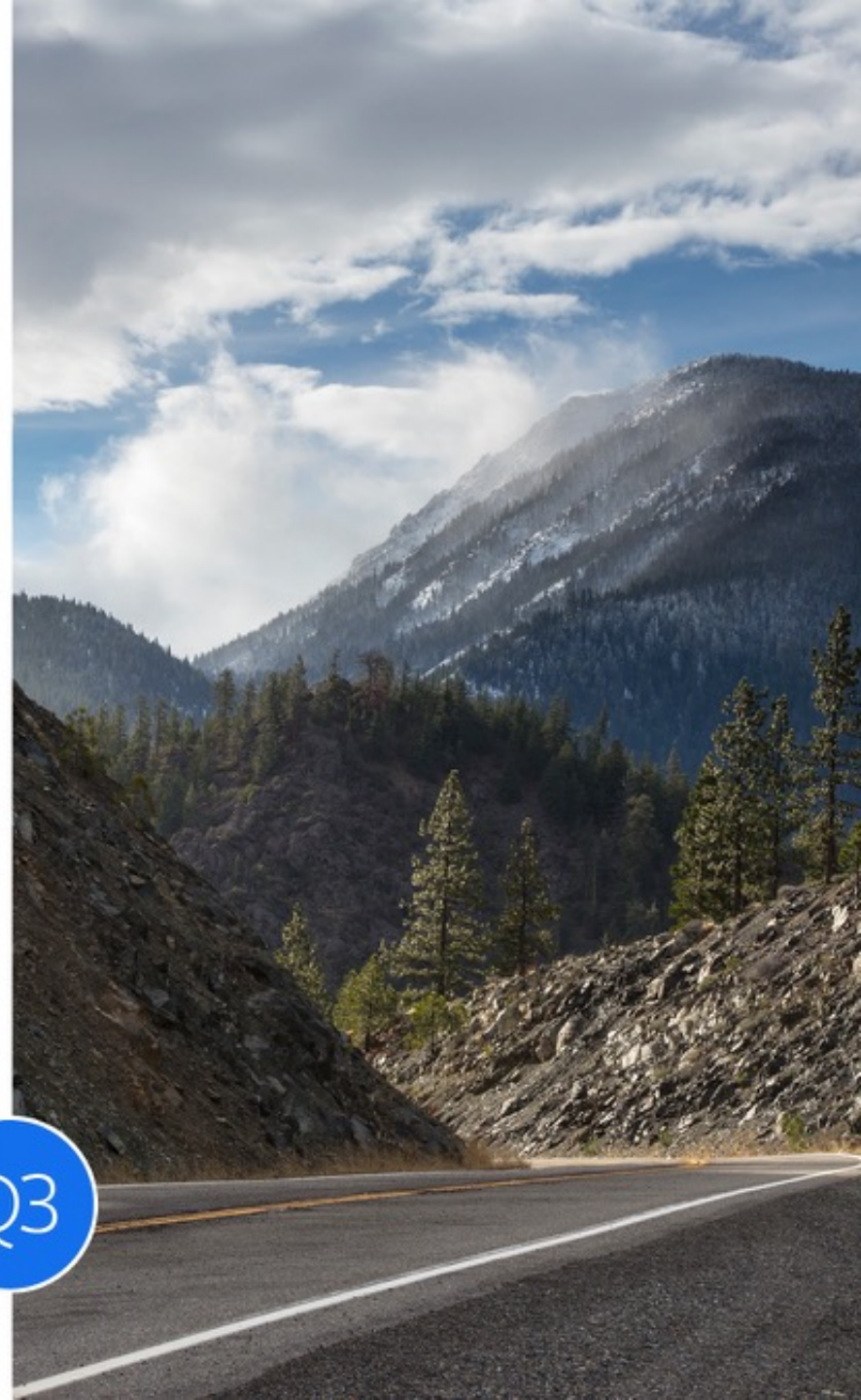
PROGRESSIVE

Investor Relations

HORIZON 3 UPDATE

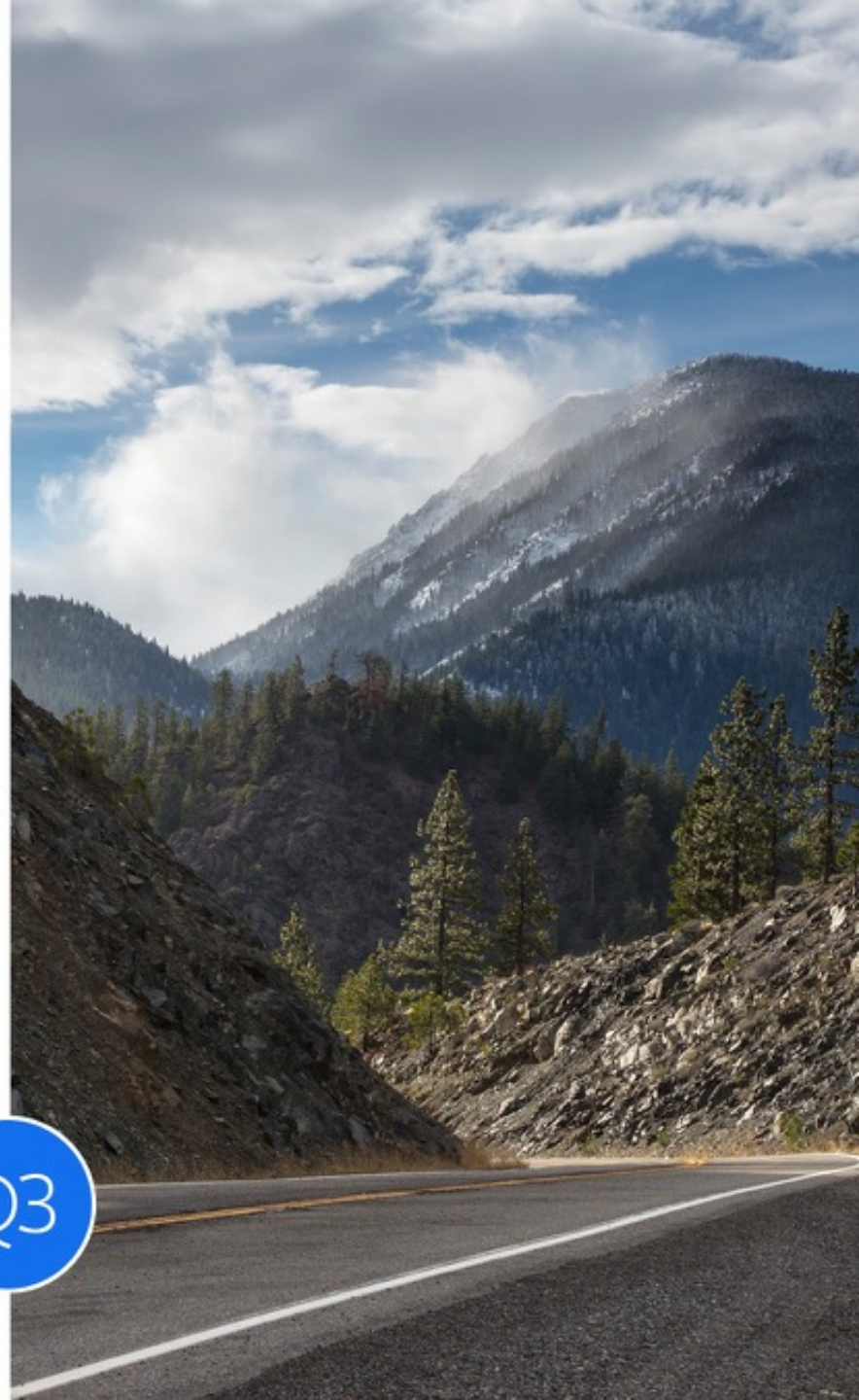
2019



Safe Harbor Statement

UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995:

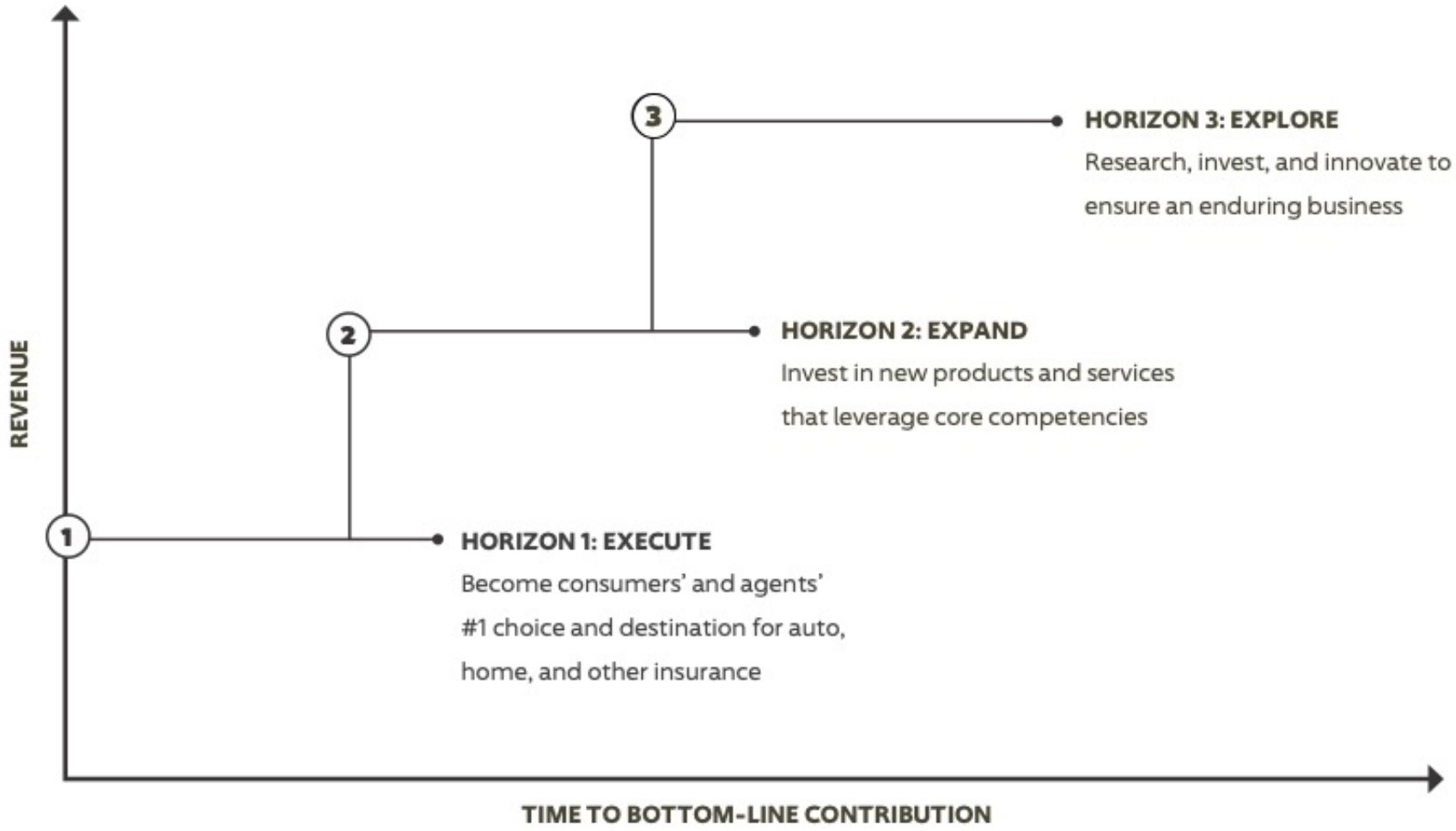
Investors are cautioned that certain statements in this presentation not based upon historical fact are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These statements often use words such as "estimate," "expect," "intend," "plan," "believe," and other 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 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 estimates, assumptions, and projections generally; inflation and changes in general economic conditions (including changes in interest rates and financial markets); the possible failure of one or more governmental, corporate, or other entities to make scheduled debt payments or satisfy other obligations; our ability to access capital markets and financing arrangements when needed to support growth or other capital needs, and the favorable evaluations by credit and other rating agencies on which this access depends; the potential or actual downgrading by one or more rating agencies of our securities or governmental, corporate, or other securities we hold; the financial condition of, and other issues relating to the strength of and liquidity available to, issuers of securities held in our investment portfolios and other companies with which we have ongoing business relationships, including reinsurers and other counterparties to certain financial transactions or under certain government programs; the accuracy and adequacy of our pricing, loss reserving, and claims methodologies; the competitiveness of our pricing and the effectiveness of our initiatives to attract and retain more customers, including our efforts to enter into new business areas with which we have less experience; initiatives by competitors and the effectiveness of our response; our ability to obtain regulatory approval for the introduction of products to new jurisdictions, for requested rate changes and the timing thereof and for any proposed acquisitions; the effectiveness of our brand strategy and advertising campaigns relative to those of competitors; legislative and regulatory developments at the state and federal levels, including, but not limited to, matters relating to vehicle and homeowners insurance, health care reform and tax law changes; the outcome of disputes relating to intellectual property rights; the outcome of litigation or governmental investigations that may be pending or filed against us; severe weather conditions and other catastrophe events, and our ability to respond to changes in catastrophe loss trends; the effectiveness of our reinsurance programs; changes in vehicle usage and driving patterns, which may be influenced by oil and gas prices, changes in residential occupancy patterns, and the effects of the emerging "sharing economy"; advancements in vehicle or home technology or safety features, such as accident and loss prevention technologies or the development of autonomous or partially autonomous vehicles; our ability to accurately recognize and appropriately respond in a timely manner to changes in loss frequency and severity trends; technological advances; acts of war and terrorist activities; our ability to maintain the uninterrupted operation of our facilities, systems (including information technology systems), and business functions, and safeguard personal and sensitive information in our possession, whether from cyber attacks, other technology events or other means; our continued access to and functionality of third-party systems that are critical to our business; our ability to maintain adequate staffing levels, and the sources from which we obtain talent; our continued ability to access cash accounts and/or convert securities into cash on favorable terms when we desire to do so; restrictions on our subsidiaries' ability to pay dividends to The Progressive Corporation; possible impairment of our goodwill or intangible assets if future results do not adequately support either, or both, of these items; court decisions, new theories of insurer liability or interpretations of insurance policy provisions and other trends in litigation; changes in health care and auto and property repair costs; 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. In addition, investors should be aware that generally accepted accounting principles 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 a reserve is established 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.



