THE PROGRESSIVE CORPORATION

2023 ANNUAL REPORT

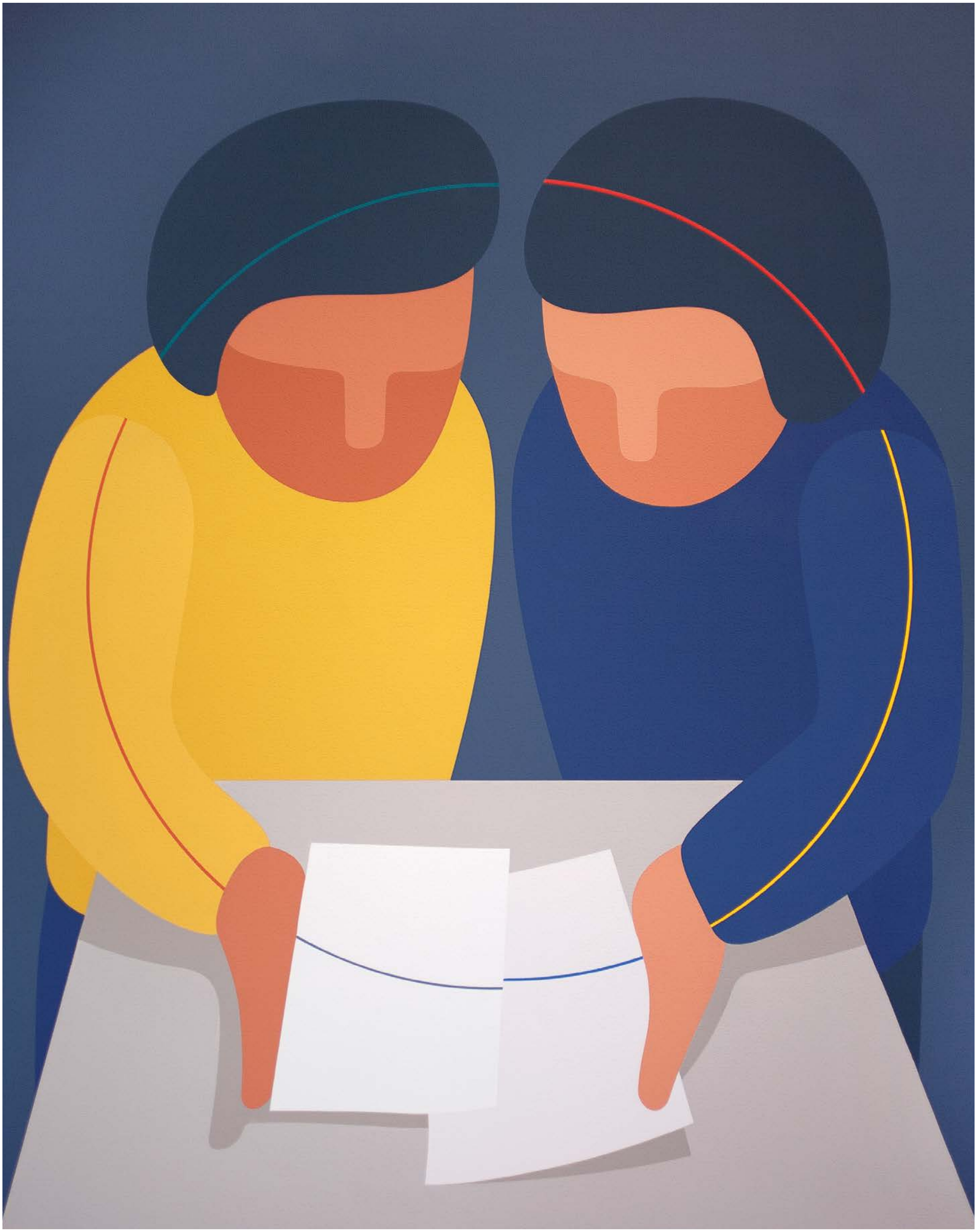
CONTENTS

front cover: *A Collaborative Response to Uncertainty*, 2024

ABOUT PROGRESSIVE

The Progressive Group of Insurance Companies, in business since 1937, is one of the country's largest auto insurance groups, the largest seller of motorcycle and boat policies, the market leader in commercial auto insurance, and one of the top 15 homeowners carriers, based on premiums written. Progressive is committed to becoming consumers', agents', and business owners' number one destination for insurance and other financial needs by providing competitive rates and innovative products and services that meet customers' needs throughout their lifetimes, including superior mobile, online, and in-person customer service, and best-in-class, 24-hour claims service.

Progressive companies offer consumers choices in how to shop for, buy, and manage their insurance policies. Progressive primarily offers personal and commercial auto, motorcycle, boat, recreational vehicle, and home insurance. We also offer business-related general liability and commercial property insurance predominantly for small businesses, workers' compensation insurance primarily for the transportation industry, and other specialty property-casualty insurance. We operate our Personal and Commercial Lines businesses through more than 40,000 independent insurance agencies throughout the U.S. and directly to consumers online, or by phone, and, for personal auto, via the Progressive mobile app. Our homeowners business is underwritten by Progressive companies, and other select carriers, throughout the United States.



A New Word for Understanding, 2019

FIVE-YEAR FINANCIAL HIGHLIGHTS

(billions – except per share amounts)

	2023	2022	2021	2020	2019
For the Year					
Net premiums written	$ 61.6	$ 51.1	$ 46.4	$ 40.6	$ 37.6
Growth over prior year	20%	10%	14%	8%	15%
Net premiums earned	$ 58.7	$ 49.2	$ 44.4	$ 39.3	$ 36.2
Growth over prior year	19%	11%	13%	8%	17%
Total revenues	$ 62.1	$ 49.6	$ 47.7	$ 42.7	$ 39.0
Net income	$ 3.90	$ 0.72	$ 3.35	$ 5.70	$ 3.97
Per common share	$ 6.58	$ 1.18	$ 5.66	$ 9.66	$ 6.72
Underwriting margin	5.1%	4.2%	4.7%	12.3%	9.1%

(billions – except shares outstanding, per share amounts, and policies in force)

	2023	2022	2021	2020	2019
At Year-End					
Common shares outstanding (millions)	585.3	584.9	584.4	585.2	584.6
Book value per common share	$ 33.80	$ 26.32	$ 30.35	$ 28.27	$ 22.54
Consolidated shareholders' equity	$ 20.3	$ 15.9	$ 18.2	$ 17.0	$ 13.7
Common share close price	$ 159.28	$ 129.71	$ 102.65	$ 98.88	$ 72.39
Market capitalization	$ 93.2	$ 75.9	$ 60.0	$ 57.9	$ 42.3
Return on average common shareholders' equity					
Net income	22.9%	4.4%	18.6%	35.6%	31.3%
Comprehensive income (loss)	30.0%	(13.5)%	13.6%	39.3%	35.0%
Policies in force (thousands)					
Personal Lines					
Agency – auto	8,335.5	7,766.3	7,879.0	7,617.0	6,994.3
Direct – auto	11,190.4	10,131.0	9,568.2	8,881.4	7,866.5
Special lines	5,968.6	5,558.1	5,288.5	4,915.1	4,547.8
Total Personal Lines	25,494.5	23,455.4	22,735.7	21,413.5	19,408.6
Growth over prior year	9%	3%	6%	10%	9%
Commercial Lines	1,098.5	1,046.4	971.2	822.0	751.4
Growth over prior year	5%	8%	18%	9%	8%
Property	3,096.5	2,851.3	2,776.2	2,484.4	2,202.1
Growth over prior year	9%	3%	12%	13%	14%
Companywide total	29,689.5	27,353.1	26,483.1	24,719.9	22,362.1
Growth over prior year	9%	3%	7%	11%	10%
Private passenger auto insurance market[1]	NA	$ 268.0	$ 252.9	$ 243.7	$ 247.7
Market share[2]	NA	14.4%	14.1%	13.5%	12.4%

	1-Year	3-Year	5-Year
Stock Price Appreciation[3]			
Progressive	23.2%	20.1%	25.1%
S&P 500	26.3%	10.0%	15.7%

NA = Final comparable industry data will not be available until our third quarter report.

[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 annual compounded rate of increase and assumes dividend reinvestment.

Four Cornerstones

Our four cornerstones — who we are, why we are here, where we are headed, and how we will get there — are the construct Progressive uses to think about having a competitive advantage. These cornerstones permit all people associated with us to understand what we expect of ourselves and each other and how we conduct our business.

CORE VALUES > Who we are

Progressive's Core Values serve as the foundation for our culture. They represent our values, guide our decisions, and define how we conduct our business and interact with others. It's essential that they're understood and embraced by all Progressive people.

Integrity We revere honesty and adhere to high ethical standards to gain the trust and confidence of our customers. We value transparency, encourage disclosing bad news, and welcome disagreement.

Golden Rule We value and respect our differences, act with kindness and caring, and treat others as they want to be treated.

Objectives We set ambitious goals and evaluate our performance by measuring what we achieve and how we achieve it. We're committed to an inclusive and equitable workplace where rewards and promotion are based on results and ability.

Excellence We strive to meet or exceed the expectations of our teammates, customers, partners, and investors by continuously improving and finding new ways to meet their needs.

Profit We have a responsibility to ourselves, our customers, agents, and investors to be a profitable and enduring company by offering products and services consumers value.

4

PURPOSE > Why we're here

Progressive exists to help people move forward and live fully.

VISION > Where we're headed

Become consumers', agents', and business owners' #1 destination for insurance and other financial needs.

STRATEGY > How we'll get there

We will achieve our Vision through four Strategic Pillars:

1. Ensuring that our people and culture collectively remain our most powerful source of competitive advantage;
2. Meeting the broader needs of our customers throughout their lifetimes;
3. Maintaining a leading brand recognized for innovative offerings and supported by experiences that instill confidence; and
4. Offering competitive prices driven by industry-leading segmentation, claims accuracy, and operational efficiency.

ABOUT THE ART

We entered 2023 on a positive note thinking the most difficult three years were behind us, but we quickly learned that was not the case. We continued to face extreme weather, rising loss severity trends, and unknown macroeconomic factors—all while continuing to acclimate to a more hybrid workplace environment. In typical Progressive fashion, we came together and identified ways to address one challenge after another. We knew that to meet our objectives, we needed to embrace the unknown challenges ahead of us, which led us to choose "uncertainty" as the theme for this year's Annual Report.

We commissioned multidisciplinary artist Geoff McFetridge to respond visually through his deceptively complex paintings of people continually adapting to a changing world. Throughout this report, there are scenes of trepidation balanced with participatory engagement, aspiration, and achievement. Three of his pencil studies have been included to reflect our appreciation for problem solving and imagining a path forward. McFetridge's most recent body of work was created to demonstrate the perseverance of the human spirit in strange and uncertain times. These new paintings will join Progressive's growing collection of contemporary art.

IT REMAINS TO BE SEEN

Night Parents, 2021

Letter to Shareholders

Friends Know Where to Look, 2022

After three years of twists and turns, we entered 2023 thinking the worst was behind us. That quickly changed when inflation continued and our loss severity trends kept rising. In addition, we experienced extreme weather and other political and macroeconomic trends that made us rethink the plans we had in place going into the year. We were faced with many challenges and, every time we tackled one, another one reared its ugly head. It was these factors that led me to choose "uncertainty" as the theme for this annual report. I know that it is not the most positive word, but it just seemed to ring so true to define the year.

And, in true Progressive fashion, we embraced the uncertainty and did what we do best and faced the challenges head on. We ended 2023 in a much better place than when the year began. Needless to say, proud isn't a big enough word to describe what we were able to accomplish during the year.

We ended 2023 with a combined ratio (CR) of 94.9, which was better than our profitability goal of achieving an aggregate calendar-year CR at or below a 96.0. This achievement was a herculean effort by the entire organization especially since our CR was 99.7 through the first six months of the year.

