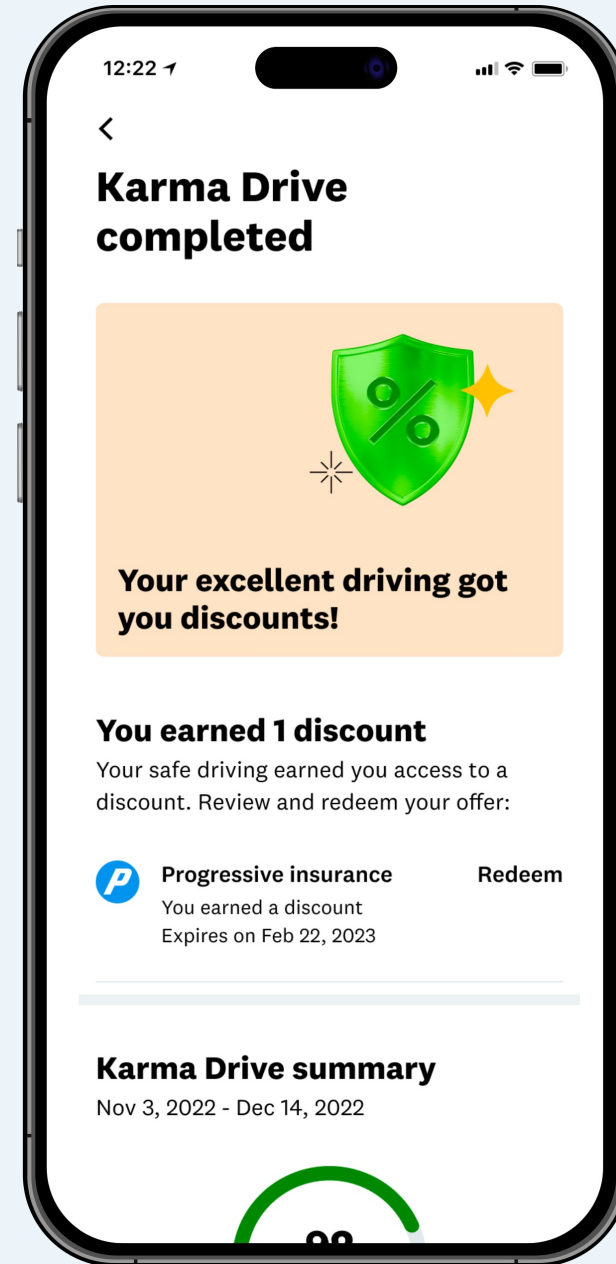
**TELEMATICS  
VALUE-ADDED SERVICES**



## PERSONAL LINES TELEMATICS

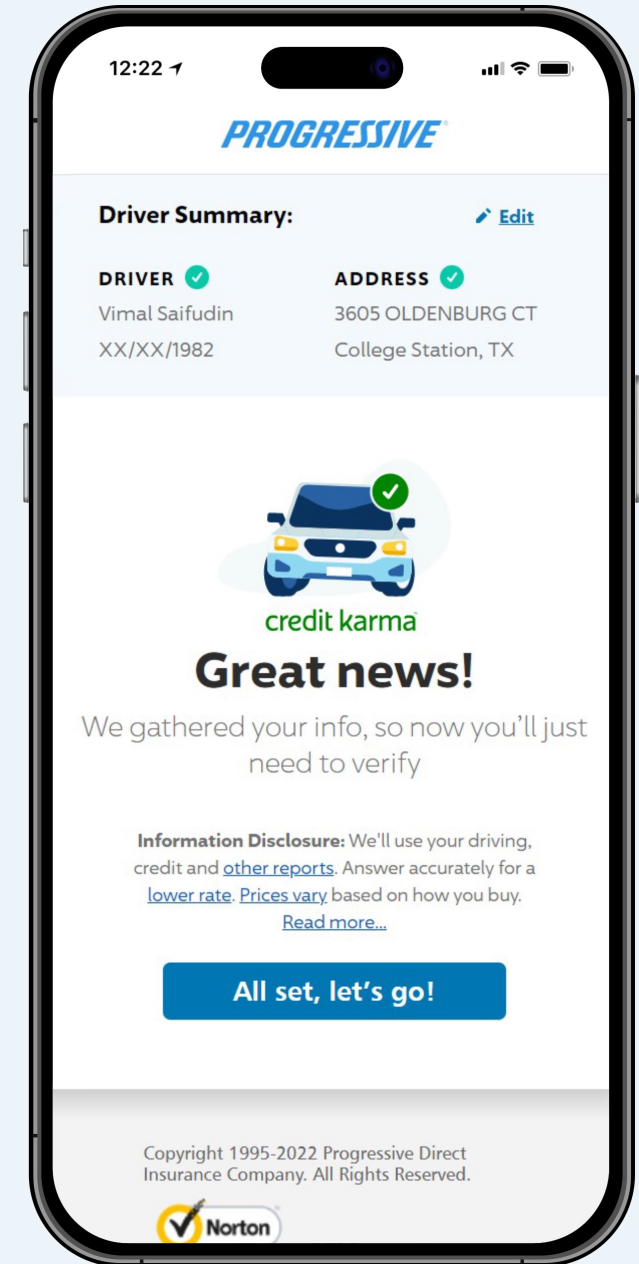
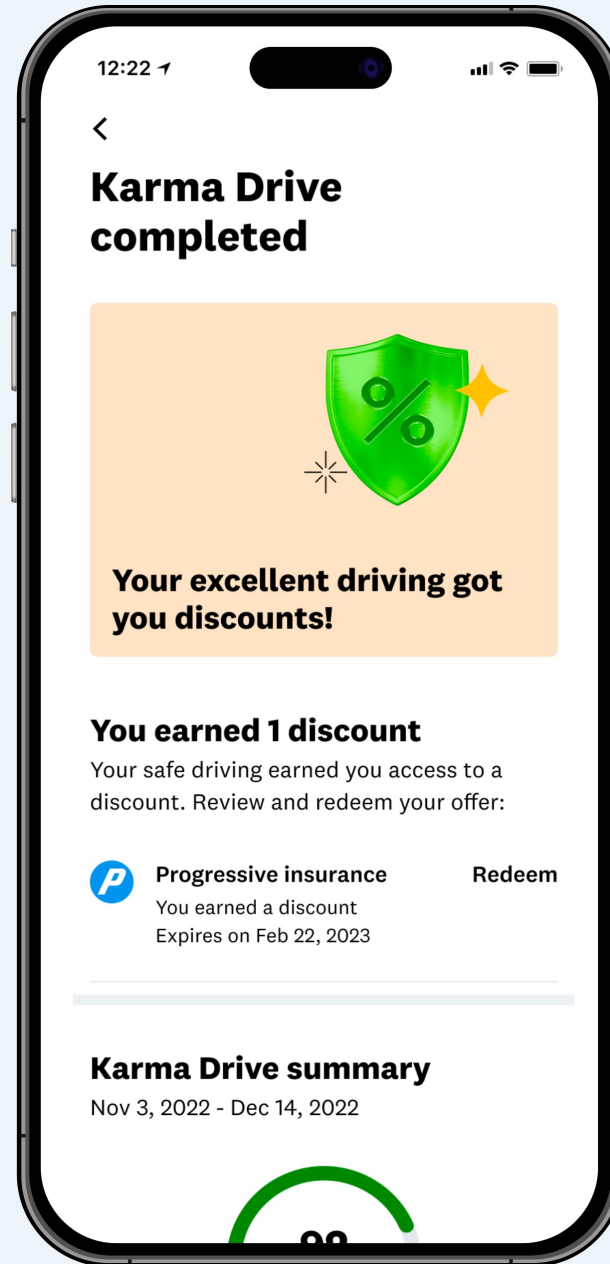
### Lead-generation programs:

In this model, partners like Credit Karma invite their customers to opt in to share data and then market discounts to good drivers