Tricia Griffith

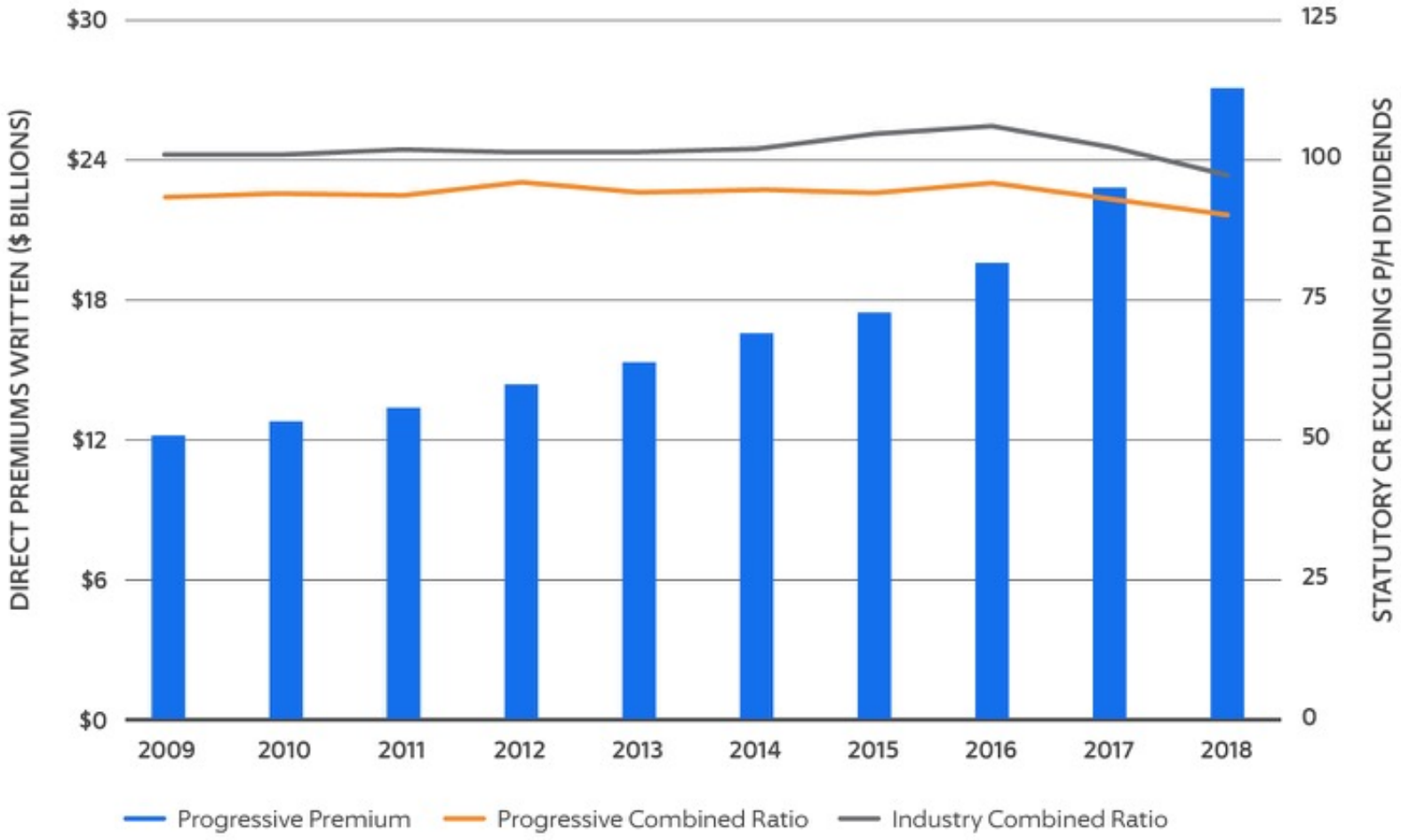
PRESIDENT AND CEO

Progressive Growth Strategy





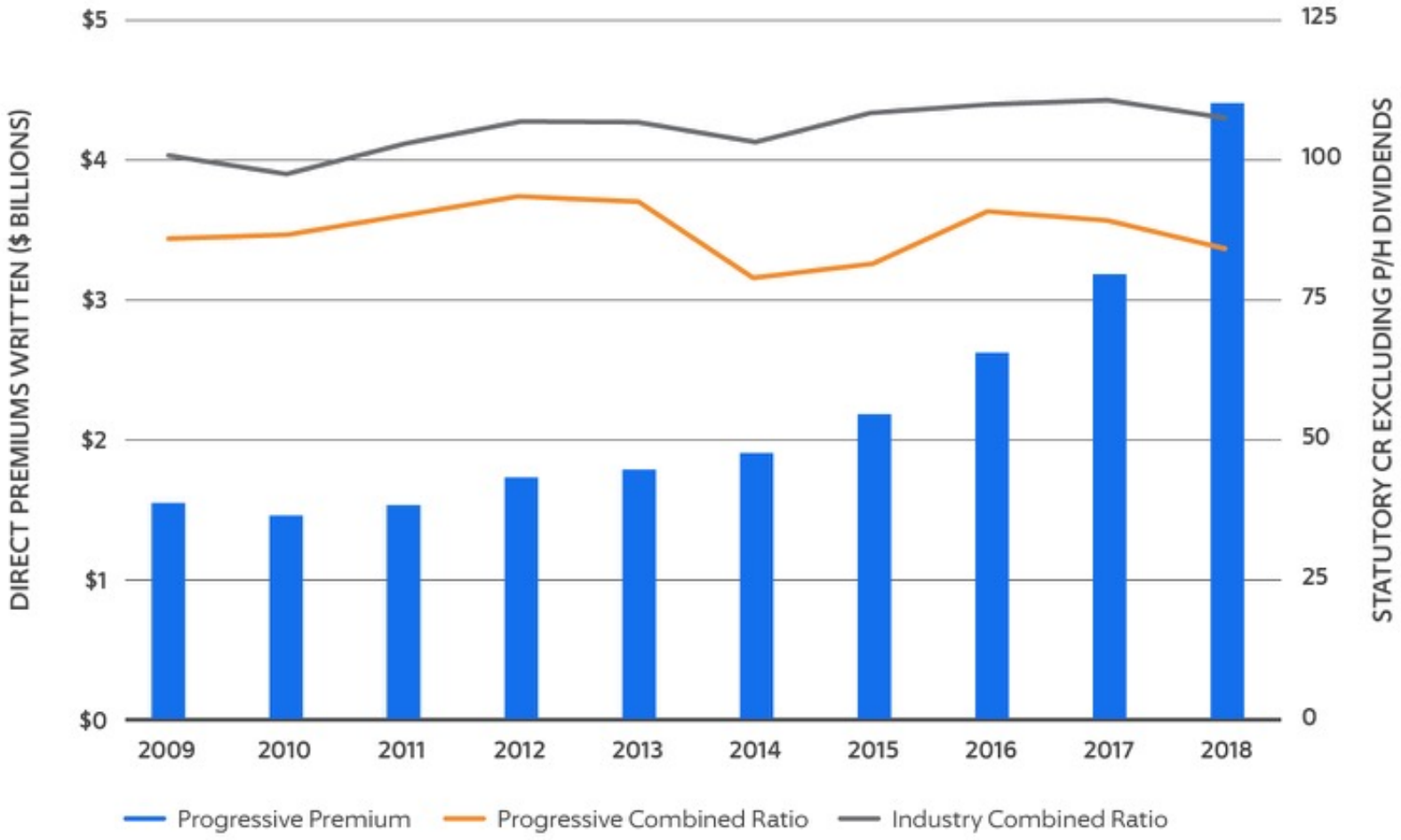
PERSONAL AUTO



Source: S&P Global Market Intelligence



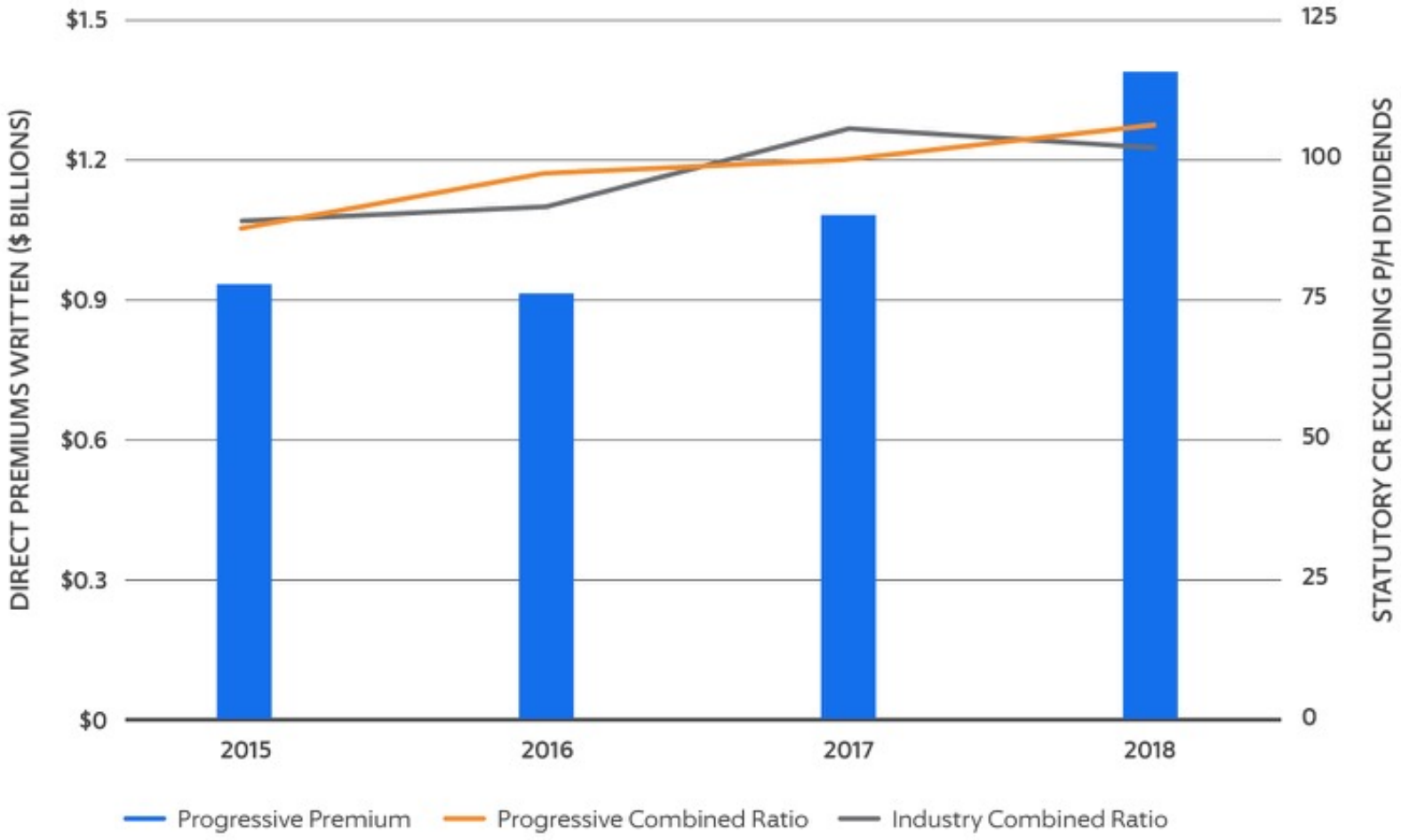
COMMERCIAL AUTO



Source: S&P Global Market Intelligence



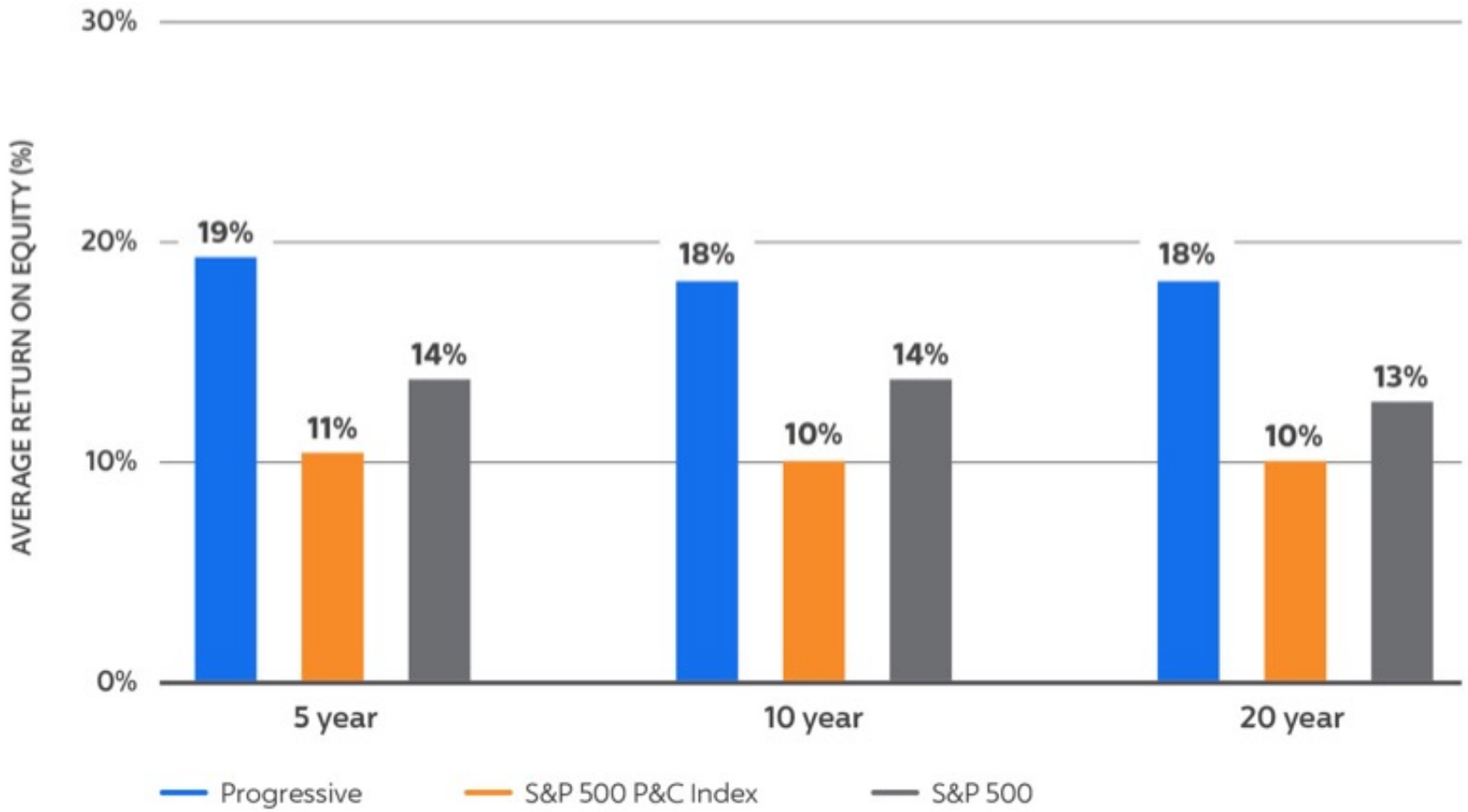
HOMEOWNERS



Source: S&P Global Market Intelligence



Strong return on equity



Source: Company reports for Progressive, Bloomberg for indices
Periods ending 9/30/2019.