In addition to beating our profitability target, we grew net premiums written (NPW) 20% to end the year with $61.6 billion of NPW, which is $10.5 billion more than 2022 and about the size of the 8th largest private passenger auto insurance carrier. This was a tremendous accomplishment since we intentionally took action to slow new business growth to ensure we met our profitability goal. During the year, we pulled back on our media spend and took other rate and non-rate actions. These results are a tribute to what you can achieve with the right people and culture. The most exciting part is that we believe that our runway continues to be bright and that we are well positioned for excellent growth in 2024.

Because the year did not originally unfold as we anticipated, we decided to double-down on our internal communications so that our employees would understand the multiple external dynamics that we were dealing with and we could give them some details around all aspects of the business and, most importantly, their individual roles in helping to turn things around. Each month, a member of my direct reporting team, along with someone from their business area, produced a short and concise video where they would, in plain English, describe the financial results for the month, the most significant items that were impacting their business area, and the actions that were being taken to address those items so that all of us, in the end, could take ownership for the results. These videos brought us closer together, in a hybrid world, and we believe they were one of the factors that helped us realize success during the year. I've always found that being a part of something bigger than myself, and knowing exactly what contributions I could personally make in each role that I had, made ultimate success all the sweeter.

I've shared different ways that I have endeavored to create and nurture a culture that reduces hierarchy and increases transparency. At the start of the pandemic, I created "At Home with Tricia" videos to keep employees connected and during Progressive's 85th anniversary year in 2022, I enjoyed lunch with hundreds of people either in person or virtually. In the latter part of 2023, with a lot of help from our incredible internal communications department, we recorded monthly videos we call "Tricia in 2." During these two-minute videos, I showcase a piece of art from our incredible collection and then quickly answer one personal and one business question submitted by our employees. Despite the brevity of the videos, I have received many notes from people who tell me how they find them valuable.

These "softer" ways to communicate may not seem to add value if you are looking from the outside in, but I guarantee you that having open access to leadership and knowing where you fit in within a large company are very important aspects of how we measure our success.

NO AMBIGUITY (at least of what we needed to do)

Regardless of how the majority of the year unfolded, because we have such a long-standing goal of achieving our profitability goal of a CR at or below a 96, there was a substantial amount of certainty of what we needed to do to accomplish that goal and that we would, as always, work in a synchronized fashion to do so. We did that and more and are enthusiastically heading into 2024 with both intensity and excitement.

All three of our segments earned an underwriting profit in 2023. Our Personal and Commercial Lines businesses earned a profit margin of 6.2% and 1.2%, respectively. After a rough start, our Property business earned a profit margin of 1.1% and, while still not at our target, a great improvement over the prior year.

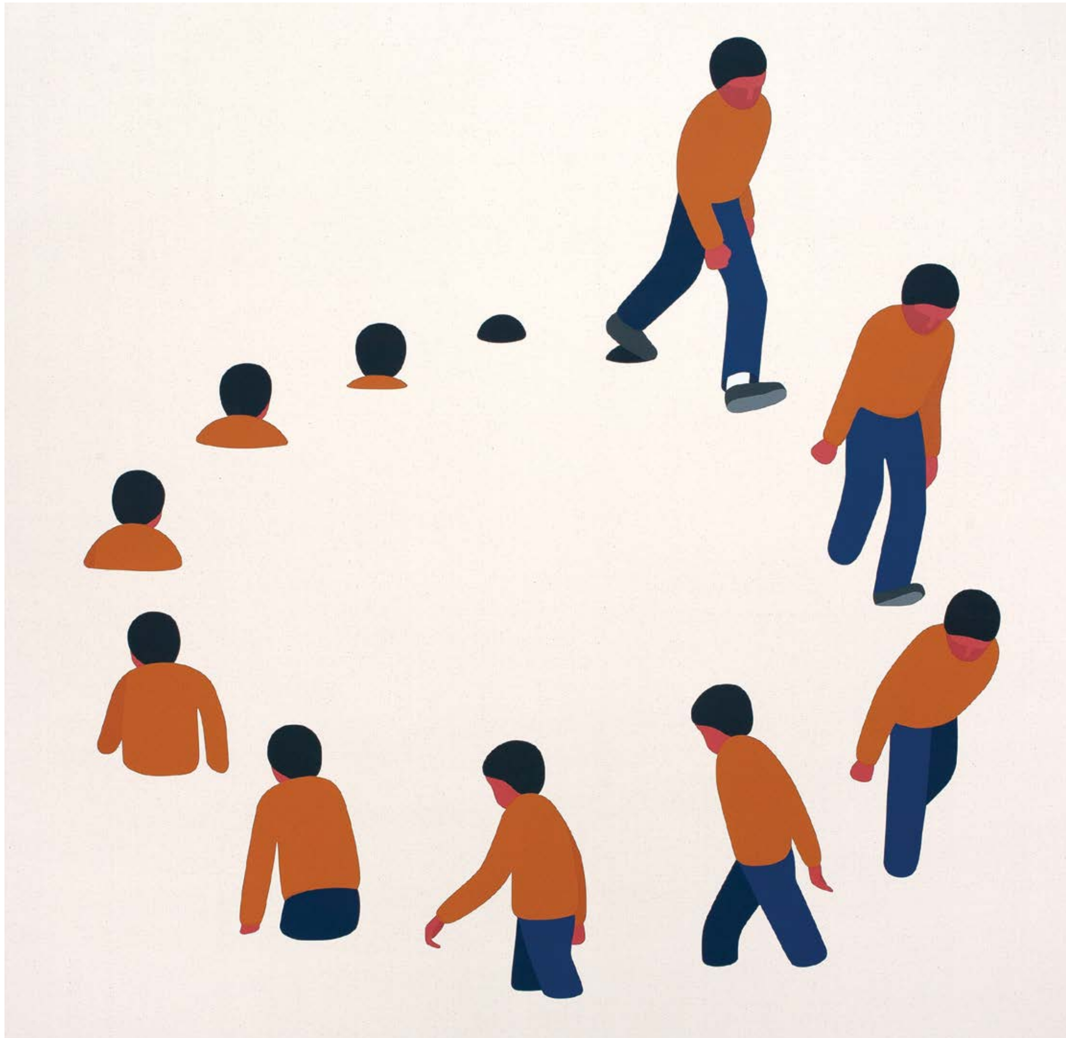
Our NPW growth was incredible across all segments but especially in Personal Lines and Property. Personal Lines and Property grew NPW 24% and 18% over last year, respectively. Commercial Lines had NPW growth of 8%. Our Commercial Lines business was challenged a bit with both growth and profit, but we all agree that we are well positioned to take advantage of opportunities for profitable growth in 2024. The rates we took during 2023 will start to truly earn at a quicker clip in 2024 based on our 12-month policy renewal cadence. In our Property business, we continued to make progress to reduce our exposure in volatile weather states and grow in those states that typically have less weather-related volatility.

As we did last year in Personal Lines, we started 2023 pretty aggressively and put the pedal to the metal for growth. Quickly, we realized that we needed to brush off our playbook, and then some, to slow growth and focus on profitability. While it takes the efforts of the entire organization to achieve our goals, I will say that our media team has shown so much flexibility and solidarity over the past several years that I owe them some special recognition. My hope is that they will be able to spend this year's budget without any cutback, and I trust they will do so efficiently.

As we have in the past years, we sought out additional rate in order to get closer to our objectives. For the full year of 2022, we increased personal auto rates 13% after prior years of rate increases based on rising severity trends. That was no different in 2023 and we ended the year with personal auto rate increases of 19%, some of which still needs to earn into our book. We still have a number of states where we need rate and will continue to manage that throughout the year since we strive to meet our targets in each state and do not expect any state to subsidize another.

In addition to rate, we focused on expenses and leveraging non-rate actions in order to exceed our goals. Our product and pricing teams are second to none and we could not have achieved this without their speed and dedication.

In 2023, our investment portfolio saw a return of 6.3%. We continued to see swings in market sentiment and volatility throughout the year, but a market rally in November and December drove both our fixed-income and equity returns higher. At year-end 2023, our fixed-income portfolio return was 5.4%, as a higher portfolio yield and tighter credit spreads drove strong portfolio performance.



As market consensus moved towards a soft landing rather than a recession, equity returns increased significantly with our equity portfolio producing a 26.7% return. We maintained a conservative allocation throughout the year and continued to reduce risks related to commercial real estate securities. In the fourth quarter 2023, we raised our duration back up to 3.0 years to take advantage of higher yields in the market. As we head towards 2024 and beyond, we believe that Progressive has an opportunity to continue to generate capital from both our operating business and investment portfolio.

As we continued to experience the effects of inflation on both our operating and investing sectors of our business in 2023, we maintained a conservative approach to our capital. We limited our share repurchase activity to mainly offset dilution from employee equity grants. In addition, we declared a $0.75 per common share annual-variable dividend for 2023, which was lower than the annual-variable dividends we had paid historically, which averaged $2.15 for the five years prior to 2023. We also maintained our investment portfolio with a more defensive posture that included a greater allocation to U.S. Treasuries. In addition, we issued $500 million of corporate bonds in 2023 to provide us with an extra cushion of capital as we navigated this volatility. We feel this conservative approach was well received by our stakeholders and we are pleased that we have been able to maintain our high investment-grade bond ratings. As we enter 2024, we feel very comfortable with our capital position and believe it will provide us the foundation to significantly grow in the future. With our debt-to-total capital ratio ending the year at 25.4% and the significant capital generation we saw in the fourth quarter 2023, we believe that we are in a great place to find growth opportunities in all areas of our business.

Overall, even with the continued uncertainty that we have encountered during these last several years, we have our eye on the ultimate goal of achieving our Vision and always with the caveat of doing so in the right way with our values and culture underpinning all that we do.

It's Not Getting Worse It's a Loop, 2018

WE'RE ALL IN THIS TOGETHER

OUR FOUR CORNERSTONES

You are all familiar with our four cornerstones—who we are, why we are here, where we are headed, and how we will get there—as the construct Progressive uses to think about having a competitive advantage. We start with our five Core Values that clearly outline who we are. Next is our Purpose, which helps to provide clarity around why Progressive exists and the role we play within Progressive, society, and our communities. The third cornerstone is our Vision that provides us guidance to help us make the right investments to achieve our ultimate goal of becoming a Destination company. Lastly, and the more tactical of all the cornerstones, is Strategy, which is supported by our four strategic pillars that have been our resolute approach to making sure we invest in the most critical elements of People and Culture, Broad Needs of our Customers, our Leading Brand, and having Competitive Prices.

CORE VALUES > These values, which remain unchanged and continue to serve as the foundation for our culture are Integrity, Golden Rule, Objectives, Excellence, and Profit.

PURPOSE > Our Purpose statement is "We exist to help people move forward and live fully." One can easily insert employee, customer, community, independent agent partners, etc. in the place of people because it is really all about every constituent and we know they all have different needs. This statement provides that flexibility. I have added more details at the end of the letter regarding this very exciting initiative.

VISION > Our Vision is to "Become consumers', agents', and business owners' #1 destination for insurance and other financial needs."

STRATEGY > Our strategic pillars serve as the foundation of how we will achieve our Vision and are discussed in more detail below.

Untitled (Study), 2023; *Autonomy Illuminated by Collaboration*, 2024

People and Culture We strongly feel that to achieve our Vision, we need to understand and anticipate the needs of our customers. For us, Diversity, Equity, and Inclusion (DEI) are business imperatives required to sustain our incredible business model. It's this model, and especially our goal to grow as fast as we can subject to meeting our profit target and our ability to provide high-quality customer service, which generates additional career opportunities for all of us. We continually focus on a culture that empowers everyone to learn, grow, and reach toward their career aspirations.

In a period when much has been written and said about what diversity, equity, and inclusion mean, I thought it important to start this year by sharing how we define diversity, equity, and inclusion at Progressive:

- Diversity is what makes us unique, and we recognize that these differences influence how we work with each other and our customers.
- Equity is treating people fairly and ensuring that we all have access to the resources and opportunities that help us learn, grow, and be successful. Equity means that we meet people where they are to help them get to where they want to go.
- Inclusion is our daily commitment to make the people around us feel valued, welcomed, and respected for who they are as individuals.