## PERSONAL LINES TELEMATICS

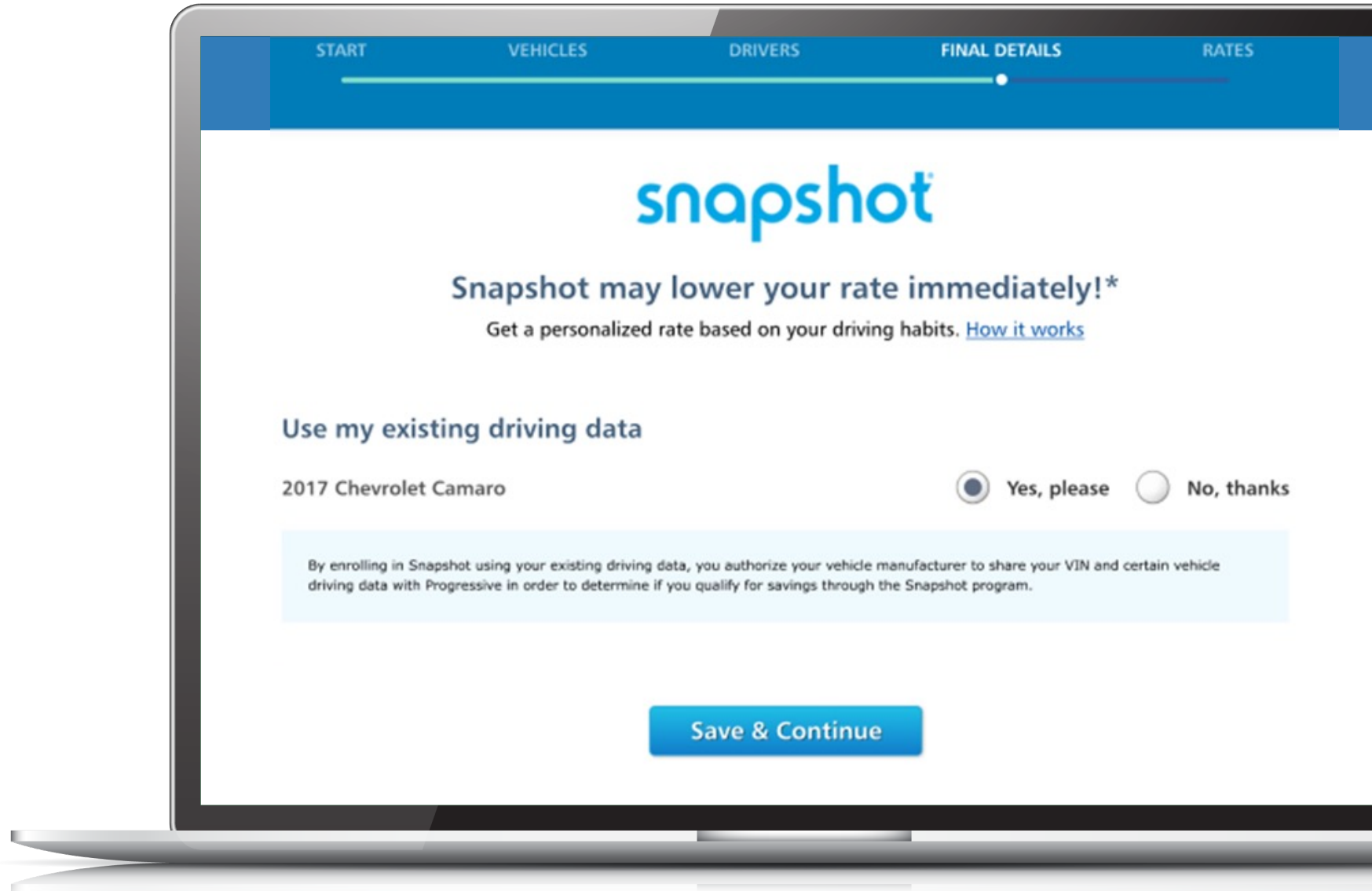
If the customer chooses to quote, we then get that driving data and include the discount right in the first price they see



## PERSONAL LINES TELEMATICS

### Data at quote program:

We now also pull in data collected by OEMs during the quote when it's available and the customer opts in, applying the discount or surcharge to the rate they see



The image shows a laptop screen displaying the Snapshot website. At the top, there is a navigation bar with five tabs: START, VEHICLES, DRIVERS, FINAL DETAILS, and RATES. A progress bar is located below the tabs, with a dot indicating the current step is 'FINAL DETAILS'. The main content area features the 'snapshot' logo in blue. Below the logo, the text reads 'Snapshot may lower your rate immediately!\*' followed by 'Get a personalized rate based on your driving habits. [How it works](#)'. The section 'Use my existing driving data' is highlighted, showing a selected radio button for 'Yes, please' and an unselected one for 'No, thanks'. Below this, a light blue box contains a disclaimer: 'By enrolling in Snapshot using your existing driving data, you authorize your vehicle manufacturer to share your VIN and certain vehicle driving data with Progressive in order to determine if you qualify for savings through the Snapshot program.' At the bottom of the screen, there is a blue button labeled 'Save & Continue'.

START VEHICLES DRIVERS FINAL DETAILS RATES

**snapshot**

**Snapshot may lower your rate immediately!\***  
Get a personalized rate based on your driving habits. [How it works](#)

**Use my existing driving data**

2017 Chevrolet Camaro ☒ Yes, please ☐ No, thanks

By enrolling in Snapshot using your existing driving data, you authorize your vehicle manufacturer to share your VIN and certain vehicle driving data with Progressive in order to determine if you qualify for savings through the Snapshot program.