Andrew Quigg

CHIEF STRATEGY OFFICER

1.



Progressive's Business Strategy

2.

Balancing Opportunities and Challenges

3.

Horizon Three Approach



WHAT IS

STRATEGY?



OPERATIONAL EFFECTIVENESS

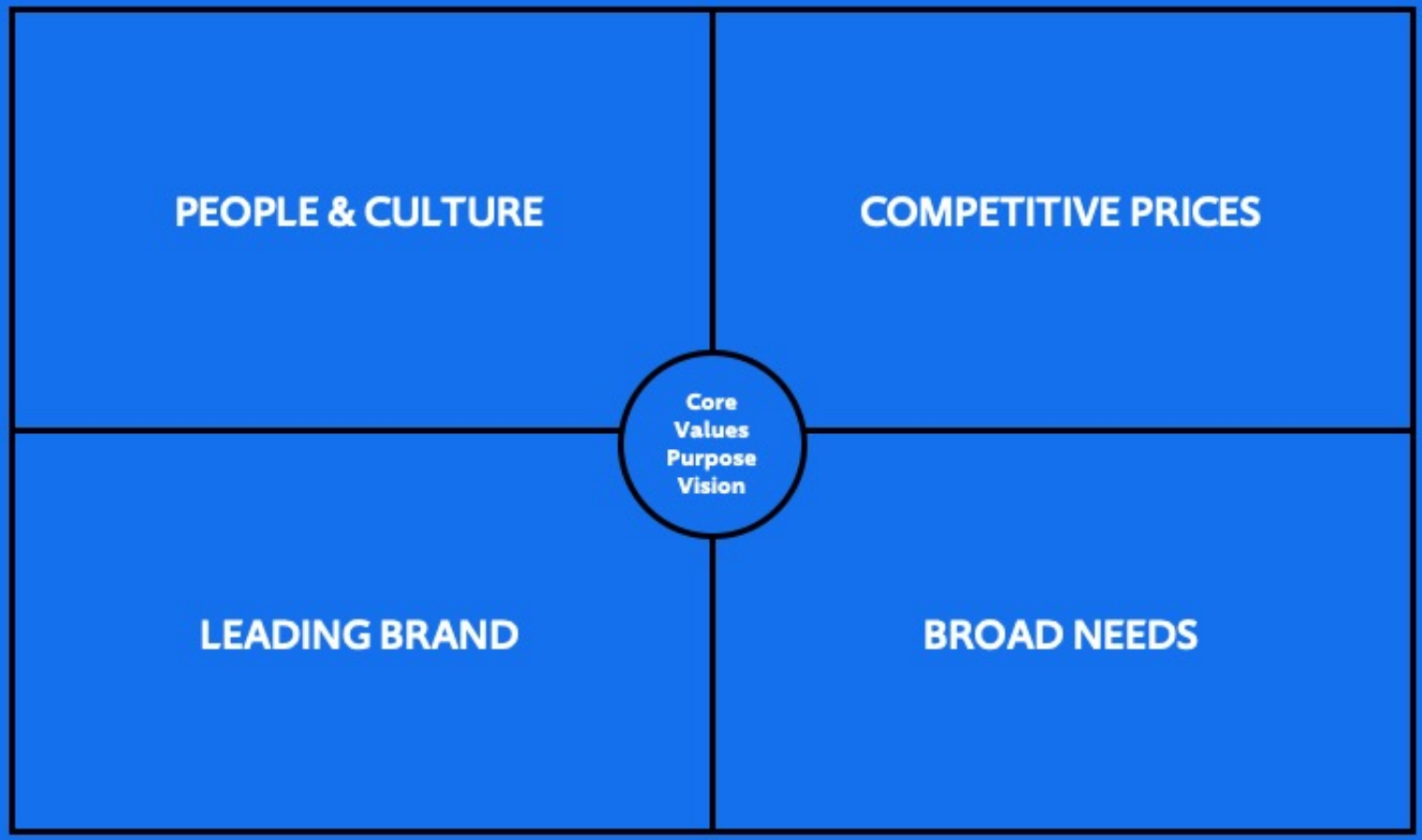
(example: segmentation)



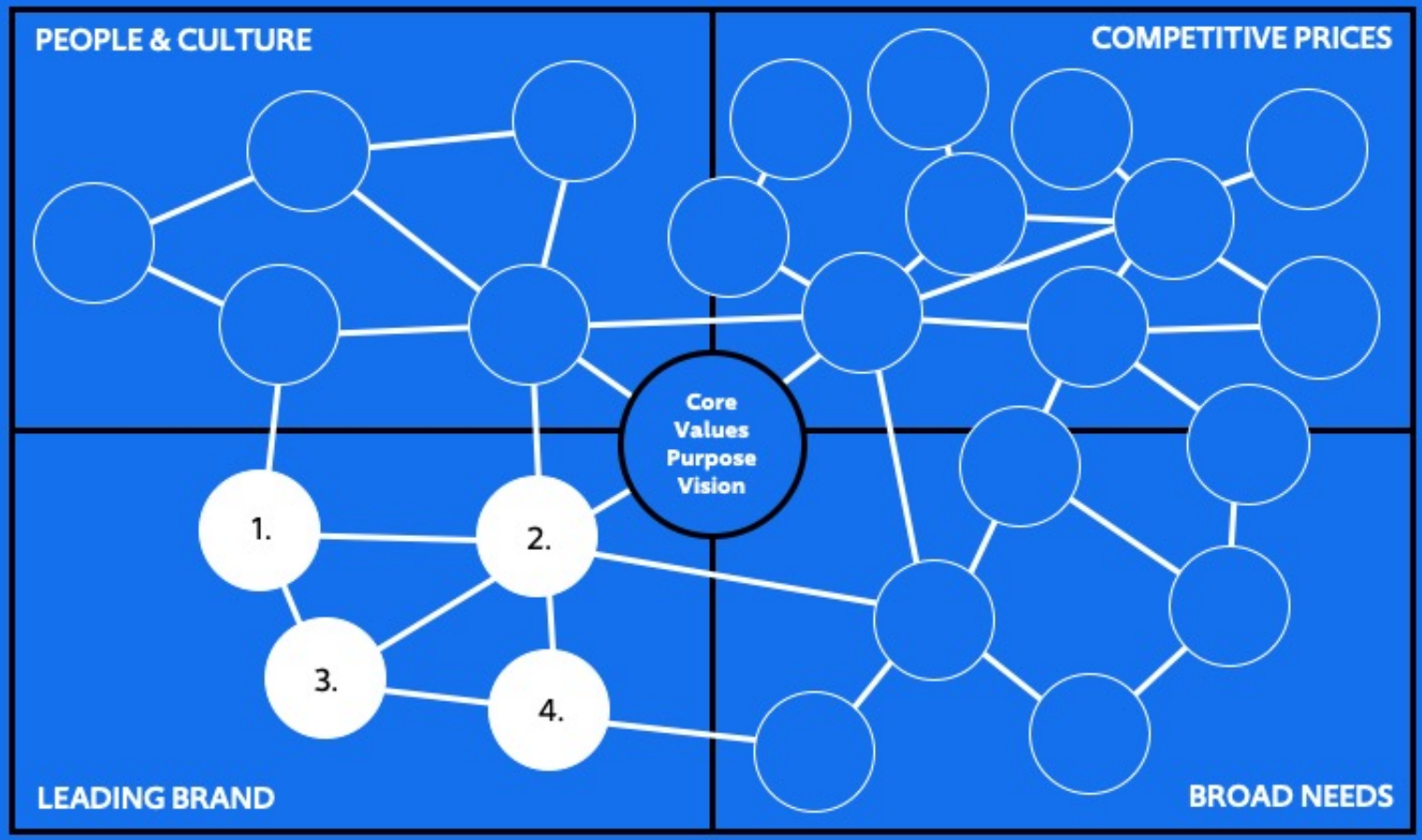
STRATEGIC POSITIONING

(example: Snapshot®)