We've shared these definitions with our employees to help focus our work together, and they are the framework for our ongoing objectives and efforts.

Our four Diversity, Equity, and Inclusion objectives remain as follows:

- Reflect the customers we serve.
- Leadership reflects the people they lead.
- Maintain a fair and inclusive work environment.
- Contribute to our communities.

I will briefly describe our efforts of each objective below.

After multiple years of significant growth and hiring, the gender and racial demographics of our workforce are closely aligned with the U.S. adult population. As I have stated on many occasions, there's obviously more to diversity than just gender and race, like diversity of thought and demographics, such as disability, ethnicity, religion, and veteran status, but these are the two demographic factors that we currently measure for all Progressive people. As we gain success, we will likely revise and outline other opportunities to continue to better understand the remarkable dimension of our people.

Aside from our companywide financial success, this also shows us that our recruiting and development efforts are working, but we recognize it will take an ongoing effort to continue to attract and retain a richly diverse workforce. We plan to do this by continuing to refine our recruiting and development efforts that have proven to be most successful over the past few years. We have made concerted efforts to invest in many programs to assist people with achieving the next step in their career goals. One example is our Analyst Boot Camp (ABC) where we support our people who have an interest in data analytics but aren't sure how to get started on this path. I'm sharing just two of the many quotes from individuals who have gone through the boot camp to show you how critical we believe it is to identify talent and then take action to help talented individuals grow and achieve their aspirations.

Oscar, who is an ABC graduate and now a data engineer states:

> "Thanks to ABC [Analyst Boot Camp], I am developing into the professional I've always aspired to be and at the same time it helped me find something I am passionate about and enjoy. I am eternally grateful for all of the people that support this program, for them believing in me from day one and for allowing me the opportunity to be part of the program. This program has changed my life in many ways and has helped me develop and grow into the professional I am today."

And Cherie shares how pivotal ABC was at the exact right time in her career:

> "I was at a point in my career where the desire for me personally to contribute was so strong and I had a need to satisfy that desire for more challenging work. I started from being a temporary employee to going to sales, to going to underwriting. The Analyst Boot Camp was pivotal in getting to a career direction decision. I felt like it changed so much in my life in general. I get to be somewhere I love, with people that I actually like and actually do a job that I love. I do feel like I'm on a path to stay here forever. I feel like I have the options that are endless. I'm where I'm supposed to be. I found my people. I feel like I can retire now from Progressive. I feel like I'll be here forever. I'll probably be old and gray still running a query or something like that."

Engagement is another crucial element of our success as evidenced from how we prevailed during another tumultuous year. Picture over 60,000 employees working tirelessly hand-in-glove in order to achieve our goals and you can get a sense of our strong "get it done" culture. When engaged people rise into leadership roles, they tend to inspire others to lead. I know that I have had countless mentoring sessions over the years sharing my leadership principles, successes, and mistakes that I have made to encourage others to consider leading. Sharing experiences gives leaders a better concept of the importance of serving others they lead, and our leaders pass on their experiences and insights every day to develop our future leaders.

One goal of our talent management and acquisition team is to remove any barriers candidates may face to accessing our jobs and any barriers we may face to accessing candidates, including any obstacles that could affect the representation of women and people of color in management. This is why, in 2020, we stated an aspiration to increase the representation of people of color in senior leadership positions. We did this to challenge ourselves to reach far and wide to attract diverse, highly qualified applicant pools when recruiting opportunities arose and to invest broadly in developing our internal talent. We are proud to say that this deliberate effort to increase the diversity of our candidate pools has been successful in attracting and developing incredible talent throughout our organization.

We will keep this momentum by remaining disciplined in our development of deep, diverse candidate pools through new and existing recruiting networks and internal talent. This year, our second cohort of aspiring leaders entered Progressive's Multicultural Leadership Development Program (MLDP), which is open to every eligible employee at Progressive, across every demographic and business area. Building off both the MLDP brand and its past success, we developed this new program for emerging leaders and other high-potential employees. Participants in the first cohort completed leadership-development coursework and simulations, presented business cases, and more to build their capabilities for their first leadership role. By graduation, some had already interviewed for, and successfully obtained, roles as leaders.

We're committed to creating an environment where all our people feel welcomed, valued, and respected. One key measure of success is participation in our Employee Resource Groups (ERG), which we have sponsored for over a decade. In fact, over the past several years, our ERG membership grew even faster than the accelerated rate of growth of our employee population. Membership in ERGs is broad and every ERG is open to every Progressive person with members of each ERG proudly reflecting both people who identify with the demographic focus of the ERG and the many others who join ERGs in order to learn from experiences and perspectives that might be different from their own.

We believe our ERGs and our outsized participation rates are a significant contributing factor to several people metrics at Progressive. We have learned over the past several years that our ERG members are more engaged, more likely to stay at Progressive, and more likely to apply for promotions.

To highlight the importance our longstanding ERG programs, I'd like to share a story from a woman who I have mentored, over the years, and I have really seen flourish. I have witnessed that happen even more rapidly as she got involved with our PAAN (Progressive African American Network) ERG. We now have lunch once a year to catch up and stay connected. Her time as the chair of our PAAN board is ending and I asked her to share with me her experiences.

These are Alana's words and I believe that they speak for themselves:

"Prior to handing over the PAAN chairperson's torch to Janaul, I began to reflect on my time leading the PAAN ERG as the vice-chair and chair. I thought back on the many roles I have had here at Progressive and in life and none of them compared to this one.

I owe the momentum of my operational career to PAAN. Today I am a claims director and just eight years ago, I had earned my first operational leadership role as a supervisor in New Jersey. For that interview, I used many examples of my Ambassadorship with PAAN to demonstrate my leadership capabilities. If I am being completely transparent, this was at a time where DEI examples were not generally acceptable responses in operational role interviews. I then took a full year off to learn my operational role and then applied to be on the PAAN board. I moved up rather quickly on the board because the leaders in place recognized my drive and desire to inspire and lead. In 2020 earned the vice chair role and in 2022, the chair. I navigated through in-person, virtual and now hybrid work environments. I supported our employees during some very tragic experiences that struck our country, particularly those impacting the Black community. I was able to support our Executive and Senior leadership teams through some difficult conversations and communications. I was able to share stories of my journey and my failures in hopes to give strength to others. I was able to work with an amazing team of people who roll up their sleeves day and night to ensure that the PAAN brand is solid and makes our company proud.

I want to leave you with this: Many of us who work in this space do it because at our core, we want everyone to shine, and we understand the value in the content that is shared in all ERGs and the DEI group. This is not just something outside of our "day job" because this IS our day job, night job and weekend job. We live and breathe inclusion and use this stage to produce content to help others be the best version of themselves. We have an operational role and a DEI role—both are equal in impact. Both are necessary. Both are what makes Progressive...Progressive."

While it is more important for our employees to feel that they are working for a great company, it is always nice to be recognized by others as well. For a third consecutive year, Progressive was named a Gallup Exceptional Workplace. We also received accolades as Forbes® America's Best Employers for Diversity® (#1), Fortune® Best Large Workplaces for Women (#10), People® Companies that Care (#31), Newsweek America's Greatest Workplaces for Parents & Families (five stars), and TIME World's Best Companies (#351), to name just a few of the dozens of workplace-related awards bestowed upon Progressive in 2023.

Another important measure of our fair and inclusive work environment is our record of pay equity. Our pay equity analysis shows that for Progressive employees with similar performance, experience, and job responsibilities, women earn one dollar for every dollar earned by men, and people of color earn one dollar for every dollar earned by their white co-workers.

To maintain a fair and inclusive environment, we believe that consistent communications and employee involvement are critical. To support this, we refreshed our approach to DEI awareness by revamping our annual Inclusion Week to become IQ: Inclusion Quarterly℠, which includes a day and a half of shorter-duration presentations and programs four times a year.

Also, as part of this DEI objective, we added a Low-Cost Plan (LCP) to our employee medical insurance offerings designed to increase participation and improve engagement in preventative health care among our lowest-paid employees. I am happy to report that as of the end of the year, just over 80% of employees with an annual salary of less than $50,000 are enrolled in one of the medical insurance plans that Progressive offers, with the majority in the LCP.

A final, and important, cultural initiative is our Chosen Name Program. In this program, we are allowing employees to use the first name that most appropriately represents them, rather than their legal name, on the majority of our internal platforms (e.g., email, video chats). The overwhelming response has been positive with many sharing that they no longer need to explain their name or feel embarrassed when meeting a fellow employee for the first time. This was meaningful to me, since my legal first name is Susan, yet I prefer to be called Tricia, which is short for my middle name, Patricia. It's a long story...

With a few exceptions, we have concentrated our community support to causes that align with our business—simply put, vehicles and homes— in addition to causes that each individual employee wishes to support. We provide vehicles to veterans with our Keys to Progress® initiative, furnish homes for the homeless, and provide grants to small and minority-owned businesses. We also continued to fund donations, some through The Progressive Insurance Foundation, to the national organizations identified by our ERGs to help support the communities they represent.

During our 2023 Keys to Progress veteran vehicle giveaway events held on November 8, 2023, we were delighted to celebrate a major program milestone—the gifting of our 1,000th vehicle since the program's inception in 2013. We're proud to have helped veterans in all 50 states and D.C. over the years by providing transportation support through this program to individuals and veteran non-profit organizations. Whether a vehicle is needed to obtain employment, get to medical appointments, or take children to and from school, our goal is to improve the lives of those in the military who have served and sacrificed for our country and us. I'm including a few quotes from a vehicle recipient, a partner, and an employee that gives you a sense of how important this program is for all involved.

> When expressing his appreciation for receiving a vehicle, 2023 program recipient Luis, from San Antonio, TX, shared that he's immensely grateful for those who consistently stand by veterans during their transition to civilian life. "The journey is not easy," he said, " but your unwavering support in various ways makes a significant difference."

> "This new minivan isn't just a vehicle, it's a symbol of the invaluable support that Progressive is extending to Warrior Canine Connection (WCC)," said Rick, the WCC executive director and founder. "With this addition, our team can enhance its reach, ensuring that we can safely and efficiently bring the comfort and companionship of man's best friends to support veterans in need."

Undoubtedly, Progressive people may enjoy gifting the vehicles as much as the veterans appreciate receiving them. This comment from Progressive manager Julie, who serves on the Keys to Progress program team, encapsulates how our employees feel about this program:

> "Being part of Keys to Progress allows me to honor and celebrate those who signed on that line to protect the rest of us, it's one of the very best days at Progressive for me."

In 2023, Progressive people supported two organizations focused on helping those who are homeless or at risk of being homeless: Humble Design and Family Promise.

In March 2023, Humble Design Cleveland celebrated its 200th home makeover since Progressive helped to bring their services to the Cleveland area. After setting up operations in northeast Ohio in July 2020, Humble Design, with the help of Progressive and community volunteers, has transformed 260 homes and served over 750 individuals.

Our own employee, Terri, shared her experience saying:

> "When you volunteer at Humble you actually SEE the difference you are making in the lives of their clients, and it is amazing to be a part of that. Helping families become whole and providing a beautiful space for them to heal, live fully and grow is priceless."

I concur with her completely as my team and I participated in decorating a home for a family that lost everything in a fire and it was an amazing experience to help those in our Cleveland community.

In 2023, Progressive introduced Family Promise to employees countrywide as another way to help support people who are experiencing homelessness move forward in life. Family Promise is the nation's leading nonprofit organization working to prevent and end family homelessness using a holistic approach that includes three key areas of focus: prevention and diversions services before families reach crisis, shelter when they become houseless, and stabilization programs once they secure housing. With 200+ Family Promise Affiliates across the country, we've expanded opportunities for Progressive's 60,000+ employees to assist in addressing the homelessness crisis beyond our efforts with Humble Design in our Cleveland headquarters city.