**Save & Continue**

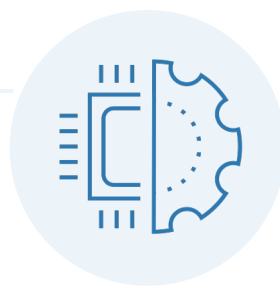
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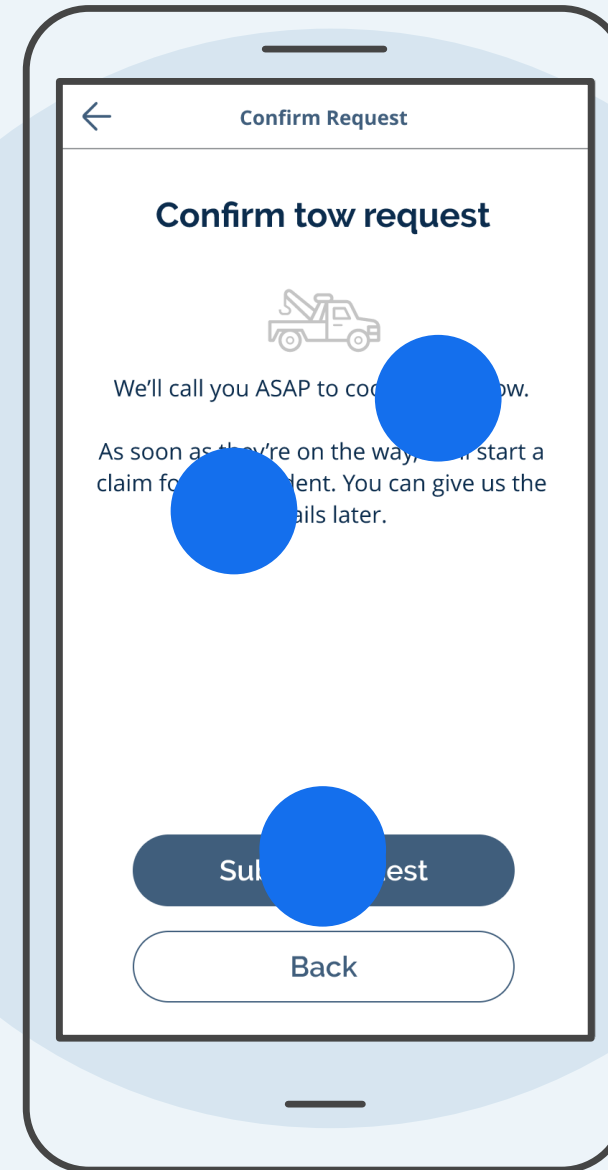


**TELEMATICS  
VALUE-ADDED SERVICES**

## PERSONAL LINES TELEMATICS

# Introducing Accident Response

If we detect an accident, we'll send help if the customer needs it, whether that's an ambulance or a tow truck.



## PERSONAL LINES TELEMATICS

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### Key Accident Response features

No additional cost



No UBI required



Thoughtful EMS dispatch



More than EMS



Connection to insurance

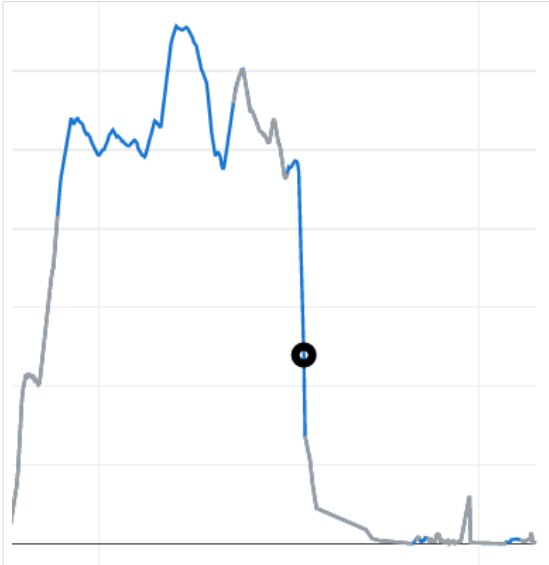




PERSONAL LINES TELEMATICS

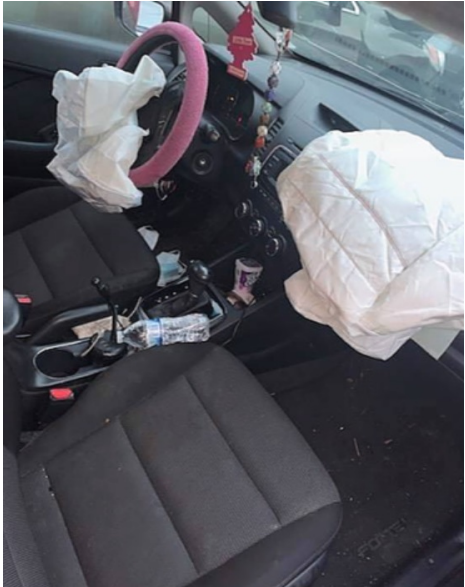
Example 1: Accident Response can help us become aware of claims faster

RESPONSE TIMELINE



[I was] unable to  
call for help at the  
time but help  
called me.