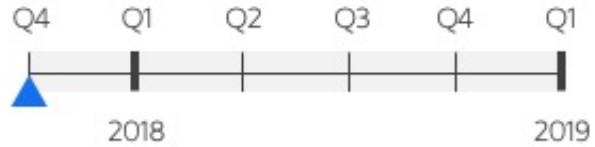
Progressive's activity map



Progressive's activity map

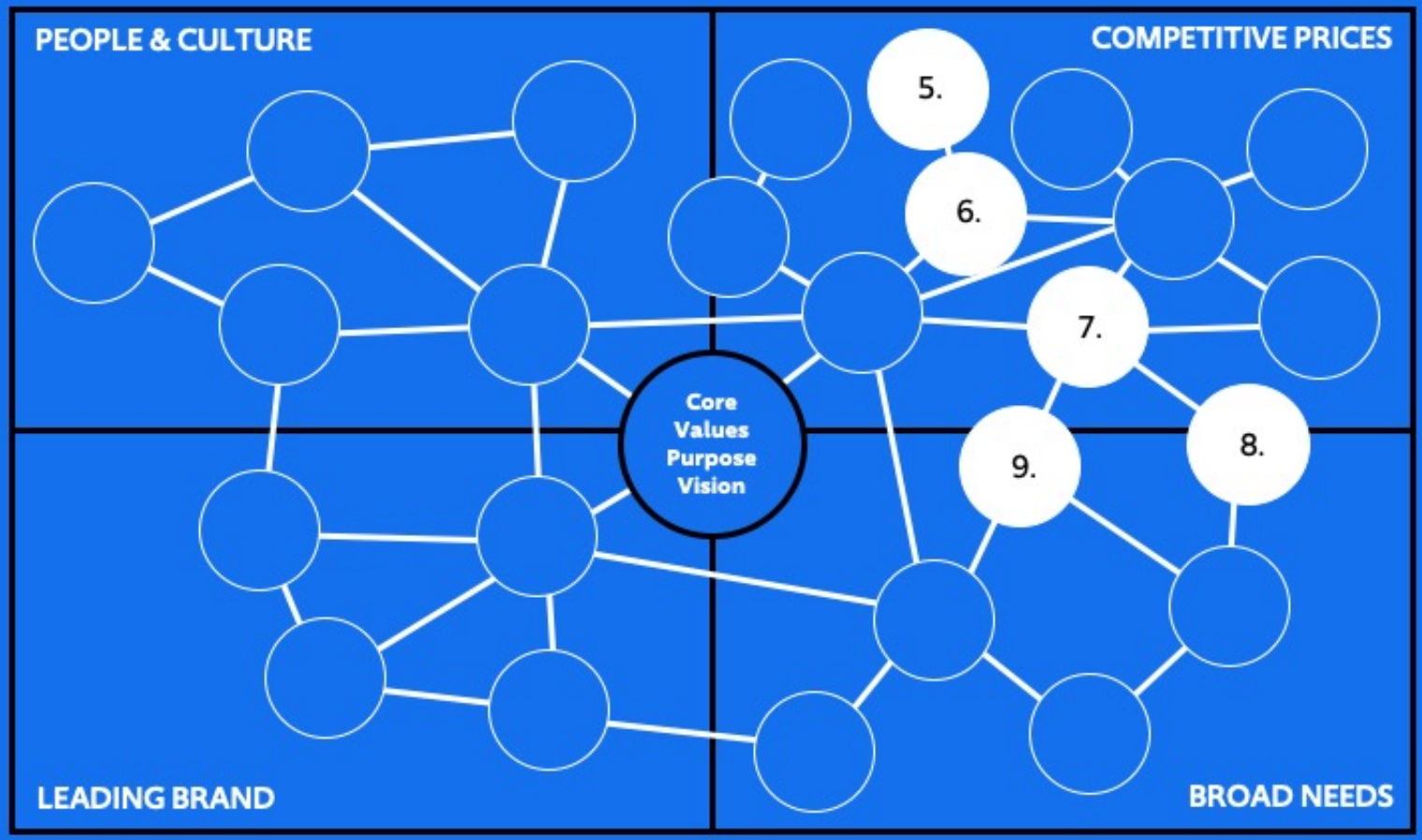


Q4 2017

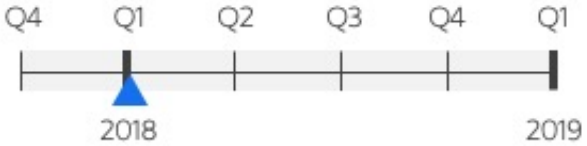


1. Brand awareness
2. Media efficiency
3. Network of characters
4. Innovation

Progressive's activity map



Q1 2018



5. Photo estimates

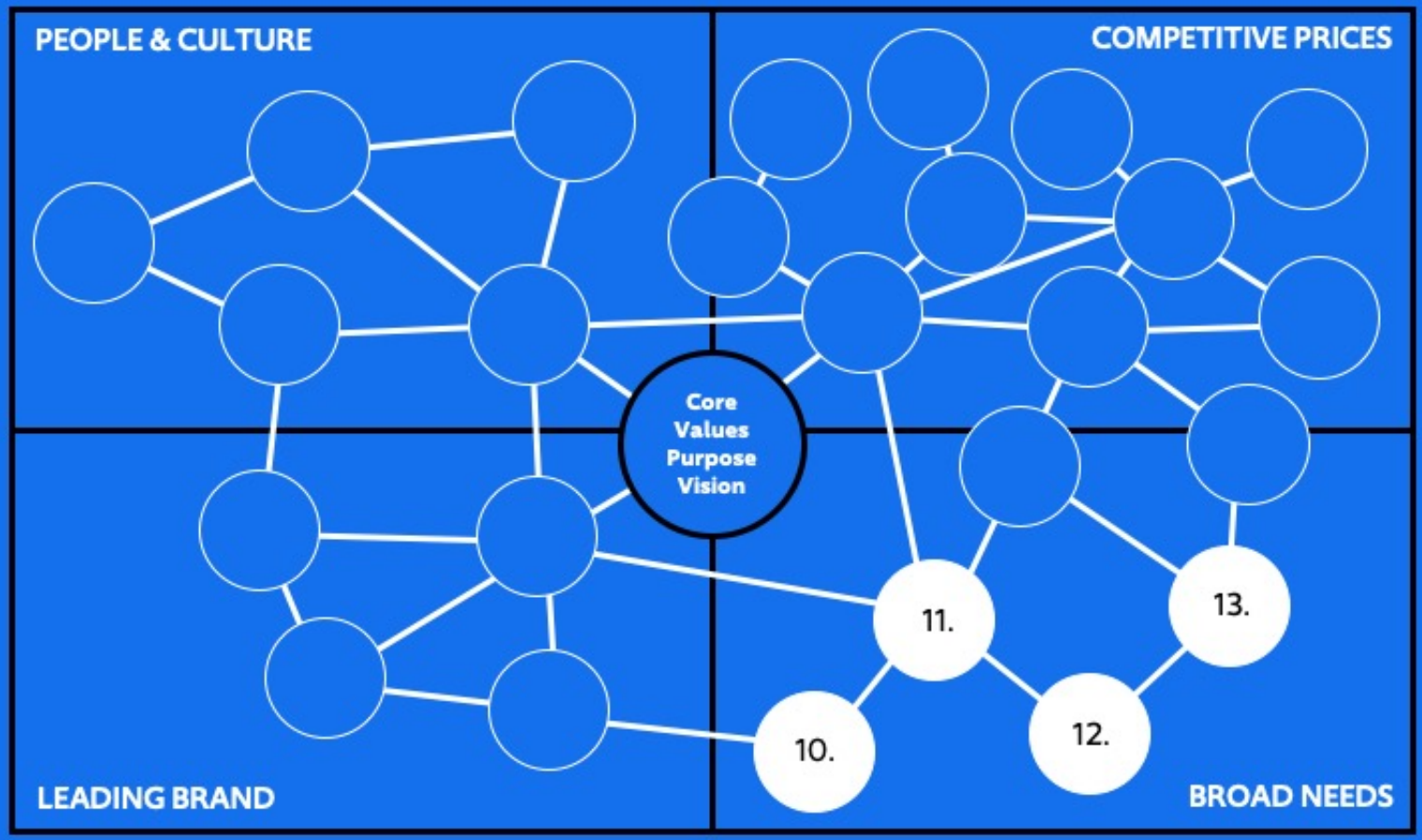
6. Claims accuracy

7. Operational efficiency

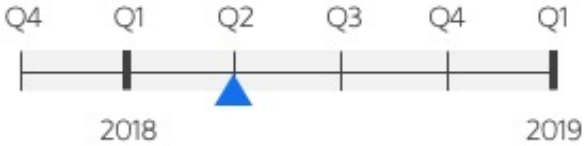
8. Economies of scale

9. Artificial intelligence

Progressive's activity map



Q2 2018



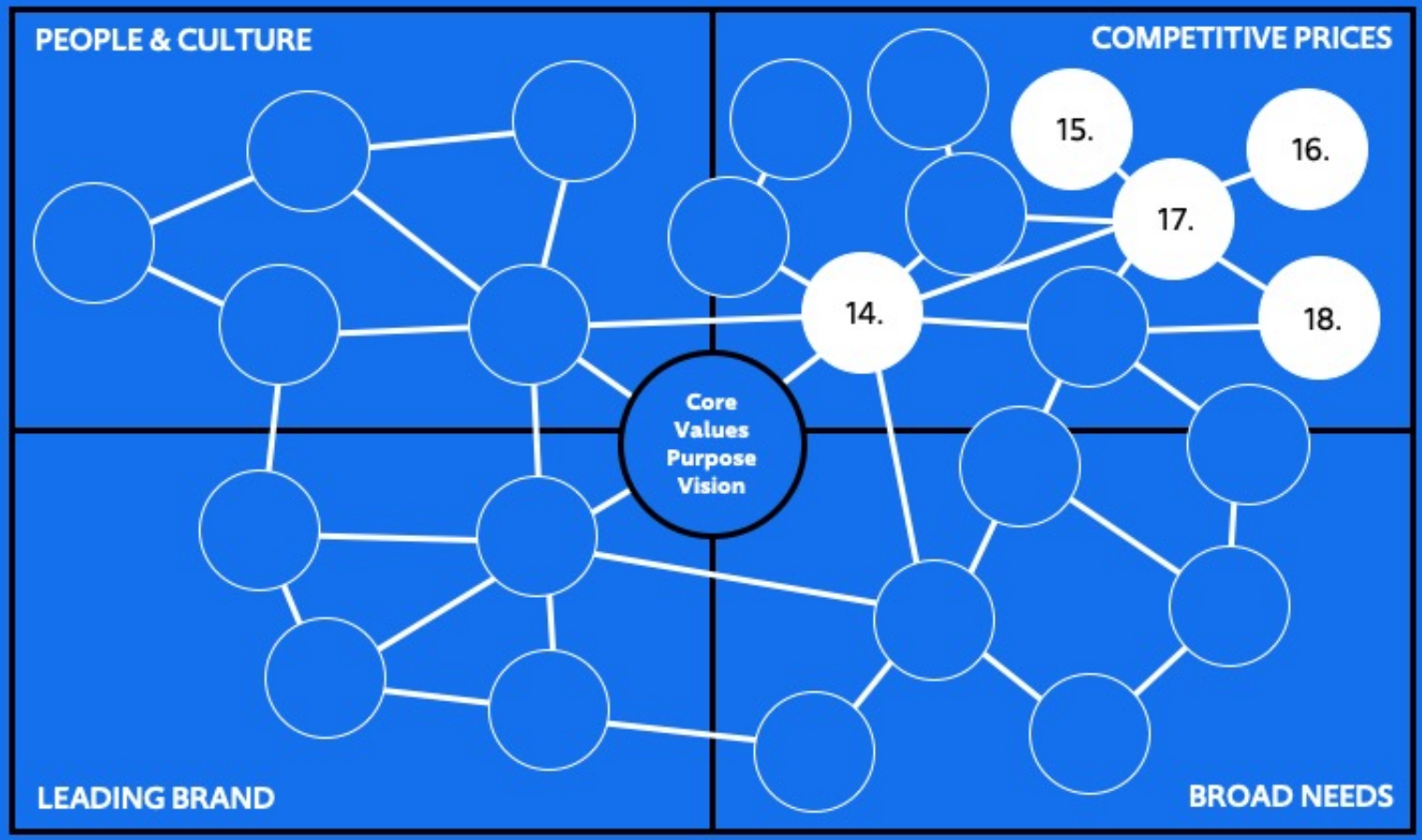
10. HQX

11. Relationships

12. Advantage products

13. Customer Relationship Assistant

Progressive's activity map



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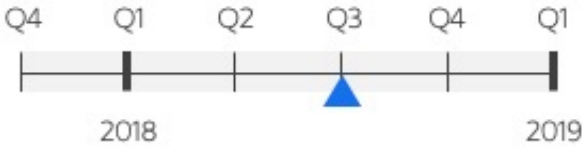