For example, in November 2023, a team of Progressive employees volunteered at the Family Promise of Collin County, TX. They created Thanksgiving baskets, donated holiday decorations, and decked out the Affiliate's Day Center with their donations. Progressive's support meant a great deal to Family Promise of Collin County's Executive Director who said:

> "This was the first time a large corporation volunteered at our Affiliate. The volunteers were local. They were awesome!"

She Relied on Her Memories, 2022

CARRYING THE LOAD

The Progressive Insurance Foundation continued to increase employee participation for Name Your Cause® (NYC), an innovative giving program. With NYC, each Progressive employee can recommend an eligible charity of their choice receive a donation from the Foundation, which is estimated to be about $200 for 2023, without a required matching donation. Not only has this form of equitable giving driven praise from Progressive people, but it has further diversified our charitable portfolio and increased employee participation in the Foundation from about 10% to nearly 40%. There were more than 11,000 unique charities selected by our employees for their donations. I shared many wonderful stories in last year's letter, and we saw the same incredible response this year. It's a nice way to let our employees know that what's important to them is important to leadership at Progressive.

We've gained considerable ground on our DEI objectives over the past few years, and we're encouraged by this momentum, particularly in employee engagement through our ERGs, pay equity, and our increasingly diverse senior leadership ranks. We will continue to focus on diversity, equity, and inclusion to measure our culture and achieve our shared vision for the future, all while providing opportunities for everyone to advance.

Broad Needs of Our Customers Our goal of becoming a destination company has us continuing to focus on providing our customers the flexibility to shop, purchase, and service digitally, over the phone, or in person through our independent agent channel. As our customers' needs change, we seek to provide solutions and choice, instilling confidence in both product and price. We also strive to be able to provide products that will meet both their personal and business insurance needs throughout their lifetimes.

We look to meet the property insurance needs of our customers through our independent agency channel as well as our direct online HomeQuote Explorer® (HQX). This online option provides homeowners, condo, manufactured home, renters, and umbrella policies from Progressive and a network of unaffiliated carriers. The ability to buy online, not typical for homeowners' insurance, was available through at least one carrier in 47 states and the District of Columbia at year end, making it an option for over 95% of consumers quoted.

In Commercial Lines, we continue to make progress on our strategy to meet the broader needs of small business owners. Since expanding our in-house agency and launching our online BusinessQuote

Untitled (Study), 2023; *Clarity Material*, 2024

Explorer® (BQX) in 2019, we have advanced our ability to meet the insurance needs of small business owners in this emerging channel through a partnership with 10 different carriers in both admitted and Excess & Surplus markets. Consumers can access four different products including general liability, professional liability, workers' compensation, and our own manufactured business owners' policy (BOP) product. In parallel to efforts to optimize our product breadth, we also continued to invest in efforts to streamline the customer experience. This included adding online buy capabilities for three additional product solutions in 2023 and launching our manufactured BOP product in six new states. At year-end 2023, our BOP product was available to small business owners in 44 states representing an estimated 70% of the commercial multi-peril market, through our in-house agency or over 20,000 independent agents. We also received regulatory approval in Florida and expect to begin writing with a select group of agents in early 2024.

One of our primary objectives is to be able to grow with each customer as their insurance needs change or evolve. We know that as customers acquire additional products with us, they tend to stay longer. While bundling our personal auto insurance with home or special lines products continues to be a focus for us, we also see an opportunity for customers to combine their personal and business insurance needs with Progressive. At the end of the year, about 30% of our Commercial Lines policyholders also had a Personal Lines policy with us.

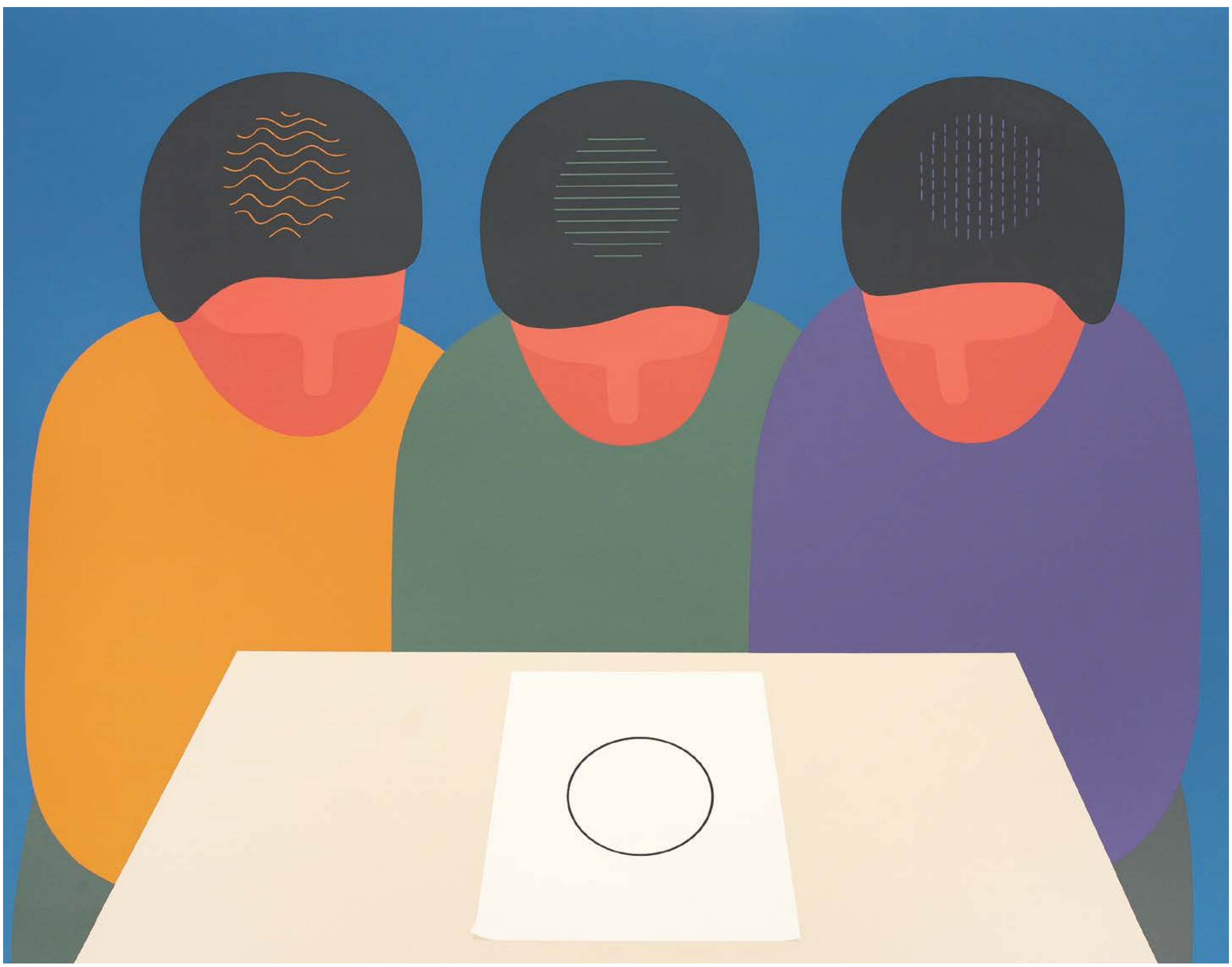
Leading Brand Our goal is to maintain a leading brand that is recognized for innovative offerings and supported by experiences that instill confidence. We are proud to say that we are now the #2 personal auto insurance carrier in the U.S. Our brand continues to motivate consumers to choose Progressive to help protect them when they need it most. Our iconic marketing campaign, Superstore, is on its 56th campaign, and our investment in Flo and her Squad continues to delight and attract our viewers everywhere. Flo's character holds a strong place in hearts and minds, as demonstrated by her organic appearances in popular culture such as NBC's Saturday Night Live, the Netflix movie Leo, and in an in-depth article in The New York Times to name a few. Thanks to our marketing partnership with the Barbie movie, our very own Flo and Jamie graced the pink carpet at the LA premiere of the film, along with stars such as Margot Robbie, Ryan Gosling, Nicki Minaj, and Dua Lipa. We co-marketed the film in one of our TV commercials, with Jamie attempting to keep secret his "new client" (who clearly appreciated knowing her Malibu dream house and convertible were protected by Progressive). This partnership came out of the gate with a marked improvement in our brand sentiment. This year it was Barbie's world, and Progressive protected it. The longevity and continued performance of our Superstore campaign breaks industry norms and is a testament to our talented teams. Its success is something we are very proud of.

In addition to Flo and Superstore, we are investing in additional campaigns that resonate with new and different audiences. We like to believe that we have a competitive advantage in our storytelling, where we can introduce multiple story lines that keep our messaging fresh and attract new prospects to the Progressive brand. For example, our Dr. Rick campaign focuses on an accepted human truth that young homeowners start to transform into their parents when they buy a house. This campaign drives business growth and continues to be recognized for its insightfulness and creativity, earning two Golds and a Bronze at the London International Awards, a coveted Cannes Gold Lion, and a Gold Clio in 2023.

We continue to expand our campaign repertoire and are taking a more integrated approach to reach consumers in the right channel, at the right time, with a meaningful message. Our Replay campaign insight continues to deliver in its second season where we doubled down on our social and digital presence to reach football enthusiasts when and where they wanted to hear from us.

And lastly but importantly, we are staying true to our commitment to create marketing that authentically connects with diverse audiences and drives business results. In line with that commitment, we have broadened our reach beyond the general market with more diversity in our existing campaigns and the development of a new campaign airing on Spanish language TV that has showed strong early results and earned us a Best-in-Culture designation amongst Hispanic/Latinx audiences via the Association of National Advertiser's CIIM (Cultural Insights and Impact Measure).

And we are not stopping there. We aspire to be the most loved insurance brand in America. We have been reflective about how we want to show up in the lives of our insureds and their communities for years to come. We see it as an honor and humble privilege to strive towards becoming a preferred choice within our communities to financially protect them. We are recognized by consumers for our innovation in the insurance category and as we look for new ways to unlock value and growth, and we are excited about our new brand strategies that will drive more and more love for our brand.



Competitive Prices Competitive prices are imperative in order to grow in the very competitive markets that we serve. We have a three-prong approach to pursuing competitive prices across our product lines: leading price segmentation, accurate and efficient claims handling, and overall operational efficiency.

Leading price segmentation is a hallmark of Progressive and helps ensure our prices are competitive and adequate to achieve our combined ratio targets. Leading segmentation also means that if our rates are not the lowest in the marketplace, that we expect competitors with lower rates will struggle making money at those price levels, ultimately leading to competitors' needing to raise their overall rate level to address the profit shortfall.

 From a Dream: Experiencing a Hexagon, 2019

In our personal and commercial auto programs, we employ a “continuous product model delivery” approach to ensure we are always advancing the science of pricing segmentation and getting those advancements into the marketplace as soon as possible. During 2023, we upgraded new personal auto product models in 17 states representing about 25% of countrywide premium. In our commercial auto business, we did so in 19 states representing about 35% of countrywide commercial auto premium. In our Property business, we are at the front end of building the continuous product model delivery agility and upgraded a homeowners’ product model during 2023 in 14 states representing nearly 20% of countrywide premium. We expect the new model roll-out in Property to accelerate in 2024 and beyond.

Naturally, our primary function and largest expense is compensating customers for their losses and indemnifying third parties in accidents. Ensuring we do this as accurately as possible is essential to having competitive prices. Most changes in loss costs are driven by market-based factors such as the price of parts, labor, and used vehicles. That said, consistency in execution of our claims handling standards supports fair outcomes and costs that do not exceed the overall trends driven by the marketplace. Our claims organization continues to advance claim handling processes and deploy technological innovations capabilities to deliver consistency, fairness, and competitive costs. We also work hard to settle claims not only accurately, but efficiently. Our loss adjustment expense ratio for 2023 was down slightly versus 2022.