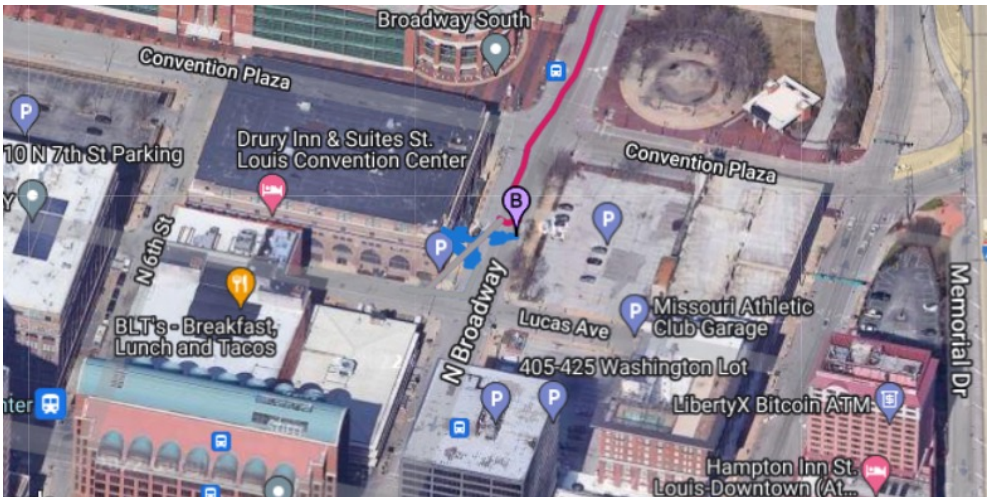
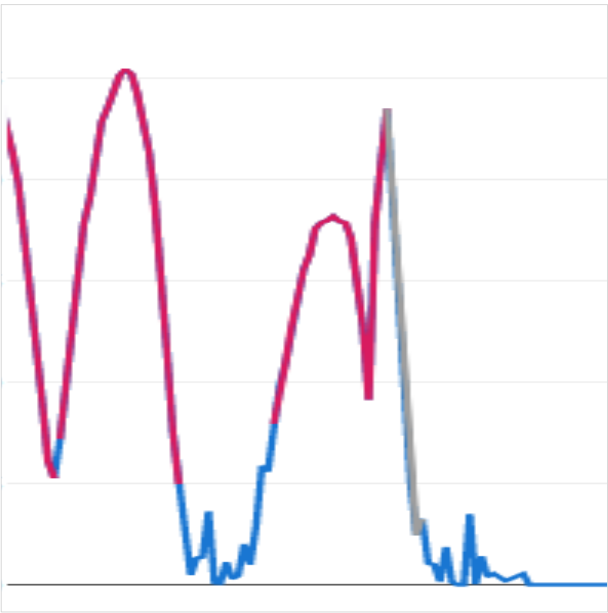
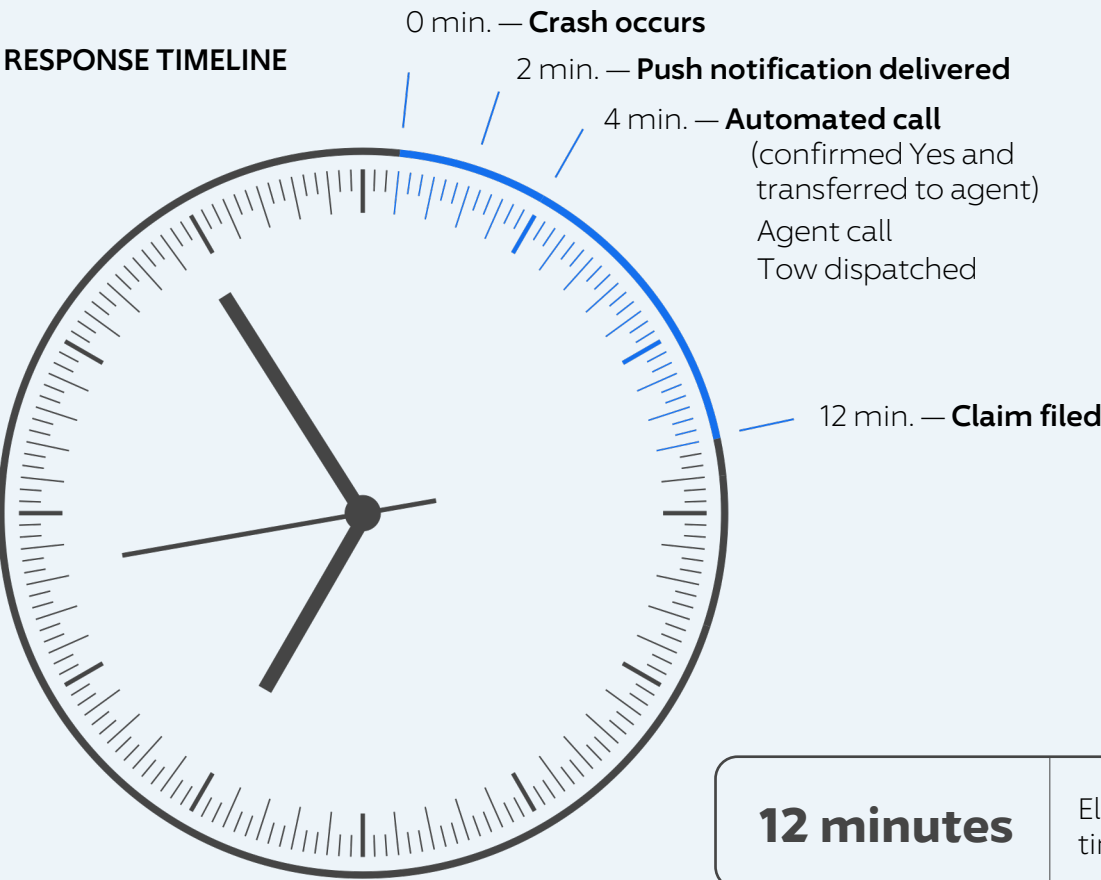
CUSTOMER  
COMMENT