14. 96 Combined Ratio

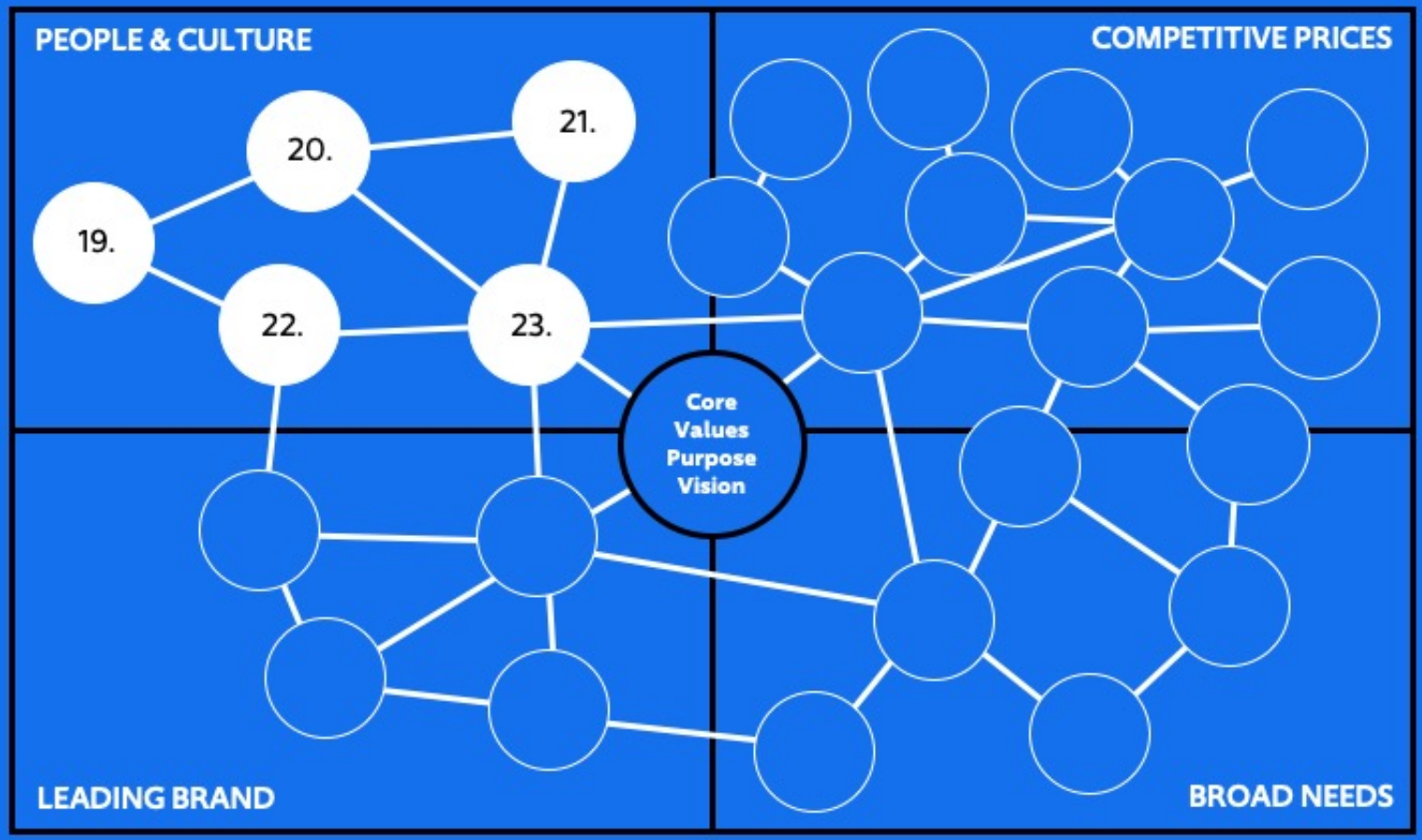
15. Match rate to risk

16. Snapshot®

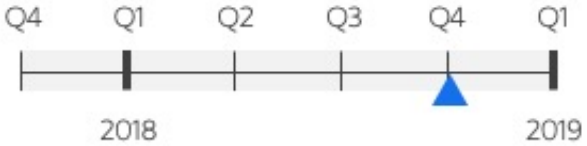
17. Segmentation

18. Deployment speed

Progressive's activity map



Q4 2018



19. ERGs

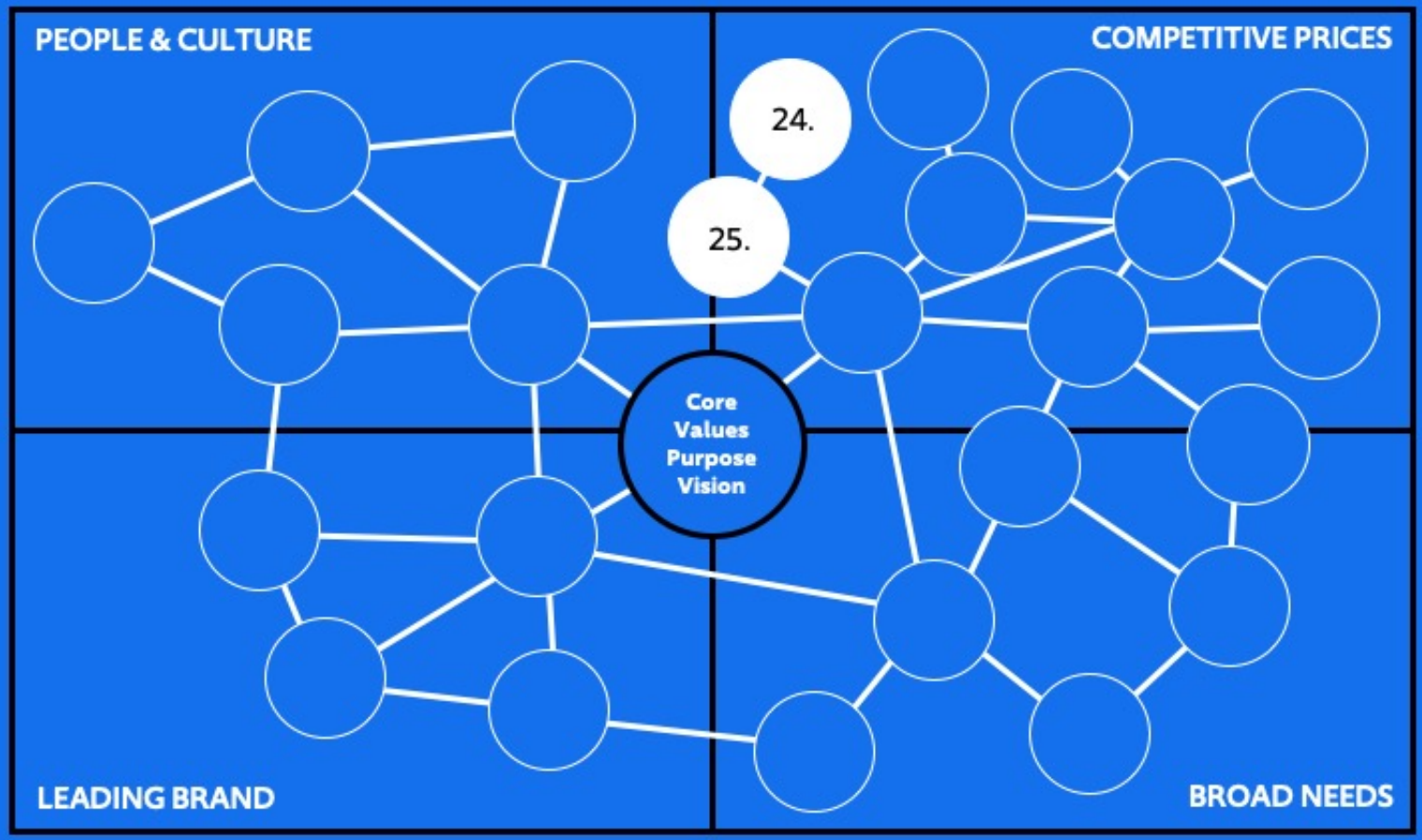
20. Cohesive diversity

21. Transparency & openness

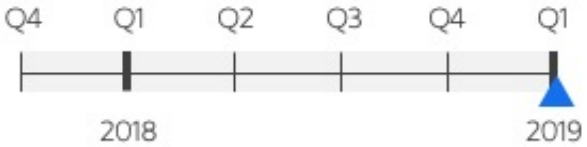
22. Talent pipeline

23. Gainshare

Progressive's activity map



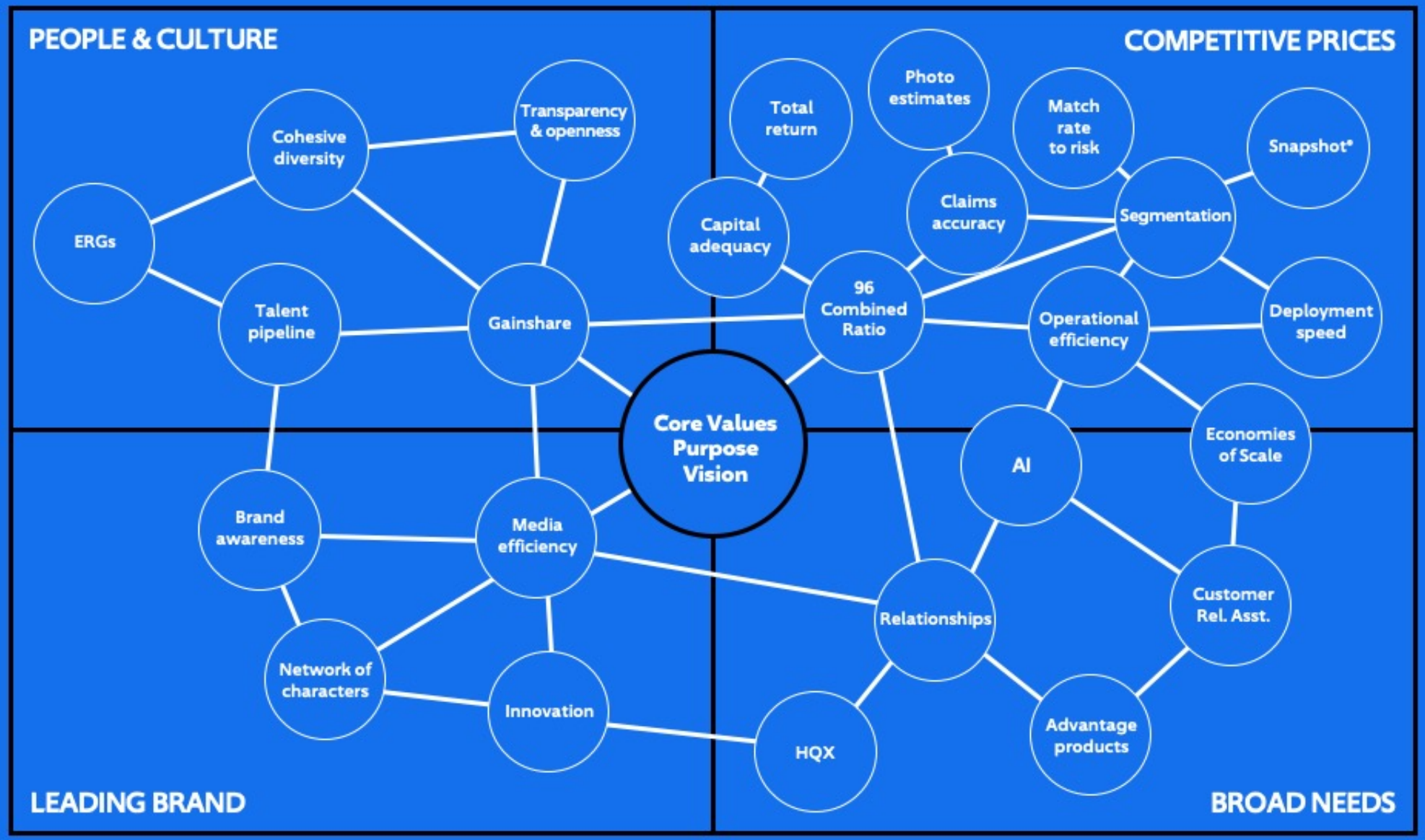
Q1 2019



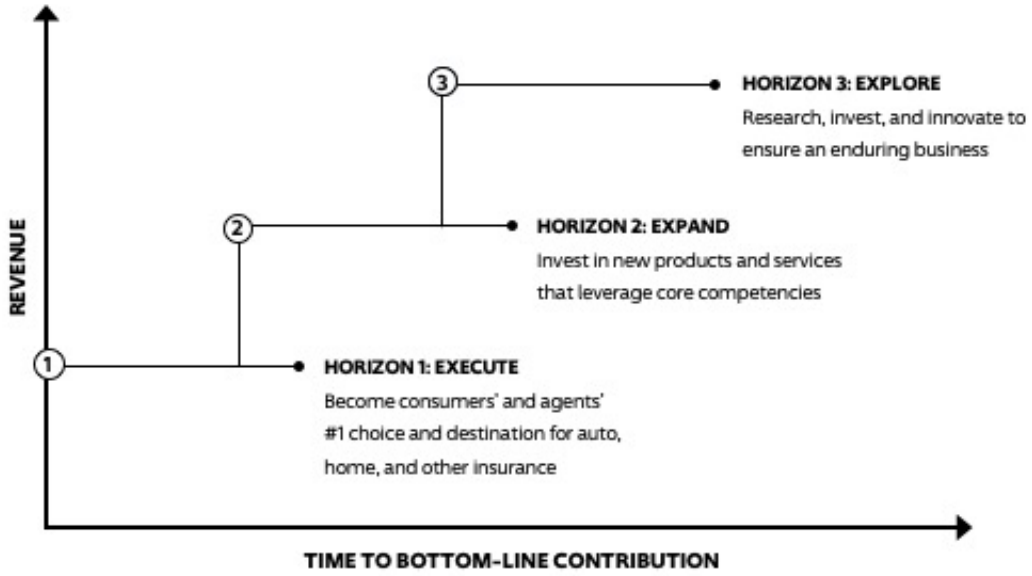
24. Total return

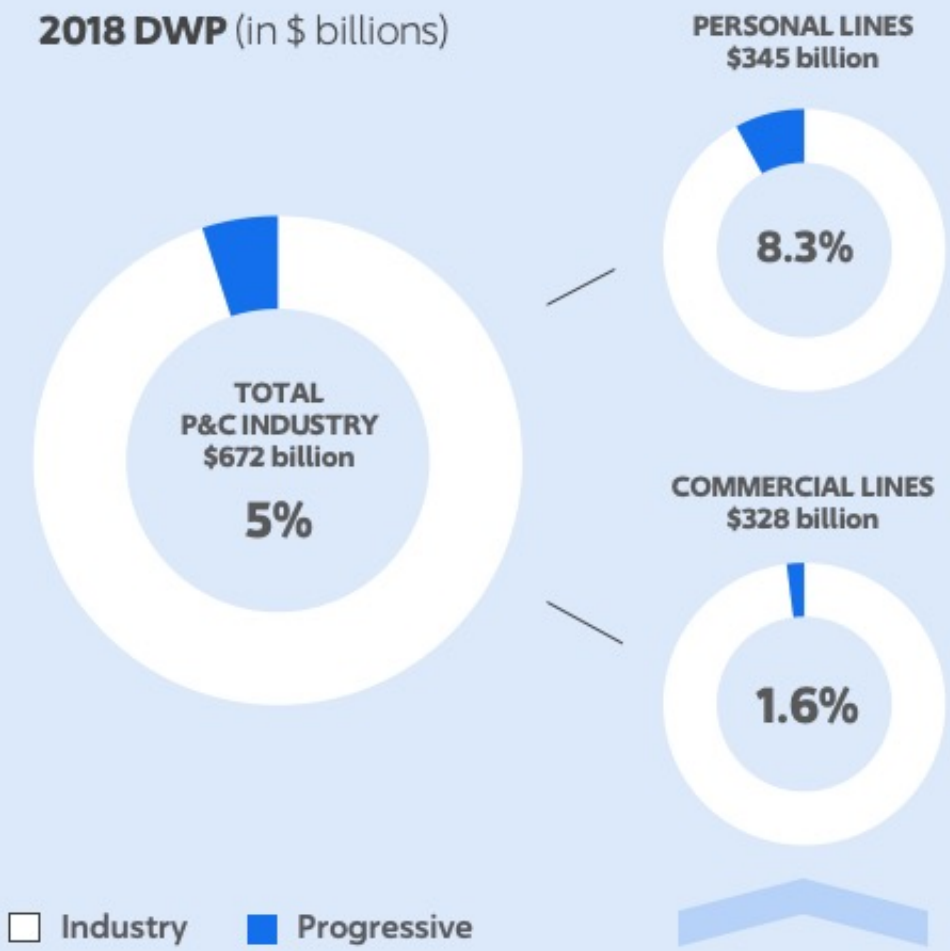
25. Capital adequacy

Progressive's activity map



Progressive's Growth Strategy expands on broad needs

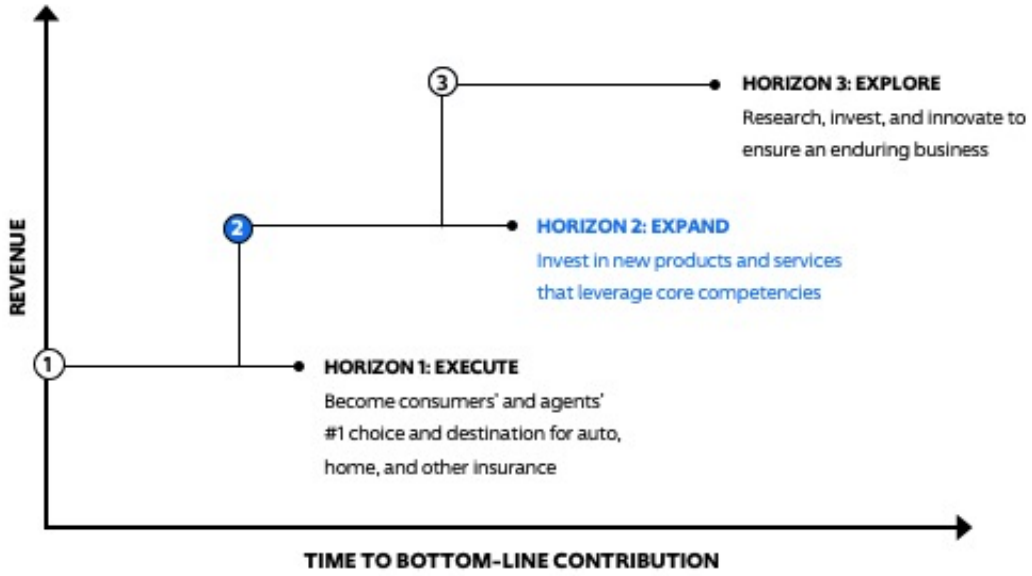




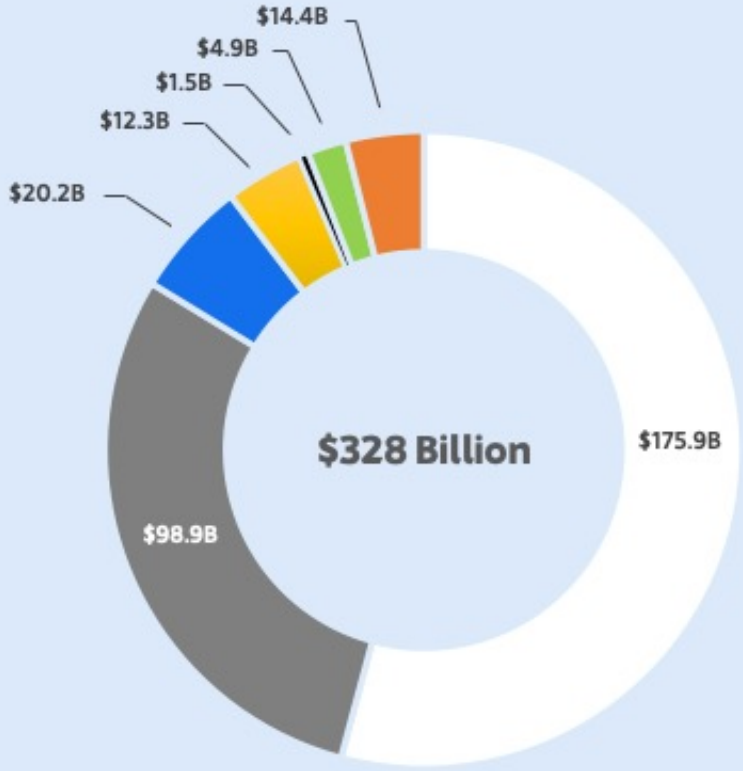
Source: S&P Global Market Intelligence

Horizon 2 efforts are well underway

Progressive's Three Horizons

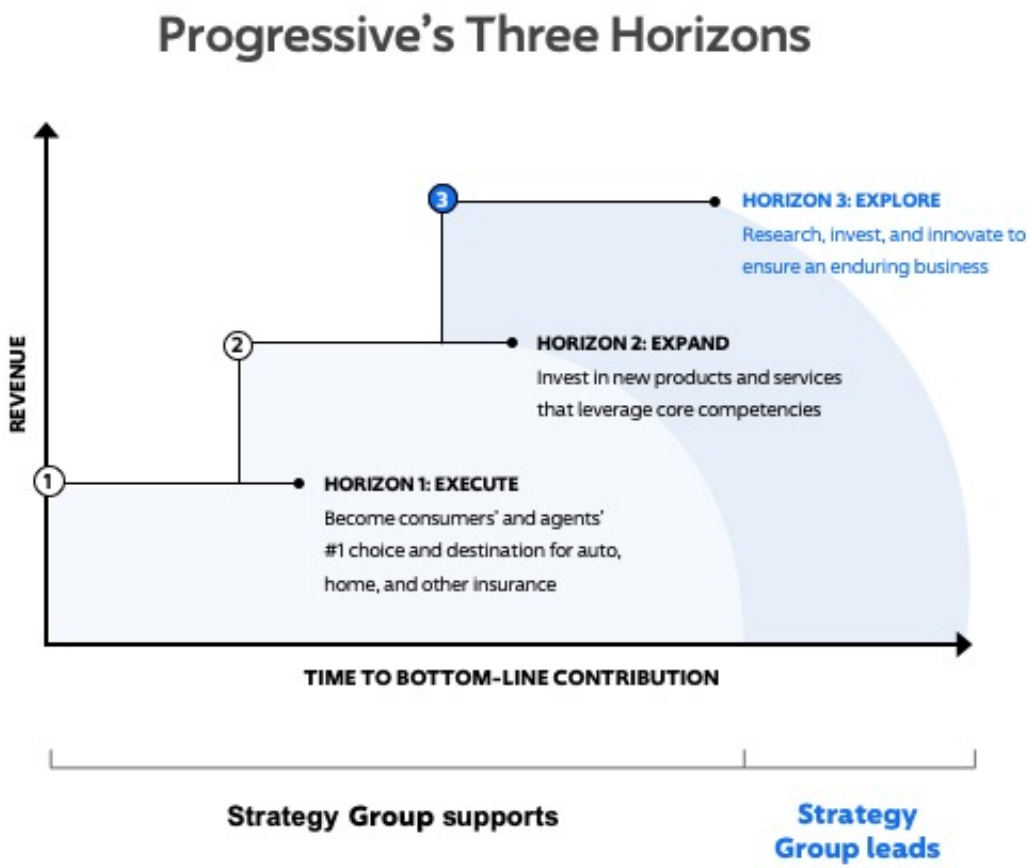


COMMERCIAL LINES MARKET



- Commercial Auto - Monoline
- Commercial Auto - Small Fleet
- Transportation Network Companies (TNC)
- Commercial Auto – Bundled with GL/BOP
- Small Business - GL/BOP
- CA, CMP, and Other Liability Not Considering
- Other Commercial Lines

Strategy group leads in Horizon 3 exploration



STRATEGY GROUP VISION

Building an **enduring** Progressive for future generations. Always growing.