Our operational costs are primarily customer service, underwriting, and overhead, or “non-acquisition” related expenses. We view acquisition expenses, such as advertising and agent commissions, as expenses to optimize relative to growth aspirations. We seek to minimize non-acquisition and loss adjustment expenses, balanced with excellent customer service and a positive work environment and culture. In our Personal Lines segment, our non-acquisition expense ratio (NAER) for 2023 was up slightly versus 2022 driven predominantly by employee compensation. In our Commercial Lines business, our NAER was up 0.4 points due, in part, to continued significant investments in new products and systems, as well as employee compensation. In our Property business, NAER was up 1.3 points due to additional investments in underwriting and pricing functions in addition to employee compensation.

Our overall expense ratio for 2023 was down 1.2 points primarily reflecting significantly lower advertising costs. Underwriting profitability early in the year did not meet our targets and we consequently took many actions to address that, including cutting advertising spend in the second half by just over 50%, compared to our spend in the first half of 2023. For the year in total, advertising spend was down $433 million, or 1.4 points on the expense ratio.

We are excited to enter 2024 with adequate and competitive prices in most product and state combinations. We will continue to drive execution across the three prongs of segmentation, claims handling, and operational efficiency with the goal of maintaining or improving that competitiveness and meeting our CR targets.

A SENSE OF CERTAINTY AHEAD

In January of 2023, I started out by celebrating my 35th Progressive anniversary. It was a wonderful time to reflect on where we've been and where we are headed. We had a defined and cogent plan for the year ahead. We were all set with confidence and a solid strategy to execute our plan—enter uncertainty. The year turned out extraordinary, but not without a lot of sleepless nights (on the part of many). That said, these are always times when we excel and this year was no different.

I thought that I would wrap up the letter on a fun and uplifting note. In my letter last year, I announced our new purpose statement (see our Four Cornerstones section). This statement clearly conveys the role Progressive plays in society and is meant to better unify and guide our organization.

In 2023, we've taken steps to bring our purpose to life both within our walls and out in the world, because demonstrating our purpose is not about words, it's about taking action. When done right, we'll galvanize our employees to see a deeper meaning in our work. And consumers and customers will see Progressive set apart from other big insurance companies—our purpose serving as a manifestation of our culture, revealing the "secret sauce" that has long been felt by our people.

Our first order of business was to rally our people. In addition to socializing our purpose, we announced an exciting new employee benefit for our 60,000+ people: Volunteer Time Off (VTO). Through this program, our employees receive additional paid time to individually support a 501(c)(3) organization that's meaningful to them. Paired with our Name Your Cause charitable giving program that I mentioned earlier, we're not only helping our people to move forward, but we're also propelling our communities ahead.

Our employees have been quick to connect with our new purpose. Recently in a companywide leadership town hall, Jeff, one of our Digital Designers, shared how his co-workers helped support him while his daughter faced a major health crisis:

> "I don't know how everything got done without me, but I do know that I had so many people checking in on me during this time…and that meant everything."

Our employees' passion for these efforts also came through in the latest Engagement & Culture survey, where employees shared what they like most about working here:

> "Coming to work every day with a clear purpose and being encouraged and supported to make that purpose count."

> "The newly added (VTO) Volunteer Time Off to volunteer with a favorite charity! It will help me refresh, re-energize and give back to the community."

Outside our walls, we aim to build community resilience by promoting systemic equity in spaces that overlap with our business: on the road, in the home, and for business owners.

In developing our purpose, we talked a lot about what it is that we're protecting. On the surface, it's typically a car or a home—personal property. But often, these are more than just things itemized on a spreadsheet. It's what you've worked and saved for, the things that can't be replaced, the things that you'll pass down to your children or use to build generational wealth. We are working on some exciting programs that are not yet ready for prime time but please stay tuned.

At the end of the day, we deal in financial matters, but we're really protecting people's individual stories and legacies, and there's a lot of responsibility in that. A company of our scale cannot simply maximize profits; we have a responsibility to support the communities we serve and, in turn, serve the long-term interests of Progressive.

I'm thrilled about how we closed 2023 and even more delighted to begin 2024. We know there will be components of our business and external factors that we may not be immediately prepared for and also know that we have exercised that muscle so many times over the past four years that our reaction will be swift. That's just who we are: sagacious, hard working, and focused.

Lastly, I want to thank each and every Progressive person who made this year successful, our partners, agents, and, most importantly, our customers whom we are so privileged to serve.

Stay well and be kind to others,

Tricia Griffith

Tricia Griffith
President and Chief Executive Officer

Image Based Gamelan 6: We Are Screens We Are Projectors, 2020

Operations Summary

We write personal and commercial auto insurance, personal residential property insurance, business-related general liability and commercial property insurance predominantly for small businesses, workers' compensation insurance primarily for the transportation industry, and other specialty property-casualty insurance and provide related services throughout the United States. Our Personal Lines segment writes insurance for personal autos and recreational vehicles. Our Commercial Lines segment writes auto-related liability and physical damage insurance, business-related general liability and property insurance predominantly for small businesses, and workers' compensation insurance primarily for the transportation industry. Our Property segment writes residential property insurance for homeowners, other property owners, and renters. We distribute our products through both the agency and direct channels.

PERSONAL LINES

We began 2023 with high expectations and built an action plan grounded in aggressive growth within our goal to grow as fast as possible, constrained only by our goal to earn a 4% underwriting profit on an aggregate calendar-year basis and to deliver high-quality customer service. Early in the first quarter, our expectations changed, and our business model and people were put to the test. We experienced both unfavorable loss reserve development and accelerated loss trends, such that our stated goal of an annual companywide 4% profit margin was in jeopardy for 2023. By the end of the first quarter, our combined ratio (CR) for Personal Lines was 98.7 and rose to 99.1 for the first half of the year.

Consistent with our history of having the underwriting discipline to only write business when we can achieve our profitability goal, we swiftly updated our plan to meet this goal. Our actions included immediate expense reductions, further rate increases, and a reduction in new business volume.

Our expense reduction efforts focused largely on discretionary spend across the company, including pulling back in our personal auto advertising efforts. For 2023, our companywide advertising spend was roughly 20% below our 2022 spend level.

Our second major profit restoration tactic was to further increase our personal auto rates. We leveraged our speed-to-market capabilities and continued to elevate rate revisions in 48 states with a countrywide rate increase of nearly 19%. Our increases continued throughout the year, albeit at a slower pace in the second half, and profitability improved as we moved through the last half of the year.

Finally, we slowed new business growth in many markets during the second and third quarters of 2023. We modified our bill plan offerings and increased our verification efforts to help ensure accuracy in our policy rating in both the Agent and Direct distribution channels. Since new business generally operates at a higher CR than renewal business, slowing new business growth benefited our overall profitability.

We finished the year better than our underwriting profit goal, with a 93.8 CR in our Personal Lines business. Personal Lines net premiums written grew 24%, to $48.6 billion, and, despite our efforts to slow new business, we ended the year with 25.5 million policies in force, 2.0 million more policies in force than at the end of 2022. Our growth also reflected the improvement we saw throughout the year in retaining existing customers despite increasing rates in 2023 and 2022, which demonstrated that we remained competitive in the marketplace.

Throughout the year, and despite the challenging environment, we remained focused on growing our bundled policies, which we refer to as our "Robinsons" consumer segment. Despite significant rate increases on both our auto and home lines of business, our bundled policies in force grew 14% on a year-over-year basis, further supporting our competitiveness in the marketplace. Robinsons were once again our fastest growing consumer segment for the year and continue to be one of our biggest growth opportunities in Personal Lines, where we intend to continue to invest resources to sustain growth.

Our special lines business also had a successful year as we grew policies in force about 7% and benefited our total Personal Lines CR about 0.5 points. Similar to personal auto, we continue to invest in our special lines products with a goal of ensuring we have industry leading segmentation and unique and differentiated coverages that meet the needs of our enthusiast customer base. We also continue to look for emerging market opportunities to expand our protection offerings. As an example, during 2023, we started offering protection for e-bikes and compact tractors and, as inflation drove up boat prices, we expanded our watercraft coverage to more expensive boats. Our special lines business remains a market leader with our boat, motorcycle, and recreational vehicle products.

PL

As we look to the new year, we continue to rollout our latest auto product offering, model 8.8, to our customers. At year end, we had our model 8.8 in 24 states that represented 47% of our net premiums written and 50% of our policies in force. Our next model, 8.9, began rolling out in January 2024. With these product model rollouts, we believe that we are continuing to add segmentation power and increase our competitiveness for bundled customers. Adjacent to our core auto product design, we continue to invest in telematics, allowing us to further our usage-based insurance product and begin to offer other value-added features to our customers. During 2023, continuous monitoring in our Snapshot® product rolled out in new states across the country. At year end, it was in effect for new customers in 30 states that represented about 50% of our personal auto net premiums written countrywide. We also continue to rollout an accident-response feature in the Progressive mobile app that can detect major accidents and can help our customers quickly connect to towing and emergency services. This feature provides both unique and responsive value to customers, accelerating the first notice of loss process and ultimately claims resolution.

We've always believed we have the best people in the industry and a nimble and enduring business model that supports profitable growth across our lines of business. During years like 2023, it's great to see just how nimble and capable our teams can be when focused on delivering against our shared objectives. As we move forward from 2023 into 2024, we are once again optimistic that we have adequate rates on the street and can pivot towards capitalizing on the remainder of the hard market to capture even greater market share. With that said, we recognize the foundation of our business lies in the inability to predict the future, so we'll remain vigilant monitoring the external environment and, when needed, adjust our business plan to take actions that support achieving our stated operational goal of growing as fast as possible, subject to earning a 96 or better calendar-year CR and delivering high-quality customer service.


GM2020

COMMERCIAL LINES

Our Commercial Lines business ended the year with net premiums written of $10.1 billion, an increase of 8% over 2022, with 1.1 million policies in force and a combined ratio (CR) of 98.8. While the total Commercial Lines portfolio did not meet our companywide calendar-year target underwriting profit of a 96 CR or better, our commercial auto profitability, excluding our transportation network company (TNC) business and other expansion products and market segments, was better than our companywide profit target for the year.

Our Commercial Lines business had a challenging year in 2023 as the economy and business environment was unpredictable. We experienced persistent upward pressure on our expense structure, from rising costs to settle claims and, to a lesser extent, our operating expenses. A quick and aggressive response across the business allowed us to increase commercial auto rates, excluding our TNC and other expansion products and market segments discussed below, about 17% countrywide in 2023. We also lowered expenses and increased our underwriting actions to supplement rate increases, with a goal of ensuring all the business we were writing was classified and priced adequately to hit our desired targets. Approximately 90% of our policies are written on an annual term, so it will take time for the full effect of those rate and underwriting changes to be realized in our results.

Our TNC business provided insurance coverage for Uber's rideshare and food delivery business in 16 states and Lyft's rideshare business in 4 states at the end of 2023. Our TNC business is facing similar pressure from rising loss cost trends as well as prior year development, most notably in states requiring high limit uninsured or underinsured motorist coverage. We continue to collaborate separately with Uber and Lyft to improve the profitability of our TNC business and remain optimistic about this market segment's future contributions.

Our expansion businesses, which include TNC, business owners' policy (BOP), and Protective Insurance products, unfavorably impacted our total Commercial Lines CR for 2023, pushing profitability below our companywide calendar-year target profit margin. While these businesses are performing in line with our prior experience and historical profitability timeframes for entries into new products and market segments, they are putting some pressure on the total Commercial Lines profitability. We will continue to monitor the development of these businesses and take appropriate actions toward our goal of achieving profitability in a timely manner.

Untitled (Study), 2024; *In Collaboration We Find the Edge of Ourselves*, 2024

In 2023, commercial auto loss trends increased in both physical damage and bodily injury coverages driven by continued pressure from medical care, car repair labor, and parts costs. External reports reveal similar trends across the industry and loss trends that continue to outpace premium growth.