PERSONAL LINES TELEMATICS

Example 2: Faster establishment of the facts of the loss

RESPONSE TIMELINE









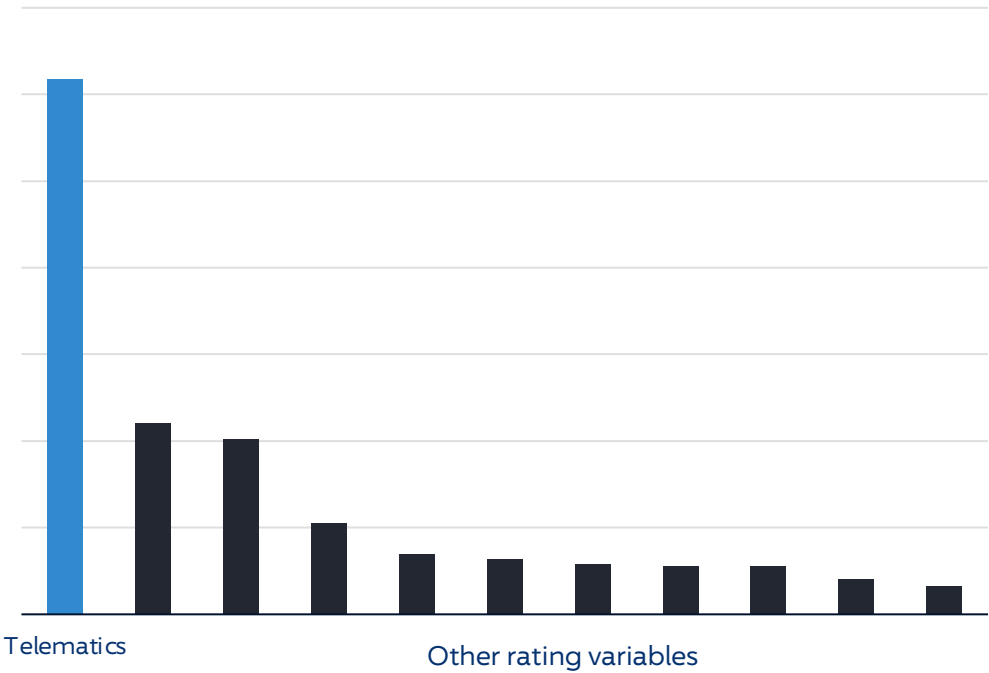
# Commercial Lines Telematics



COMMERCIAL LINES TELEMATICS

Telematics is our most predictive rating variable

Predictive power



Source: Internal data





COMMERCIAL LINES TELEMATICS

Program overview

**SMART**HAUL

Snapshot ProView

Introduced	2018	2020
Target market	For-hire truckers who maintain hours-of-service logs	Anyone else
Data capture/ transmission	Customer’s electronic-logging device (ELD)	Progressive-supplied plug-in device
Rating and benefits	<ul style="list-style-type: none"><li>• If data is available at quote, apply driving score factor (third-generation model)</li><li>• If not, apply a participation discount</li></ul>	<ul style="list-style-type: none"><li>• Participation discount at new business</li><li>• Adjust repeat business based on actual driving behavior (third-generation model)</li><li>• Driver scorecard available</li></ul>