STRATEGY GROUP MISSION

The Strategy Group will create lasting value for Progressive's customers, employees, and shareholders **by exploring and investing in businesses beyond our core and supporting the expansion of our Property & Casualty business.**

1.

Progressive's Business Strategy

2.



Balancing Opportunities and Challenges

3.

Horizon Three Approach

Opportunities and challenges of Progressive's strategy evolution



Existing relationships provide revenue synergies: Progressive Home example

States launched:
Increase of 17 states

Agent expansion:
Increase of more than 100%

Direct sales:
Up Nearly 40x

Proven ability to extend relationships with additional products

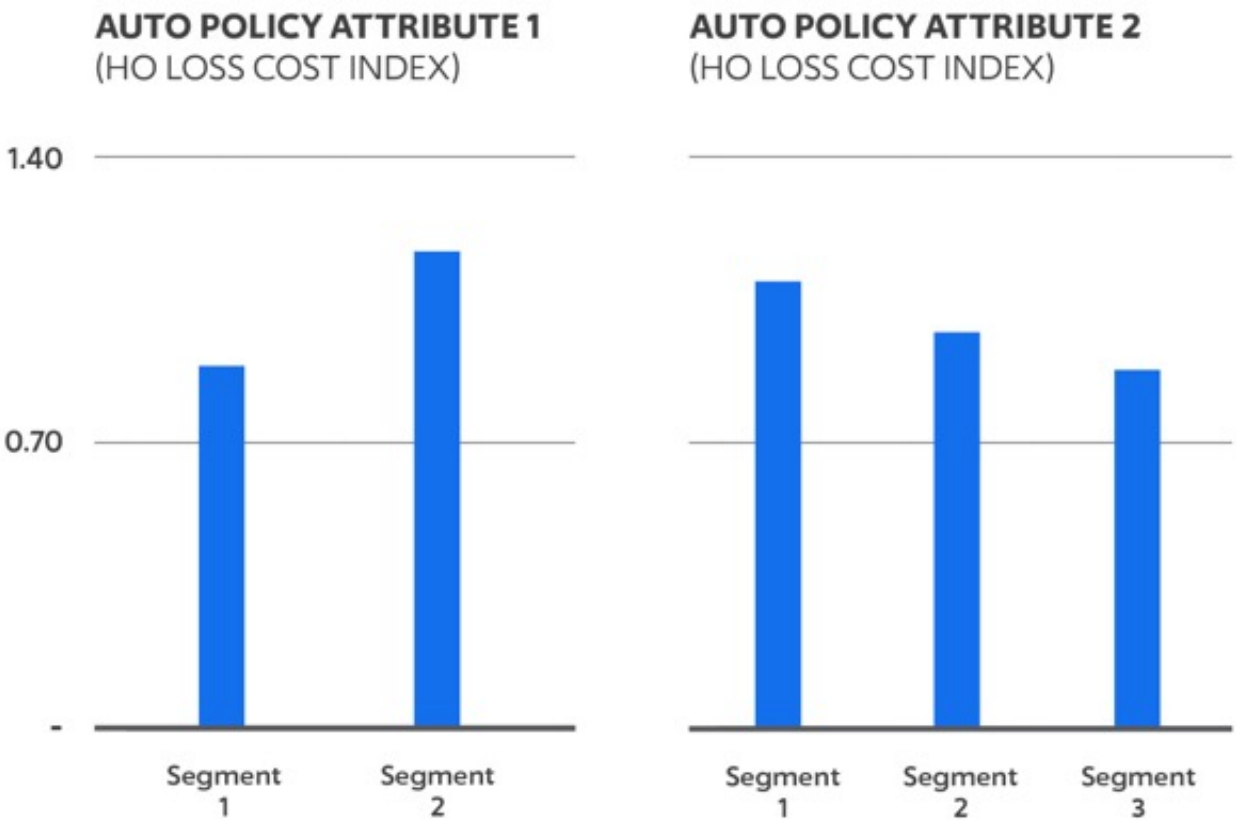






Source: Internal data

Data footprint provides strong synergies



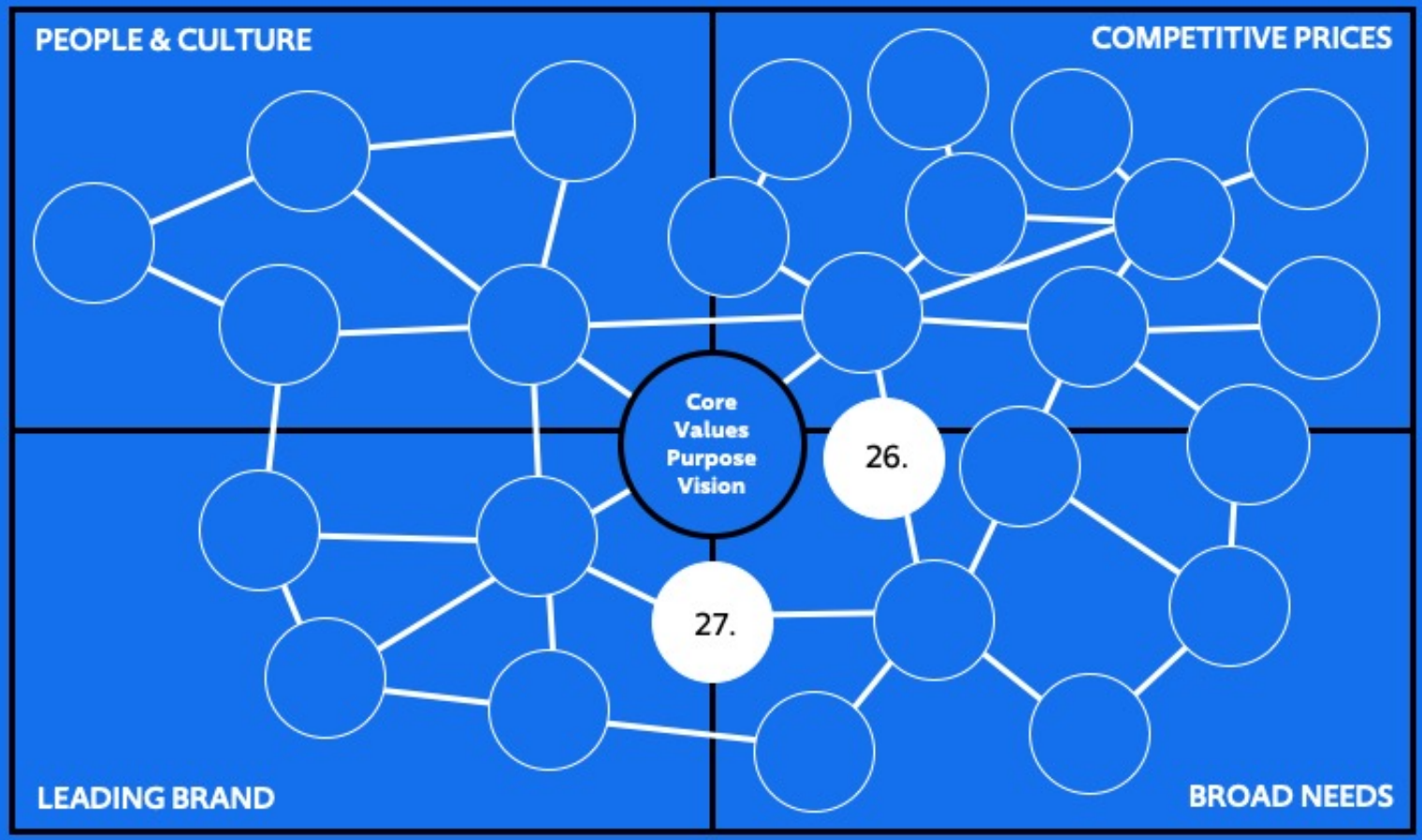
Existing data is predictive of responsibility, not just driving

Source: Internal data



Progressive's activity map:

Expands with capabilities solidified through Progressive Home acquisition



PROGRESSIVE HOME LEARNINGS

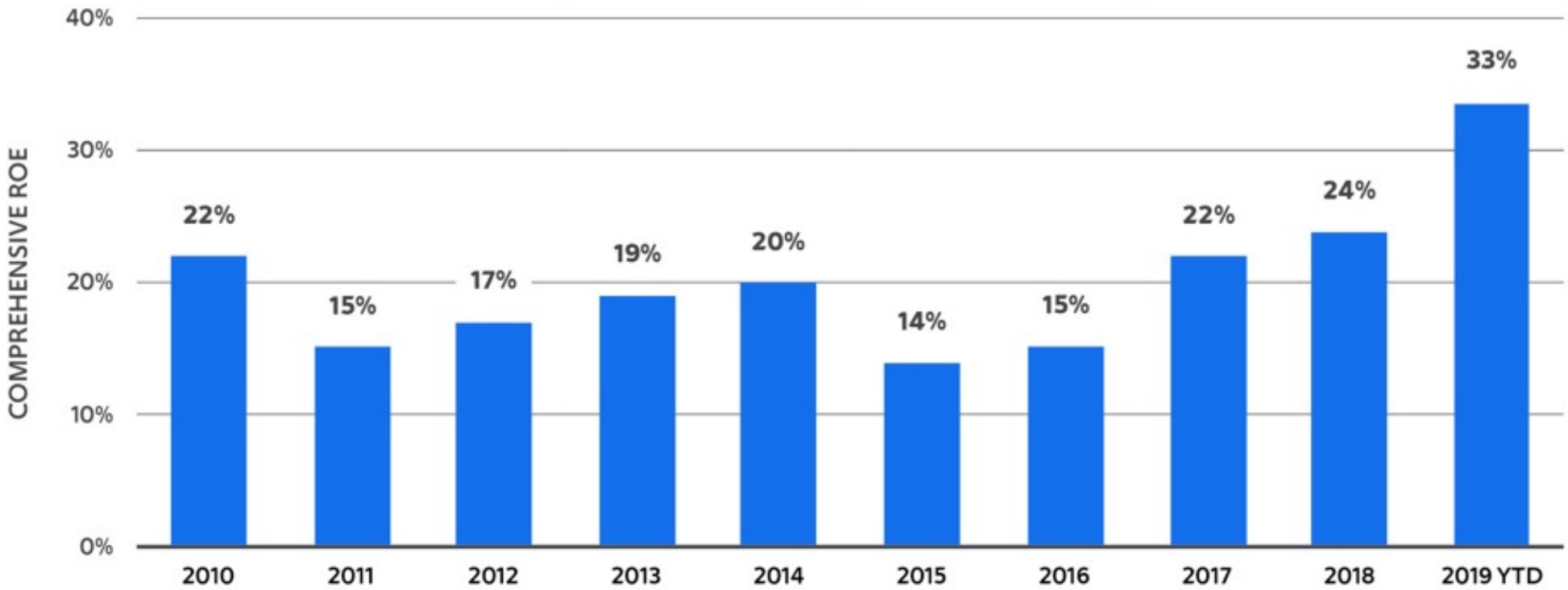
26. Responsibility data

27. Additional protection

Opportunities and challenges of Progressive's strategy evolution



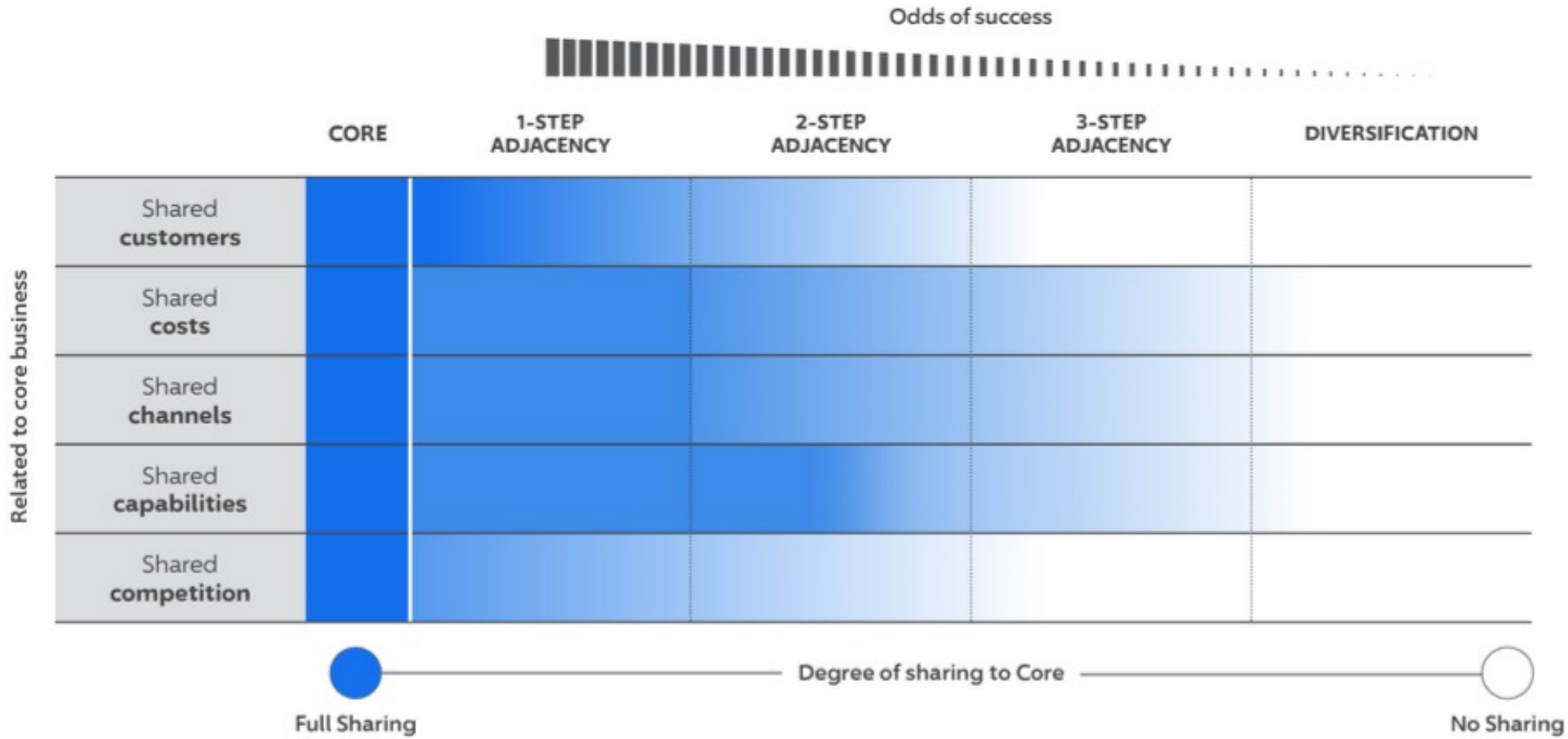
Excellent financial stewardship over time



Returned more than 50% of comprehensive income to shareholders

Source: Internal data

Successful diversification is challenging



Source: Bain analysis of 181 adjacencies for 154 companies from U.S. and Europe in 84 industries

Opportunities and challenges of Progressive's strategy evolution



1.