In today's environment, we believe that the trucking industry continues to face headwinds tied to the softness of the domestic economy and inflationary cost pressures. External industry reports show there has been a steady decline in motor carriers since the market turned in the second quarter of 2022 and we've seen the impact in both our new business volume and retention.

Over the years we have diversified our product portfolio and risk appetite to target a broader range of commercial auto risks and, by doing so, mitigated some of the economic influences on our business. Today, our offerings allow us to effectively balance the market-driven decline in the for-hire transportation business with growth in our other business market targets (BMT). While premiums written in our for-hire transportation BMT were down in 2023, it was more than offset by premium growth in our other BMTs, with the most significant growth coming from our business auto and contractor BMTs.

In addition to focusing on profitability actions, we continued to make investments in advancing our commercial auto product offering and expanded our BOP product capabilities during the year.

In our core commercial auto product, we launched model 8.2, our most advanced proprietary rating segmentation model for trucking risks. This model allows us to match rates more accurately to risks, based on our own loss data. We also successfully rolled out heavy truck roadside assistance in additional states, extending our reach to 46 states that collectively accounted for just over 90% of eligible, covered vehicles countrywide at year end. Through these investments, we believe that we extended our competitive advantage in trucking.

In our medium fleets business (i.e., a Protective Insurance product), we continued to rollout a new pricing model that incorporated deeper segmentation driven by prior loss and operational experience, policy risk factors, driver characteristics, and regional exposure. The new model was live in 43 states that represented about 60% of our medium fleet premium in this model as of year-end 2023. We continued to transform our underwriting processes for improved efficiency with the elevation of a new product platform and have begun to expand our distribution network. These advancements, along with ongoing rate adjustments, will position us well in 2024 to respond to the rapidly changing environment and trends in this segment.

In our small fleets business, our focused efforts with our distribution network and quote process improvements generated significant new business and profitable growth. We introduced new segmentation and improved the efficiency of our underwriting operations to strengthen our pricing and risk selection processes and we believe these actions will enable us to continue to meet profitability targets for this segment in 2024.

CL

We continue to believe our commercial auto usage-based insurance (UBI) position is the largest in the U.S. and helps propel our competitive position. Both of our commercial auto UBI programs, Smart Haul® and Snapshot ProView®, are deployed nearly countrywide. During 2023, we simplified the quoting experience with instant application of UBI savings, contributing to a 15% and 75% increase in participation rates for Smart Haul and Snapshot ProView, respectively. We also began to pilot a dashcam premium discount with a subset of our Smart Haul policies.

This year, we launched our BOP product in six additional states. At year end, we wrote BOP in 44 states that represented an estimated 70% of the commercial multi-peril market. We distribute our product through both our in-house agency and over 20,000 independent agents. We also launched online buy capabilities for our BOP product sold through our digital marketplace—BusinessQuote Explorer®. We believe this functionality will improve sales and it provides us another opportunity to meet the expectations for those who want to shop online. We are pleased with our BOP business performance, where both growth and profit trended well during 2023 and we expect this trend to continue in 2024. We are very close to completing our countrywide expansion of the BOP product and have a solid foundation to build on for future success.

During the year, we also made progress on enhancing experiences for customers and agents with a goal of improving retention, increasing efficiency, and extending our market-leading expense advantage. We rolled out two self-service capabilities countrywide, representing nearly 20% of customer and agent phone calls requesting service, and automated high-touch workflows. Collectively, these efforts help simplify or reduce work in our customer and servicing organization and lower the cost of operations. We also introduced enhancements to customer communication touchpoints that together contributed to approximately a 3% increase in policy life expectancy, which is our primary measure of customer retention. Ongoing investments will support additional automation, self-service capabilities, and experiences that improve our ease-of-use and low-cost value proposition.

We anticipated the economy and business environment would be unusually unpredictable in 2023 and our people have pulled together to respond in remarkable fashion. Teams shifted priorities and took on new assignments, balancing efforts to address profitability while still maintaining investments to expand our capabilities. We remain vigilant around monitoring the overall business at the product, state, and BMT level. Our focus on profitability and willingness to take quick action has historically positioned us well when market conditions improve. We expect the same to be true in the current environment and believe our actions will continue to gain traction and provide positive momentum as we go into 2024.

PROPERTY

Achieving profitability in our Property business continued to be our highest priority during 2023, and we made progress against this objective during the year. Our Property business finished the year with a combined ratio of 98.9, a significant improvement over the 110.5 combined ratio recognized in 2022. While the catastrophe losses we incurred were fairly consistent for both years, the non-catastrophe loss ratio was about 12 points lower in 2023, compared to 2022. Despite no large hurricanes in 2023, like Hurricane Ian in 2022, we experienced significant hail events during the second quarter of 2023, primarily in the states of Florida, Texas, and Colorado. Based on data published through mid-December, industry wide non-hurricane related wind and hail losses were about $40 billion, which was more than 2 times the 5-year average of such losses.

In our efforts to improve profitability we continued on the path to rebalance the volatility risk in our book of business. During the year, we continued to manage overall exposure by focusing growth efforts on markets that are less susceptible to catastrophic weather events and lowering our exposure to coastal and hail-prone states. Compared to 2022, new applications in the states where we are focused on growth were up about 45% and were down about 20% in the more volatile weather states. In total, Property new applications were up 15%, compared to the prior year, and benefited from growth in the Robinsons consumer segment, our bundled auto and home policies.

In addition, compared to year-end 2022, policies in force grew just over 20% in states where we are focused on growth and decreased almost 6% in states that are prone to catastrophes and have higher exposure to hail. In regions where our appetite to write new business is limited, we are prioritizing both Progressive auto and home bundles and lower risk properties, such as new construction or homes with newer roofs. As of year-end, our total Property policies in force were just under 3.1 million and were up 9%, compared to year-end 2022. We ended 2023 with $2.8 billion in net premiums written, which was an 18% increase over 2022.

To continue to rebalance our business, during 2023, we began a non-renewal effort of up to 115,000 Property policies in Florida. Following the required filings and notices, the first of these non-renewals will go into effect in the second quarter of 2024 and will continue over the following 12 months. To try to ease disruption to our customers and agents, we reached an agreement with another unaffiliated Florida insurer to offer replacement policies to these policyholders, subject to the insurer's underwriting and financial guidelines and agent appointments where applicable. Despite this non-renewal effort, we plan to continue to provide for the insurance needs of about 3 million Florida policyholders across all our lines of business, including about 200,000 Florida homeowners.

During 2023, we continued to adjust rates to address profitability concerns. We increased rates 16% in aggregate across the Property portfolio in 2023, with larger increases in coastal states such as Texas, Louisiana, and North Carolina. We also evaluated each home's insured value at every policy renewal with a goal of ensuring that our customers have adequate coverage in the event of a total loss. As costs of building materials and labor increased, these inflation adjustments drove up both the insured home values and the rates for our Property insurance risks in 2023. Through this automatic process, we will continue to adjust both insured home values and rates to address inflationary repair and replacement cost increases. In addition, we focused on advancing our segmentation with the rollout of our next product model 5.0. The first state elevated to 5.0 in the second quarter 2023, with two more states elevating in the fourth quarter. We will continue rolling out this product model in 2024 and we plan to have it elevated in 20 states by the end of the year.

We enter 2024 as we did 2023, excited to continue with the plans we have in place to improve profitability in this business, reduce our geographic footprint away from coastal and hail-prone states, grow in states typically less exposed to catastrophe losses, and further penetrate the Robinsons consumer segment.

OPERATING RESULTS

($ in billions)

	2023	2022	Change
Personal Lines			
Net premiums written	$ 48.6	$ 39.3	24%
Net premiums earned	$ 46.2	$ 37.9	22%
Loss and loss adjustment expense ratio	77.8	78.3	(0.5) pts.
Underwriting expense ratio	16.0	17.7	(1.7) pts.
Combined ratio	93.8	96.0	(2.2) pts.
Policies in force (thousands)	25,494.5	23,455.4	9%
Commercial Lines			
Net premiums written	$ 10.1	$ 9.4	8%
Net premiums earned	$ 9.9	$ 9.1	9%
Loss and loss adjustment expense ratio	79.0	71.5	7.5 pts.
Underwriting expense ratio	19.8	19.6	0.2 pts.
Combined ratio	98.8	91.1	7.7 pts.
Policies in force (thousands)	1,098.5	1,046.4	5%
Property			
Net premiums written	$ 2.8	$ 2.4	18%
Net premiums earned	$ 2.6	$ 2.3	12%
Loss and loss adjustment expense ratio[1]	69.6	83.3	(13.7) pts.
Underwriting expense ratio	29.3	27.2	2.1 pts.
Combined ratio[1]	98.9	110.5	(11.6) pts.
Policies in force (thousands)	3,096.5	2,851.3	9%

[1]For 2023 and 2022, includes 25.8 points and 25.6 points, respectively, from catastrophe losses, net of reinsurance.

Image Based Gamelan 7: Both Sides of the Middle, 2020

Objectives & Polices

Consistent achievement of superior results requires that our people understand Progressive's objectives and their specific roles, and that their personal objectives dovetail with Progressive's. Our objectives are ambitious, yet realistic. Progressive monitors its financial policies continuously and strives to meet these targets annually. Experience always clarifies objectives and illuminates better policies. We constantly evolve as we monitor the execution of our policies and progress toward achieving our objectives.

OBJECTIVES

Profitability Progressive's most important goal is for our insurance subsidiaries to produce an aggregate calendar-year underwriting profit of at least 4%. Our business is a composite of many product offerings defined in part by product type, distribution channel, geography, customer tenure, and underwriting grouping. Each of these products has targeted operating parameters based on level of maturity, underlying cost structures, customer mix, and policy life expectancy. Our aggregate goal is the balanced blend of these individual performance targets in any calendar year.

Growth Our goal is to grow as fast as possible, constrained only by our profitability objective and our ability to provide high-quality customer service. Progressive is a growth-oriented company and management incentives are tied to profitable growth.

Aggregate expense ratios and growth rates disguise the true nature and performance of each business. As such, we report Personal Lines, Commercial Lines, and Property business results separately. We further break down our Personal Lines' results by channel (Agency and Direct) to give shareholders a clearer picture of the business dynamics of each distribution method.

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

 Image Based Gamelan 1: We Share Something Invisible, 2020

AN EYE ON THE BALL

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 & POLICY SCORECARD

<table>
<tr><th></th><th>Target</th><th>2023</th><th>2022</th><th>2021</th><th>5 Years[1]</th><th>10 Years[1]</th></tr>
<tr><td>Underwriting margin:</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Progressive[2]</td><td>4%</td><td>5.1%</td><td>4.2%</td><td>4.7%</td><td>6.7%</td><td>6.9%</td></tr>
<tr><td>Industry[3]</td><td>na</td><td>||||||||</td><td>(11.7)%</td><td>(0.8)%</td><td>0.1%</td><td>(1.3)%</td></tr>
<tr><td>Net premiums written growth:</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Progressive</td><td>(a)</td><td>20%</td><td>10%</td><td>14%</td><td>14%</td><td>14%</td></tr>
<tr><td>Industry[3]</td><td>na</td><td>||||||||</td><td>6%</td><td>4%</td><td>4%</td><td>5%</td></tr>
<tr><td>Policies in force growth:</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Personal auto</td><td>(a)</td><td>9%</td><td>3%</td><td>6%</td><td>8%</td><td>8%</td></tr>
<tr><td>Special lines</td><td>(a)</td><td>7%</td><td>5%</td><td>8%</td><td>6%</td><td>4%</td></tr>
<tr><td>Commercial Lines</td><td>(a)</td><td>5%</td><td>8%</td><td>18%</td><td>10%</td><td>8%</td></tr>
<tr><td>Property</td><td>(a)</td><td>9%</td><td>3%</td><td>12%</td><td>10%</td><td>nm</td></tr>
<tr><td>Companywide premiums-to-surplus ratio</td><td>(b)</td><td>2.8</td><td>2.9</td><td>2.8</td><td>na</td><td>na</td></tr>
<tr><td>Investment allocation:</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Group I</td><td>≦ 25%</td><td>7%</td><td>10%</td><td>17%</td><td>na</td><td>na</td></tr>
<tr><td>Group II</td><td>≧ 75%</td><td>93%</td><td>90%</td><td>83%</td><td>na</td><td>na</td></tr>
<tr><td>Debt-to-total capital ratio</td><td>< 30%</td><td>25.4%</td><td>28.7%</td><td>21.2%</td><td>na</td><td>na</td></tr>
<tr><td>Return on average common shareholders’ equity:</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Net income</td><td>(c)</td><td>22.9%</td><td>4.4%</td><td>18.6%</td><td>22.1%</td><td>21.0%</td></tr>
<tr><td>Comprehensive income (loss)</td><td>(c)</td><td>30.0%</td><td>(13.5)%</td><td>13.6%</td><td>20.2%</td><td>19.9%</td></tr>
</table>

(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; 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).