## COMMERCIAL LINES TELEMATICS

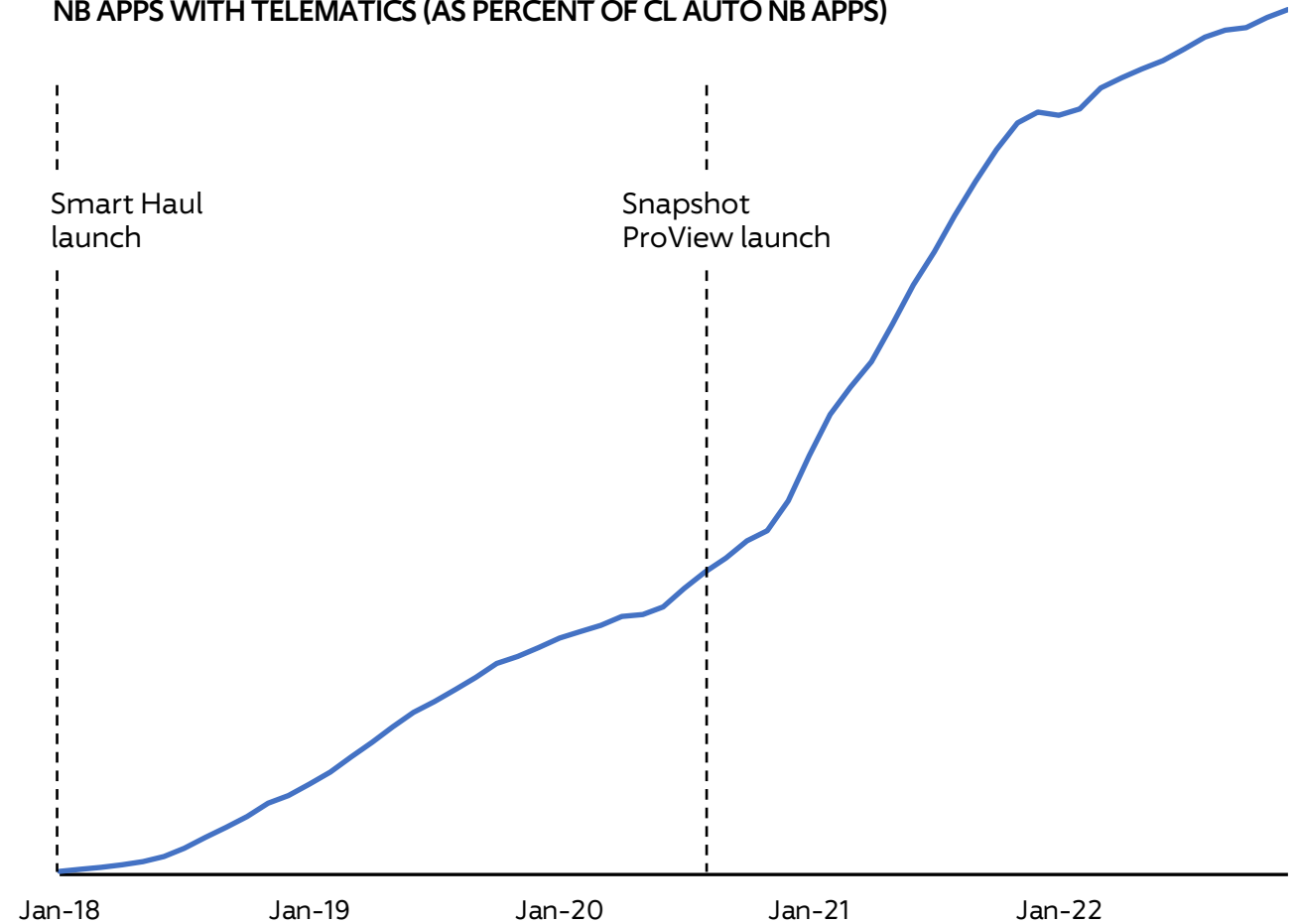
Our programs are performing well across many key metrics

- Increased adoption
- Higher conversion
- Better profitability

Progressive's Commercial Telematics (enrolled) premium would be a **top 15 commercial auto insurance carrier**