Progressive's Business Strategy

2.

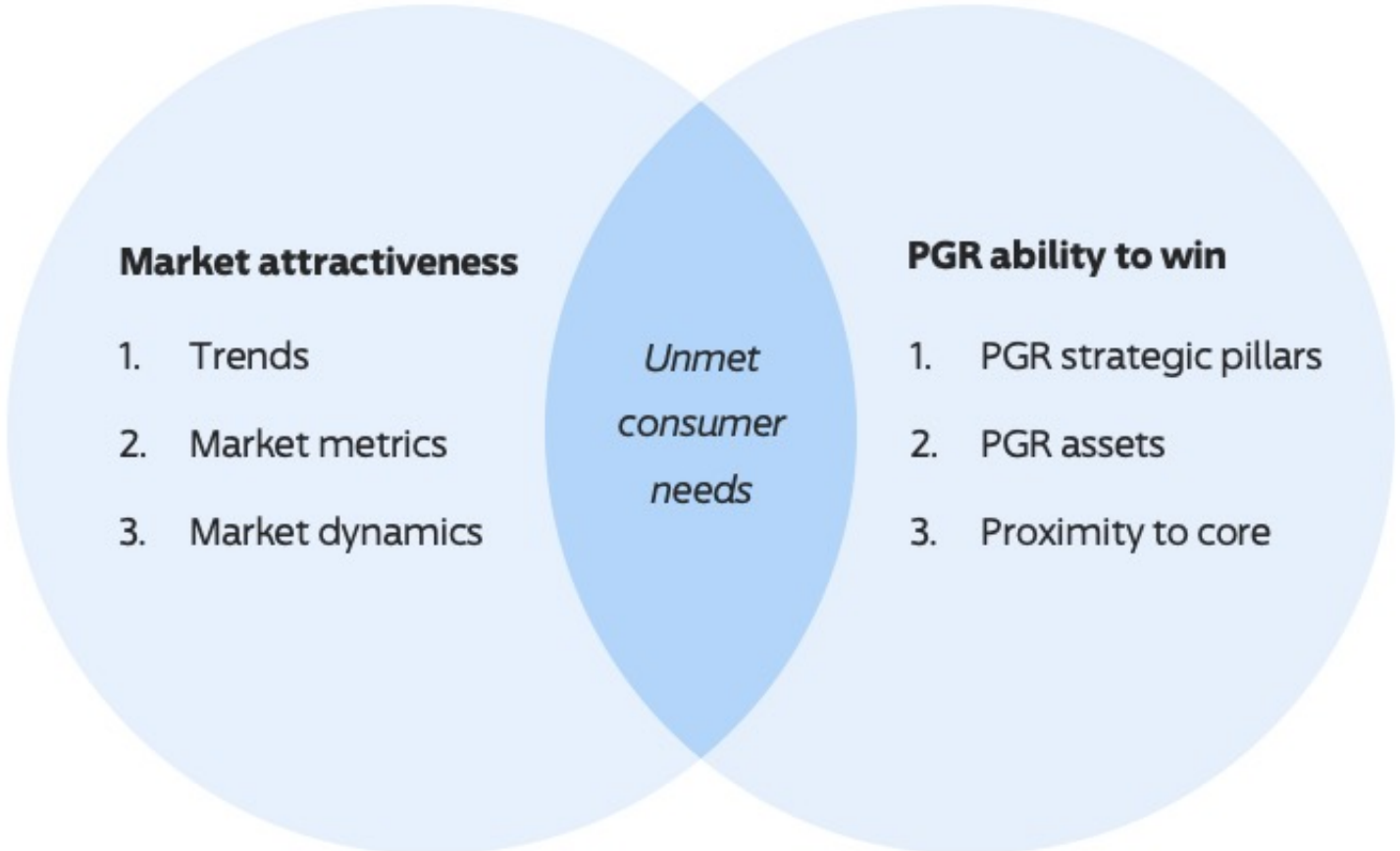
Balancing Opportunities and Challenges

3.



Horizon Three Approach

H3 opportunities materialize from intersection of many factors



H3 process connects the three Strategy teams

1.



Strategy Process

Generate H3 ideas

NAVIN VERMA

McKinsey & Company
Duke University
Indian Institute of Technology

2.



Corporate Development

Ally with, invest in, or acquire external business to fulfill ideas

ERWIN RAETH, CFA

Goodyear
FedEx
University of Memphis

3.

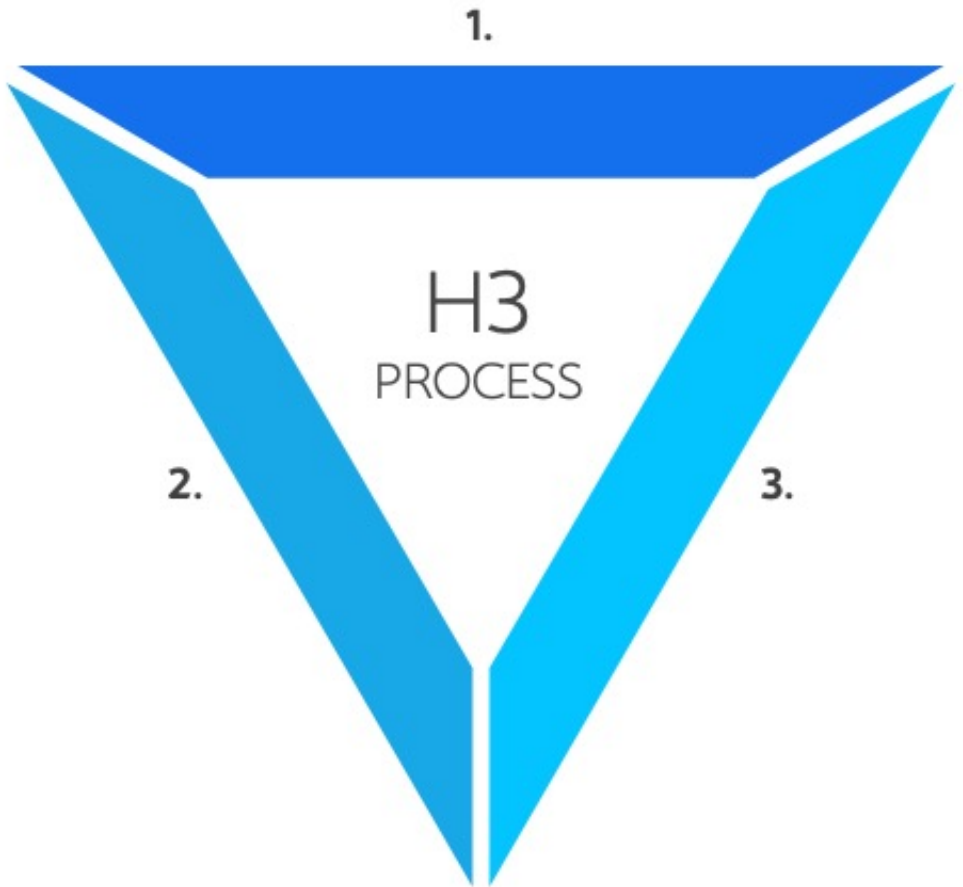


Growth Incubator

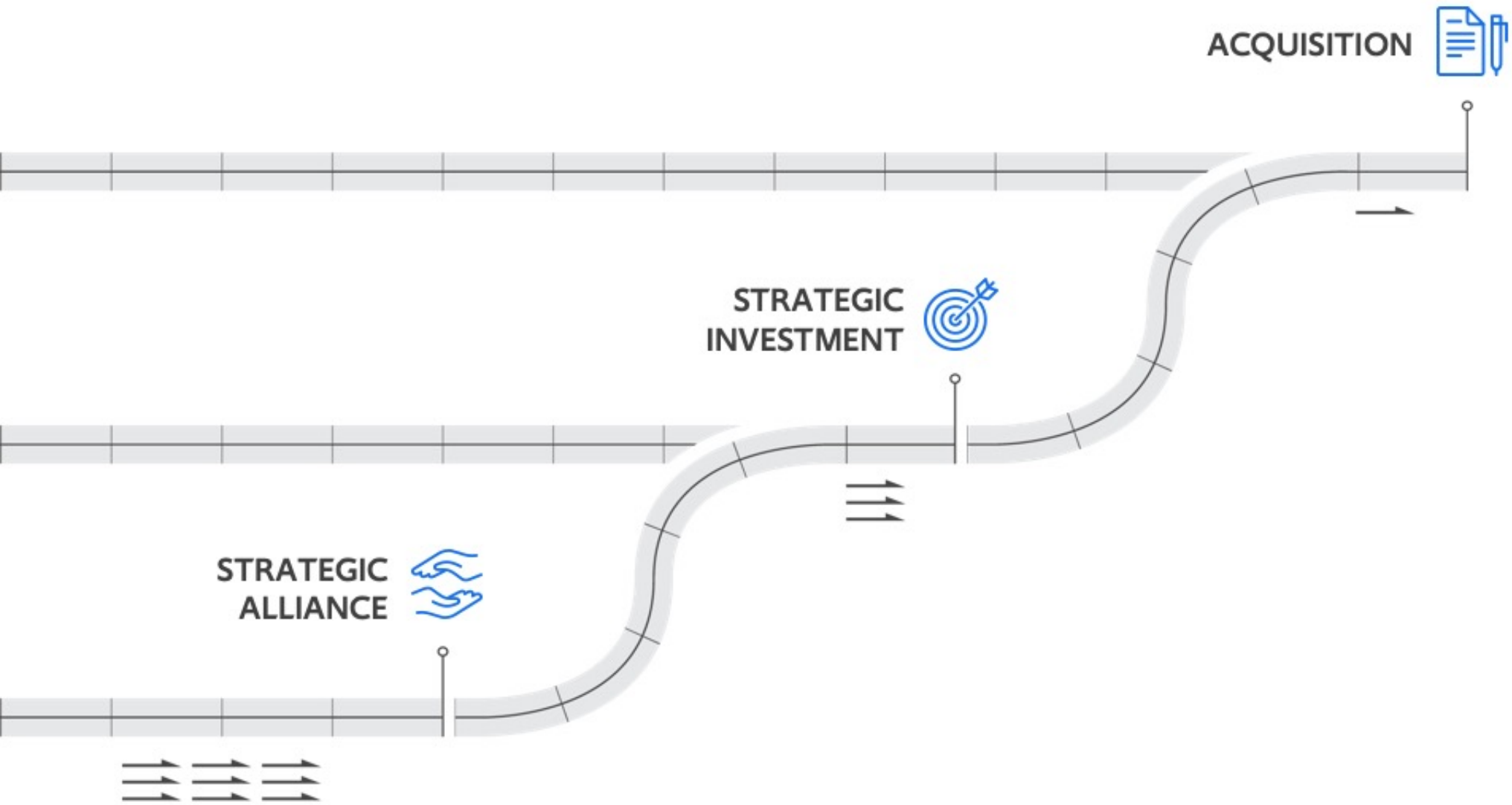
Organically build ideas into businesses

AZADEH HARDIMAN

Progressive (CRM)
mPortal
University of Virginia



Three corporate development options at Progressive



Myriad of Progressive Advantage® strategic alliances

PROGRESSIVE HOME SECURITY by SimpliSafe

PROGRESSIVE HEALTH by eHealth

PROGRESSIVE PHONE & ELECTRONICS DEVICE by Worth Ave. Group

PROGRESSIVE CAR SHOPPING by TRUECar

PROGRESSIVE LIFE by FIDELITYLIFE

PROGRESSIVE ADVANTAGE Upstart

PROGRESSIVE CLASSIC CAR by HAGERTY

PROGRESSIVE TRAVEL INSURANCE by insuremytrip

PROGRESSIVE HOMESHARE INSURANCE by Slice

PROGRESSIVE WEDDING & EVENT by event helper

PROGRESSIVE HOME WARRANTY by TotalProtect

PROGRESSIVE ADVANTAGE guidetolenders

PROGRESSIVE PET INSURANCE by Pets Best

PROGRESSIVE MEXICO AUTO INSURANCE by MEXPRO

PROGRESSIVE ID PROTECTION by IDnotify a part of Experian

Strategic alliance: Life insurance serves as an example of opportunity

Horizon 3 Fit

Market attractiveness

1. Trends
2. Market metrics
3. Market dynamics

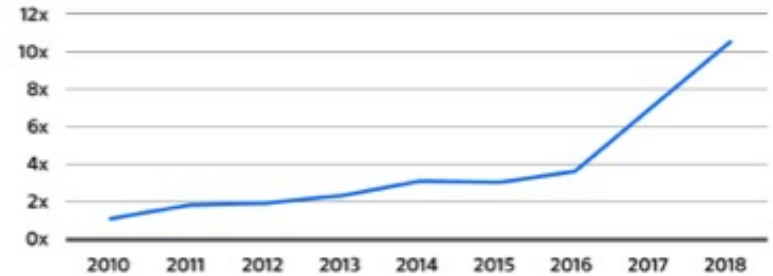
Unmet consumer need

Research and purchase of life insurance is overly complex leading to unprotected families.