[2] Expressed as a percentage of net premiums earned. Underwriting profit (loss) is calculated by subtracting losses and loss adjustment expenses, policy acquisition costs, and other underwriting expenses 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. Final comparable industry data for 2023 will not be available until our third quarter report. The 5- and 10-year growth rates are presented on a one-year lag basis for the industry.

OUR BUSINESS MODEL

For us, a 96 combined ratio is not a "solve for" variable in our business model equation, but rather a constant that provides direction to each product and marketing decision and a cultural tipping point that ensures zero ambiguity as to how to act in certain situations. Set at a level we believe creates a fair balance between attractive profitability and consumer competitiveness, it's deeply ingrained and central to our culture.

With clarity as to our business constant, we seek to maximize all other important variables and support with appropriate axioms:

Grow as fast as we can subject to our ability to provide high-quality service. Our preferred measure of growth is in customers, best measured by policies in force.

Extend policy life expectancy. Our preference is for the flexibility of shorter policy periods, highlighting, however, the importance of retaining customers at policy renewal. As part of our Destination Era strategy, our focus is inclusive of all points throughout a customer's tenure and is a never-ending focus, tailored for every consumer segment.

Clarity as to our objectives means other elements of the business model must be appropriately designed to strongly support, but not necessarily amplify, the risk of maximizing all things at the same time. Our articulation of our most critical investment objective is a good example:

Invest in a manner that does not constrain our ability to underwrite all the profitable insurance available to us at an efficient premiums-to-surplus leverage. We often refer to underwriting capacity as the protected asset and for us it is a clear determination of where the risk of leverage is best allocated.

The importance of net income, earnings per share, and return on equity is never lost on us, and we view achieving strong, long-term performance of these measures as stemming from our consistent focus on the primary elements of our business model.

ACHIEVEMENTS

We are convinced that the best way to maximize shareholder value is to achieve our financial objectives and policies consistently. A shareholder who purchased 100 shares of Progressive for $1,800 in our first public stock offering on April 15, 1971, would have owned 207,356 shares, including dividend reinvestment, on December 31, 2023, with a market value of $33,027,664, for a 20.5% compounded annual return, compared to the 10.7% return achieved by investors in the S&P 500 during the same period. In the one, five, and ten years ending December 31, 2023, Progressive shareholders have realized compounded annual returns, including dividend reinvestment, of 23.2%, 25.1%, and 23.0%, respectively, compared to 26.3%, 15.7%, and 12.0% for the S&P 500.

We have consistently paid dividends since we went public in 1971. Assuming dividends were not reinvested, a shareholder who bought 100 shares at the initial public offering would now hold 92,264 shares and would have received cumulative dividends of $2,153,255, including $36,906 in 2023. In addition to paying dividends, over the years when we have had adequate capital and believed it to be appropriate, we have repurchased our shares. As our Financial Policies state, we will repurchase shares to neutralize the dilution from equity-based compensation programs and return any under-leveraged capital to investors. During 2023, we repurchased 997,933 common shares. The total cost to repurchase these shares was $140.7 million, with an average cost of $140.97 per share. Since 1971, we have spent $9.7 billion repurchasing our shares, at an average cost of $7.98 per share.

 Image Based Gamelan 11: Invention is Still Possible, 2020

STRENGTH IN NUMBERS

BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of The Progressive Corporation, its subsidiaries, and affiliates. These financial statements should be read in conjunction with the complete Consolidated Financial Statements, including the complete Notes to the Consolidated Financial Statements, as well as Management's Discussion and Analysis of Financial Condition and Results of Operations and Supplemental Information, which are included in Progressive's 2023 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2024 Proxy Statement.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of The Progressive Corporation

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of The Progressive Corporation and its subsidiaries (the "Company") as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2023 (not presented herein) appearing in the 2023 Annual Report to the Shareholders of The Progressive Corporation, which is attached as an Appendix to The Progressive Corporation's 2024 Proxy Statement, and have issued our report thereon dated February 26, 2024, which included an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

PricewaterhouseCoopers LLP

Cleveland, Ohio
February 26, 2024

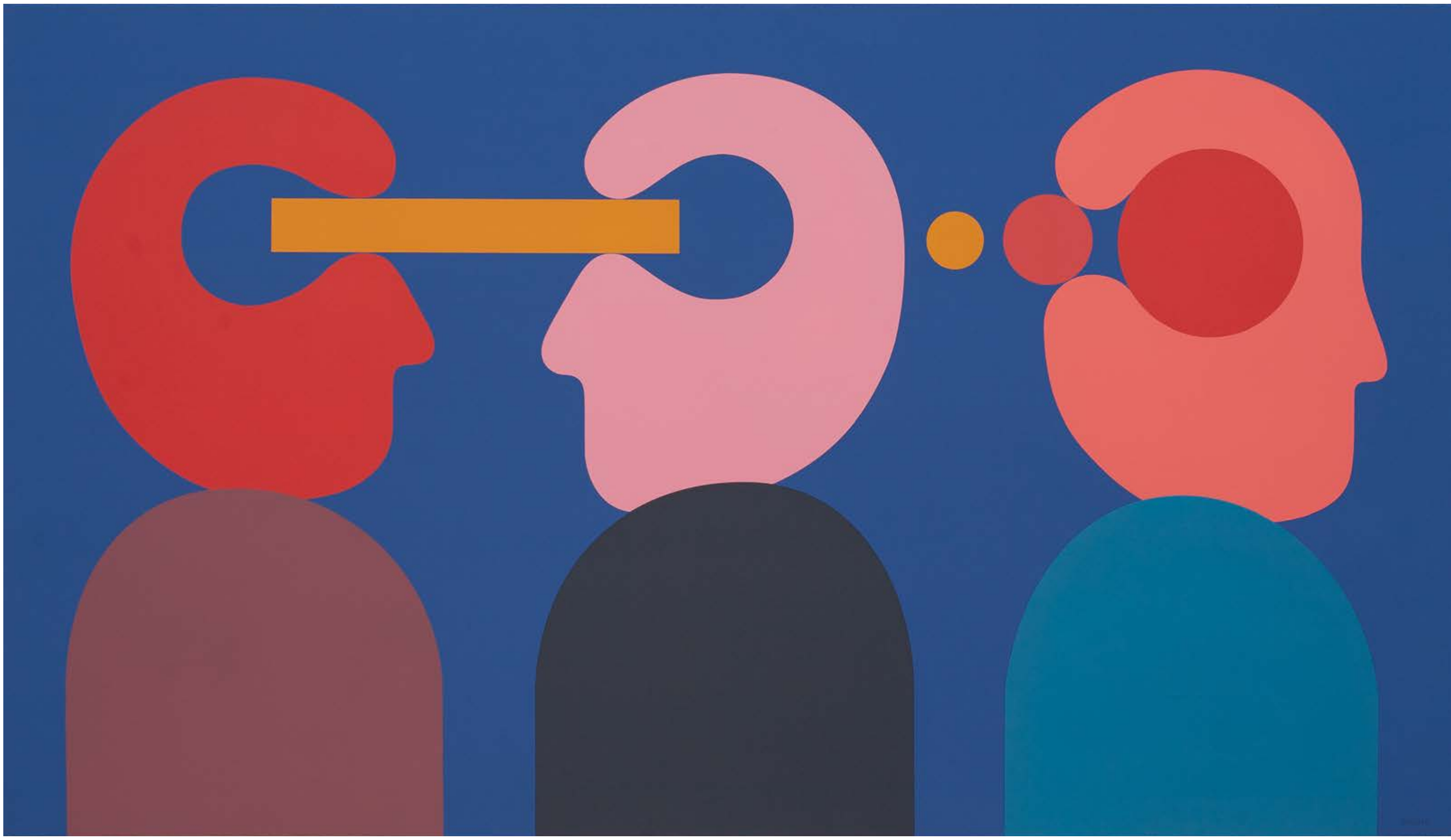


Image Based Gamelan 8: Right to Left to Right, 2020

CEO AND CFO CERTIFICATIONS

Susan Patricia Griffith, President and Chief Executive Officer of The Progressive Corporation, and John P. Sauerland, Vice President and Chief Financial Officer of The Progressive Corporation, have issued the certifications required by Sections 302 and 906 of The Sarbanes-Oxley Act of 2002 and applicable SEC regulations with respect to Progressive's 2023 Annual Report on Form 10-K, including the financial statements provided in this Report and in the 2023 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2024 Proxy Statement. Among other matters required to be included in those certifications, Mrs. Griffith and Mr. Sauerland have each certified that, to the best of their knowledge, the financial statements, and other financial information included in the 2023 Annual Report on Form 10-K, fairly present in all material respects the financial condition, results of operations, and cash flows of Progressive as of, and for, the periods presented. See Exhibits 31 and 32 to Progressive's 2023 Annual Report on Form 10-K for the complete Section 302 and 906 Certifications, respectively.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Progressive's management is responsible for establishing and maintaining adequate internal control over financial reporting. Based on Progressive's evaluation under the framework in *Internal Control–Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), management concluded that Progressive's internal control over financial reporting was effective as of December 31, 2023. The complete "Management's Report on Internal Control over Financial Reporting," as required by Section 404 of The Sarbanes-Oxley Act of 2002 and applicable SEC regulations, along with the related report of PricewaterhouseCoopers LLP, is presented in the 2023 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2024 Proxy Statement.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(millions – except per share amounts)

For the years ended December 31,	2023	2022	2021
Revenues			
Net premiums earned	$ 58,664.4	$ 49,241.2	$ 44,368.7
Investment income	1,891.8	1,260.3	860.9
Net realized gains (losses) on securities:			
Net realized gains (losses) on security sales	13.7	196.5	614.3
Net holding period gains (losses) on securities	348.4	(2,100.1)	899.9
Net impairment losses recognized in earnings	(9.0)	(8.6)	(5.0)
Total net realized gains (losses) on securities	353.1	(1,912.2)	1,509.2
Fees and other revenues	889.1	722.1	691.8
Service revenues	310.1	299.3	271.4
Total revenues	62,108.5	49,610.7	47,702.0
Expenses			
Losses and loss adjustment expenses	45,654.6	38,122.7	33,627.6
Policy acquisition costs	4,665.1	3,917.0	3,712.8
Other underwriting expenses	6,241.5	5,859.6	5,654.7
Investment expenses	26.2	24.3	25.5
Service expenses	349.0	296.7	252.8
Interest expense	268.4	243.5	218.6
Goodwill impairment	0	224.8	0
Total expenses	57,204.8	48,688.6	43,492.0
Net Income			
Income before income taxes	4,903.7	922.1	4,210.0
Provision for income taxes	1,001.3	200.6	859.1
Net income	3,902.4	721.5	3,350.9
Other Comprehensive Income (Loss)			
Changes in:			
Total net unrealized gains (losses) on fixed-maturity securities	1,185.5	(2,842.5)	(891.1)
Net unrealized losses on forecasted transactions	0.5	0.4	0.7
Foreign currency translation adjustment	0.3	(0.6)	(0.6)
Other comprehensive income (loss)	1,186.3	(2,842.7)	(891.0)
Comprehensive income (loss)	$ 5,088.7	$ (2,121.2)	$ 2,459.9
Computation of Earnings Per Common Share			
Net income	$ 3,902.4	$ 721.5	$ 3,350.9
Less: Preferred share dividends[1]	37.6	26.9	26.9
Net income available to common shareholders	$ 3,864.8	$ 694.6	$ 3,324.0
Average common shares outstanding – Basic	584.9	584.4	584.5
Net effect of dilutive stock-based compensation	2.6	2.7	2.6
Total average equivalent common shares – Diluted	587.5	587.1	587.1
Basic: Earnings per common share	$ 6.61	$ 1.19	$ 5.69
Diluted: Earnings per common share	$ 6.58	$ 1.18	$ 5.66

[1]Changed to a floating dividend rate in March 2023. See *Note 14 – Dividends* for further discussion.