NB APPS WITH TELEMATICS (AS PERCENT OF CL AUTO NB APPS)



## COMMERCIAL LINES TELEMATICS

# Telematics has its share of challenges

### Experience

- Agents
- Customers

### Supply chain

- Hardware
- Data transmission

### Big Data

- Data management
- Modeling

Wherever possible, Commercial Auto leverages investments and learnings from Personal Auto





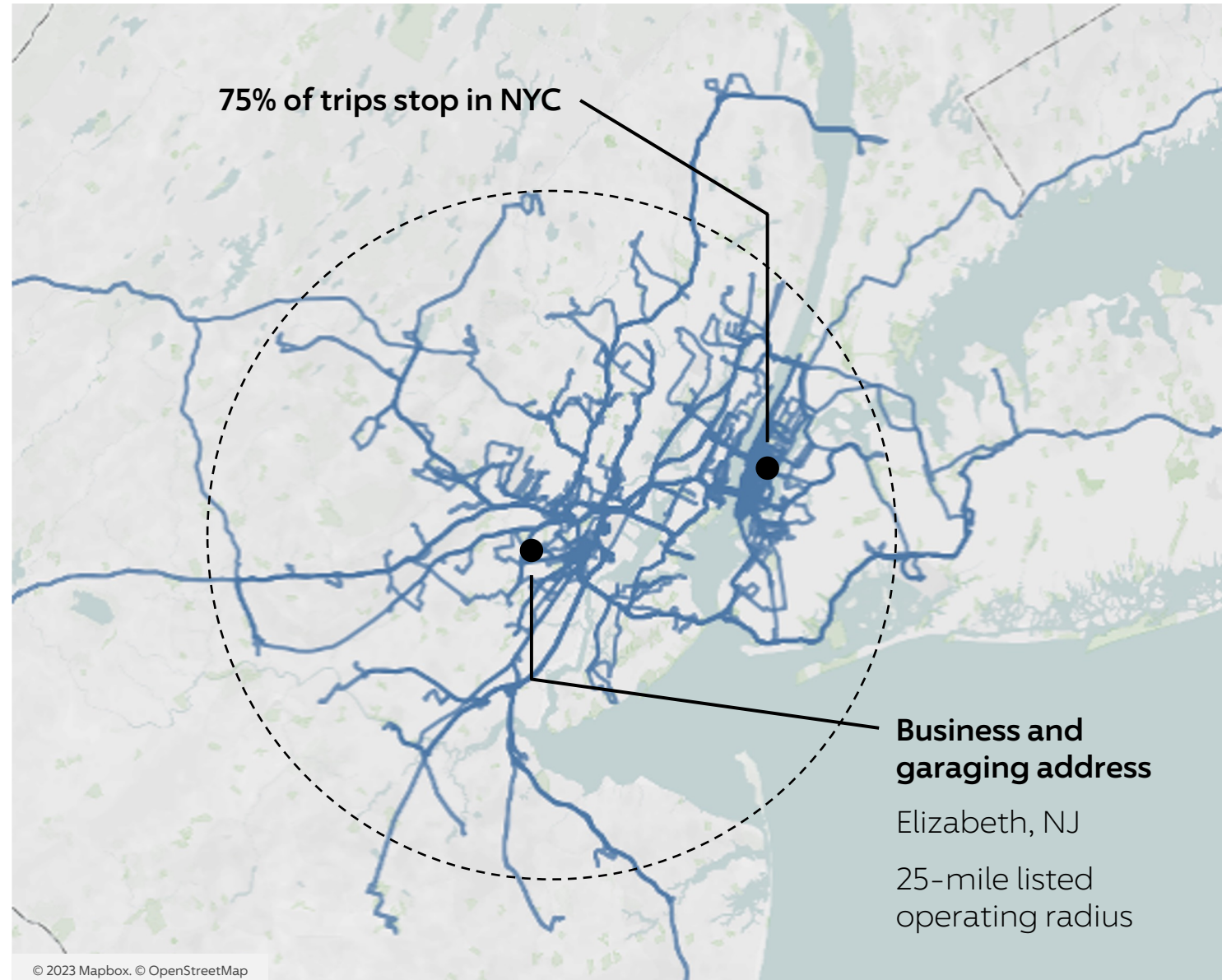
## COMMERCIAL LINES TELEMATICS

Near-term plans will help us grow and derive additional value from the data

- Simpler customer data-sharing consent
- Device installation incentive
- Automated discount application
- Broader customer eligibility

### Also looking at new data sources and applications

- Dashcams
- Claims
- Underwriting
- Deeper model integration



# Thank you

INVESTOR RELATIONS Q4

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*PROGRESSIVE*