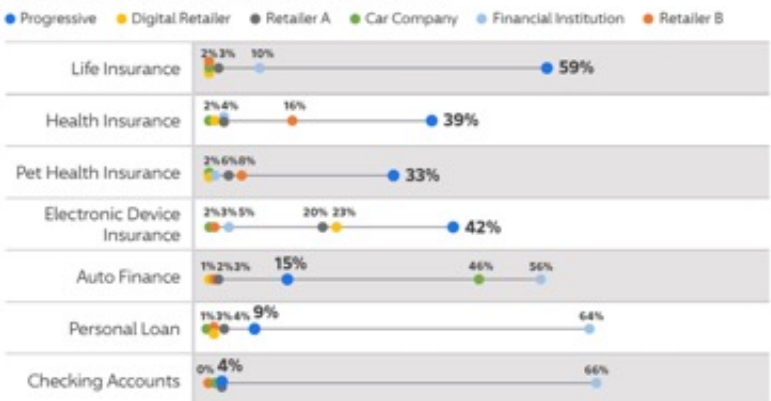
PGR ability to win

1. PGR strategic pillars
2. PGR assets
3. Proximity to core

PROGRESSIVE ADVANTAGE LIFE INSURANCE SALES

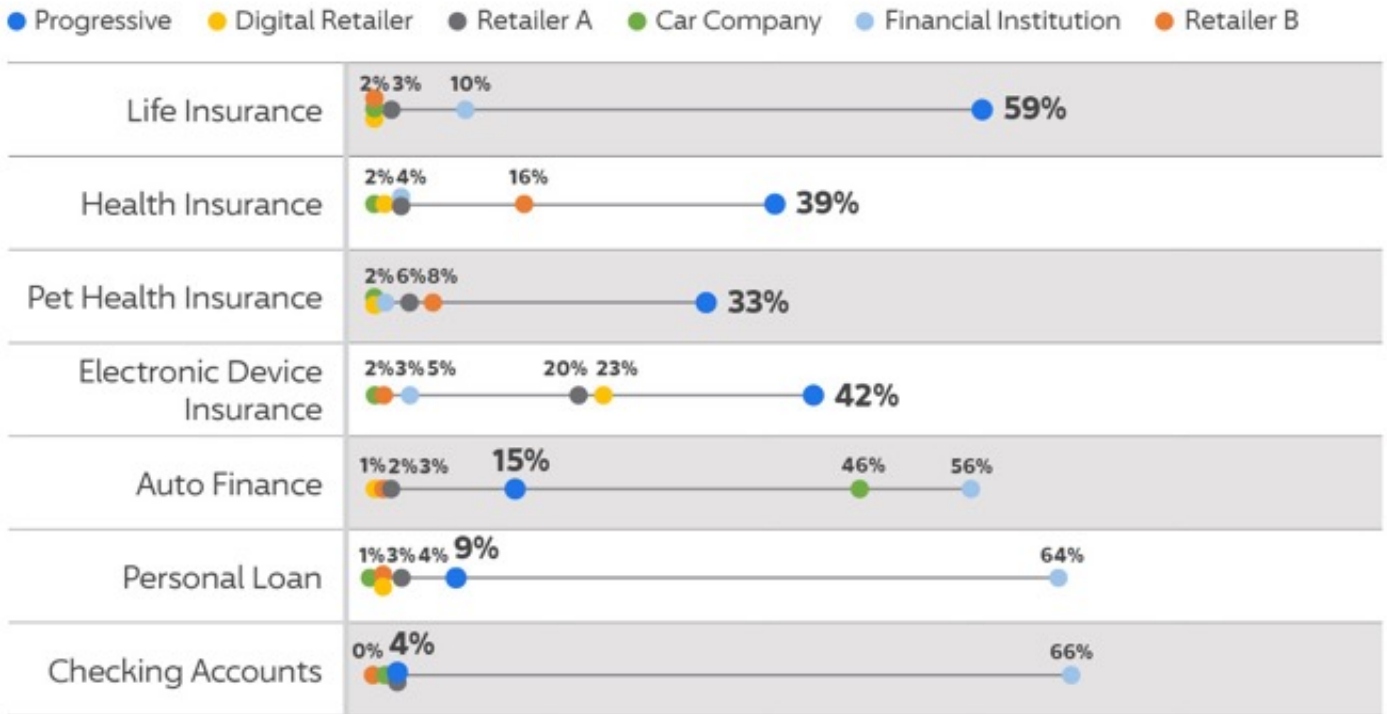


POTENTIAL PRODUCT OFFERING BY TOP BRANDS*

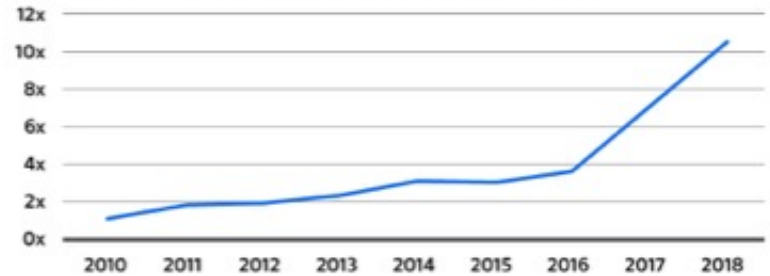


Strategic alliance: Life insurance serves as an example of opportunity

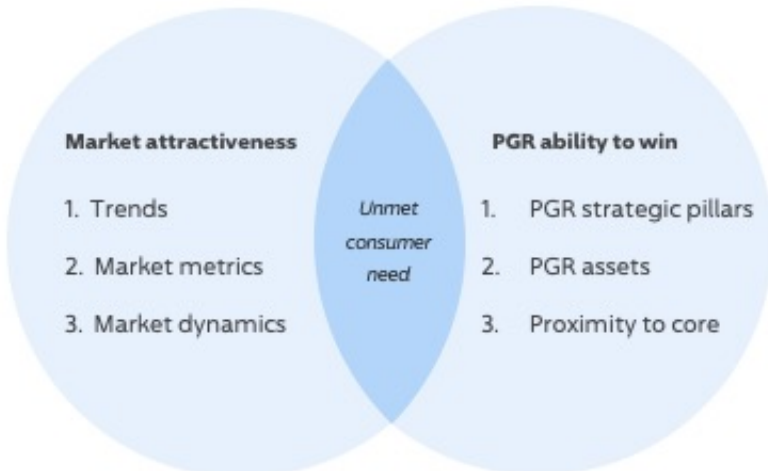
POTENTIAL PRODUCT OFFERING BY TOP BRANDS*



PROGRESSIVE ADVANTAGE LIFE INSURANCE SALES

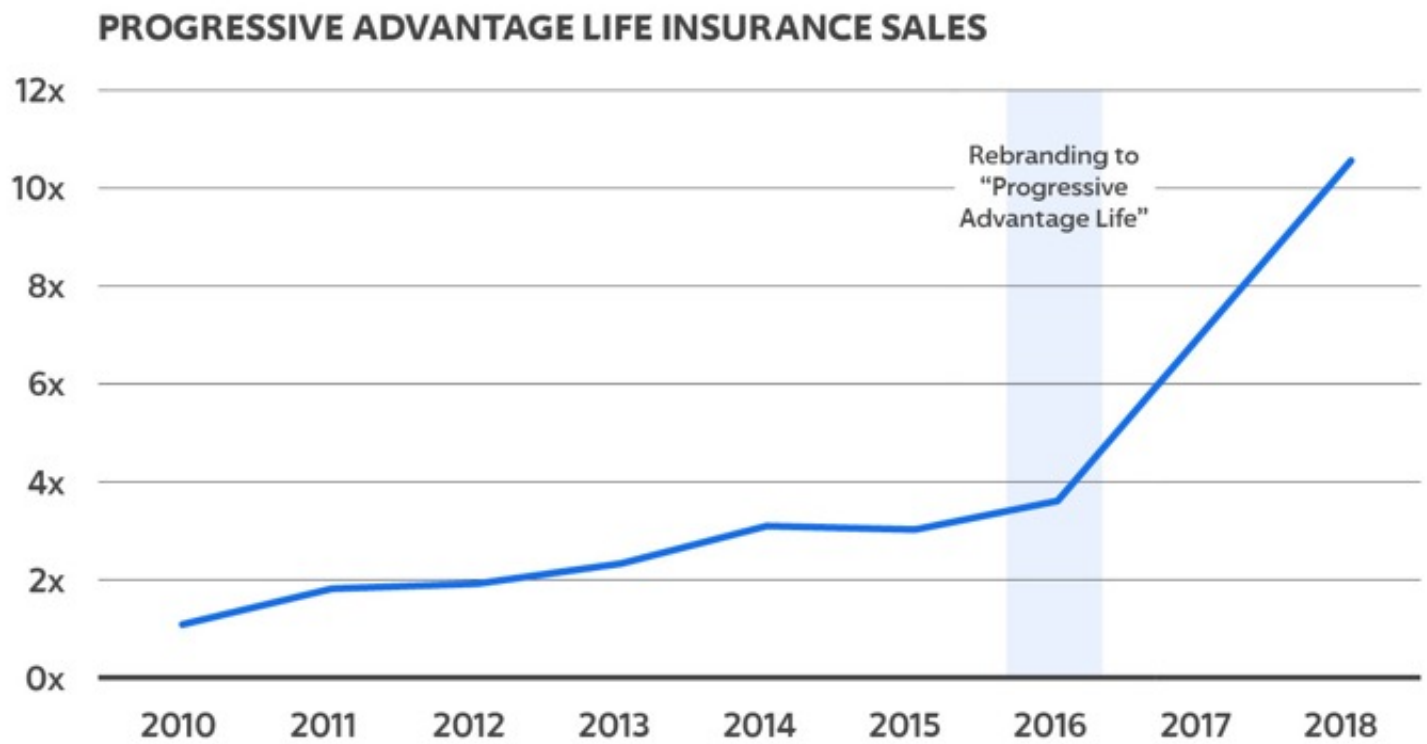


Horizon 3 Fit

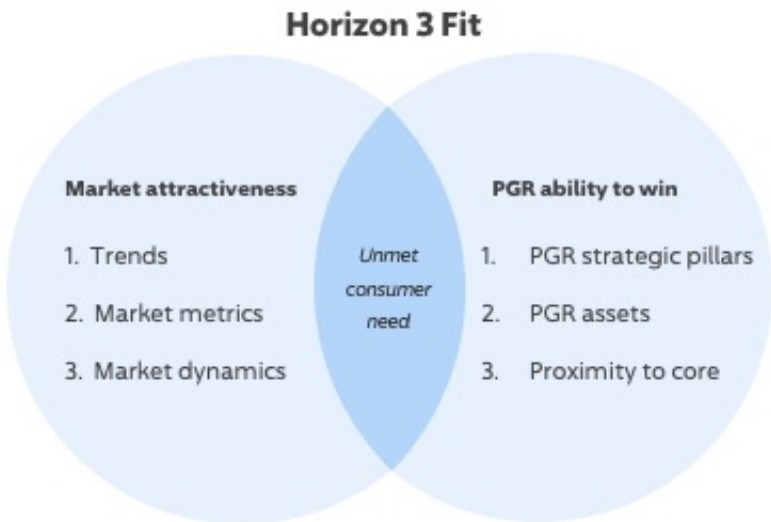


*Question asked: "Q1 Below is a list of products that may or may not currently exist. For each product, please indicate which brand(s), if any you believe could realistically offer this product."

Strategic alliance: Life insurance serves as an example of opportunity







Source: Internal data

Examples of strategic investments



Upstart

Investment in a leading personal loan platform



KEEP TRUCKIN

Investment in the leading electronic logging device (ELD) provider to small trucking fleets

PROGRESSIVE

Investor Relations

HORIZON 3 UPDATE

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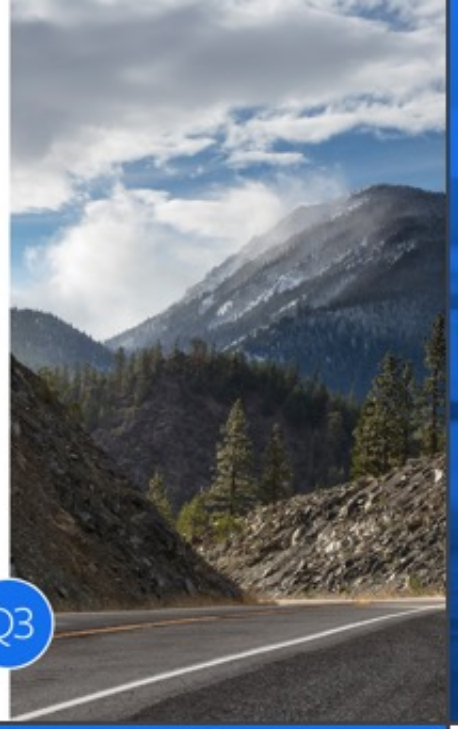


Q3

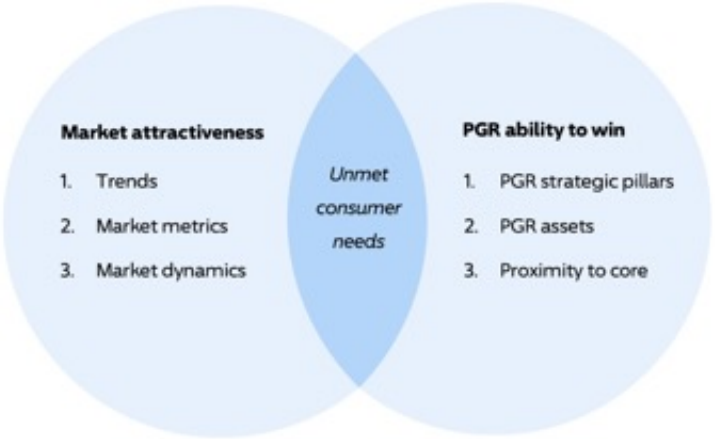
Opportunities and challenges of Progressive's strategy evolution



Progressive's activity map



H3 opportunities materialize from intersection of many factors



PROGRESSIVE

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HORIZON 3 UPDATE

2019