Notes to the Consolidated Financial Statements are included in Progressive's 2023 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2024 Proxy Statement.

CONSOLIDATED BALANCE SHEETS

(millions – except per share amounts)

December 31,	2023	2022
Assets		
Available-for-sale securities, at fair value:		
Fixed maturities (amortized cost: $62,441.9 and $50,264.0)	$ 60,378.2	$ 46,651.9
Short-term investments (amortized cost: $1,789.9 and $2,861.7)	1,789.9	2,861.7
Total available-for-sale securities	62,168.1	49,513.6
Equity securities, at fair value:		
Nonredeemable preferred stocks (cost: $977.1 and $1,364.2)	902.1	1,213.2
Common equities (cost: $706.0 and $826.1)	2,928.4	2,821.5
Total equity securities	3,830.5	4,034.7
Total investments	65,998.6	53,548.3
Cash and cash equivalents	84.9	203.5
Restricted cash and cash equivalents	14.7	17.4
Total cash, cash equivalents, restricted cash, and restricted cash equivalents	99.6	220.9
Accrued investment income	438.0	282.5
Premiums receivable, net of allowance for credit losses of $369.1 and $343.3	11,958.2	10,416.9
Reinsurance recoverables	5,093.9	5,832.1
Prepaid reinsurance premiums	249.8	295.5
Deferred acquisition costs	1,687.4	1,544.4
Property and equipment, net of accumulated depreciation of $1,655.1 and $1,551.1	880.8	1,034.0
Net federal deferred income taxes	936.0	1,131.5
Other assets	1,348.5	1,158.9
Total assets	$ 88,690.8	$ 75,465.0
Liabilities and Shareholders' Equity		
Unearned premiums	$ 20,133.7	$ 17,293.6
Loss and loss adjustment expense reserves	34,389.2	30,359.3
Accounts payable, accrued expenses, and other liabilities[1]	7,002.2	5,532.8
Debt[2]	6,888.6	6,388.3
Total liabilities	68,413.7	59,574.0
Serial Preferred Shares (authorized 20.0)		
Serial Preferred Shares, Series B, no par value (cumulative, liquidation preference of $1,000 per share) (authorized, issued, and outstanding 0.5)	493.9	493.9
Common shares, $1.00 par value (authorized 900.0; issued 797.6, including treasury shares of 212.3 and 212.7)	585.3	584.9
Paid-in capital	2,013.1	1,893.0
Retained earnings	18,800.5	15,721.2
Accumulated other comprehensive income (loss):		
Net unrealized gains (losses) on fixed-maturity securities	(1,600.8)	(2,786.3)
Net unrealized losses on forecasted transactions	(14.0)	(14.5)
Foreign currency translation adjustment	(0.9)	(1.2)
Total accumulated other comprehensive income (loss)	(1,615.7)	(2,802.0)
Total shareholders' equity	20,277.1	15,891.0
Total liabilities and shareholders' equity	$ 88,690.8	$ 75,465.0

[1]See *Note 1 – Reporting and Accounting Policies, Commitments and Contingencies* and *Note 12 – Litigation* for further discussion.

[2]Consists of long-term debt. See *Note 4 – Debt* for further discussion.

Notes to the Consolidated Financial Statements are included in Progressive's 2023 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2024 Proxy Statement.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(millions – except per share amounts)

For the years ended December 31,	2023	2022	2021
Serial Preferred Shares, No Par Value			
Balance, beginning of year	$ 493.9	$ 493.9	$ 493.9
Balance, end of year	493.9	493.9	493.9
Common Shares, $1.00 par value			
Balance, beginning of year	584.9	584.4	585.2
Treasury shares purchased	(1.0)	(0.9)	(2.4)
Net restricted equity awards issued/vested	1.4	1.4	1.6
Balance, end of year	585.3	584.9	584.4
Paid-In Capital			
Balance, beginning of year	1,893.0	1,772.9	1,672.9
Amortization of equity-based compensation	121.3	122.7	100.7
Treasury shares purchased	(3.3)	(2.6)	(7.1)
Net restricted equity awards issued/vested	(1.4)	(1.4)	(1.6)
Reinvested dividends on restricted stock units	3.5	1.4	8.0
Balance, end of year	2,013.1	1,893.0	1,772.9
Retained Earnings			
Balance, beginning of year	15,721.2	15,339.7	13,354.9
Net income	3,902.4	721.5	3,350.9
Treasury shares purchased	(136.4)	(95.5)	(213.5)
Cash dividends declared on common shares ($1.15, $0.40, and $1.90, per share)[1]	(672.7)	(233.7)	(1,109.0)
Cash dividends declared on Serial Preferred Shares, Series B ($60.354787, $53.75, and $53.75 per share)[1]	(30.2)	(26.8)	(26.8)
Reinvested dividends on restricted stock units	(3.5)	(1.4)	(8.0)
Other, net	19.7	17.4	(8.8)
Balance, end of year	18,800.5	15,721.2	15,339.7
Accumulated Other Comprehensive Income (Loss)			
Balance, beginning of year	(2,802.0)	40.7	931.7
Other comprehensive income (loss)	1,186.3	(2,842.7)	(891.0)
Balance, end of year	(1,615.7)	(2,802.0)	40.7
Total shareholders' equity	$ 20,277.1	$ 15,891.0	$ 18,231.6

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

There are 5.0 million Voting Preference Shares authorized; no such shares have been issued.

Notes to the Consolidated Financial Statements are included in Progressive's 2023 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2024 Proxy Statement.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions)

For the years ended December 31,	2023	2022	2021
Cash Flows from Operating Activities			
Net income	$ 3,902.4	$ 721.5	$ 3,350.9
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	285.5	305.6	279.7
Amortization of intangible assets	14.2	31.0	57.7
Net amortization (accretion) of fixed-income securities	41.4	(25.2)	130.3
Amortization of equity-based compensation	121.3	122.7	100.7
Net realized (gains) losses on securities	(353.1)	1,912.2	(1,509.2)
Net (gains) losses on disposition of property and equipment	36.2	(0.6)	(3.6)
Goodwill impairment	0	224.8	0
Changes in:			
Premiums receivable	(1,541.3)	(1,017.4)	(1,146.8)
Reinsurance recoverables	738.2	(851.6)	(508.7)
Prepaid reinsurance premiums	45.7	162.1	(74.9)
Deferred acquisition costs	(143.0)	(188.8)	(118.4)
Income taxes	181.2	(515.3)	(86.0)
Unearned premiums	2,840.1	1,677.8	2,111.4
Loss and loss adjustment expense reserves	4,029.9	4,195.2	4,752.8
Accounts payable, accrued expenses, and other liabilities	699.6	199.5	399.7
Other, net	(255.0)	(104.7)	26.1
Net cash provided by operating activities	10,643.3	6,848.8	7,761.7
Cash Flows from Investing Activities			
Purchases:			
Fixed maturities	(25,776.9)	(26,510.4)	(33,177.5)
Equity securities	(86.6)	(158.1)	(838.1)
Sales:			
Fixed maturities	8,234.4	14,055.2	18,965.2
Equity securities	791.3	1,496.1	780.6
Maturities, paydowns, calls, and other:			
Fixed maturities	4,990.3	5,380.3	7,013.8
Equity securities	65.2	83.6	223.1
Net (purchases) sales of short-term investments	1,155.7	(1,868.2)	4,355.7
Net change in unsettled security transactions	(11.2)	(177.8)	47.9
Acquisition of Protective Insurance Corporation, net of cash, cash equivalents, and restricted cash equivalents acquired	0	0	(313.2)
Purchases of property and equipment	(252.0)	(292.0)	(243.5)
Sales of property and equipment	47.2	35.1	66.2
Net cash used in investing activities	(10,842.6)	(7,956.2)	(3,119.8)
Cash Flows from Financing Activities			
Dividends paid to common shareholders[1]	(234.0)	(234.0)	(3,746.5)
Dividends paid to preferred shareholders[1]	(43.6)	(26.8)	(26.8)
Acquisition of treasury shares for restricted stock tax liabilities	(95.0)	(76.7)	(67.2)
Acquisition of treasury shares acquired in open market	(45.7)	(22.3)	(155.8)
Net proceeds from debt issuance	496.3	1,486.0	0
Payment of acquired company debt	0	0	(20.0)
Payments of debt	0	0	(500.0)
Net cash provided by (used in) financing activities	78.0	1,126.2	(4,516.3)
Increase (decrease) in cash, cash equivalents, restricted cash, and restricted cash equivalents	(121.3)	18.8	125.6
Cash, cash equivalents, restricted cash, and restricted cash equivalents – beginning of year	220.9	202.1	76.5
Cash, cash equivalents, restricted cash, and restricted cash equivalents – end of year	$ 99.6	$ 220.9	$ 202.1

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

Notes to the Consolidated Financial Statements are included in Progressive's 2023 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2024 Proxy Statement.

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;
- 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 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 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, 2023.

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.

Principal Office

The Progressive Corporation
6300 Wilson Mills Road
Mayfield Village, Ohio 44143
440-461-5000
progressive.com

Annual Meeting

Annual Meeting The Annual Meeting of Shareholders will take place on Friday, May 10, 2024, at 10:00 a.m., eastern time. This meeting will be held by online webcast only. You will be able to attend and participate in the Annual Meeting via live webcast by visiting virtualshareholdermeeting.com/PGR2024. To participate in the meeting, you must have your 16-digit control number that is shown on your proxy card. You will not be able to attend the Annual Meeting in person.

Online Annual Report and Proxy Statement

Our 2023 Annual Report to Shareholders can be found at: progressive.com/annualreport.

Our 2024 Proxy Statement and 2023 Annual Report to Shareholders, in a PDF format, can be found at: progressiveproxy.com.

Shareholder/Investor Relations

Progressive does not maintain a mailing list for distribution of shareholders' reports. To view Progressive's publicly filed documents, shareholders can access our website: progressive.com/sec.
To view our earnings and other releases, access our website: progressive.com/financial-releases.

For financial-related information or to request copies of Progressive's publicly filed documents free of charge, write to: The Progressive Corporation, Investor Relations, 6300 Wilson Mills Road, Box W33, Mayfield Village, Ohio 44143, email: **investor_relations@progressive.com**, or call: 440-395-2222.

For all other company information, call: 440-461-5000 or access our website at: progressive.com/contactus.

Transfer Agent and Registrar

Registered Shareholders: If you have questions or changes to your account and your Progressive common shares are registered in your name, write to: Equiniti Trust Company, LLC, 48 Wall Street, Floor 23, New York, NY 10005; phone: 1-866-709-7695; email: **HelpAST@equiniti.com**; or visit their website at: equiniti.com/us.

Beneficial Shareholders: If your Progressive common shares are held in a brokerage or other financial institution account, contact your broker or financial institution directly regarding questions or changes to your account.

Common Shares, Holders, and Dividends

The Progressive Corporation's common shares are traded on the New York Stock Exchange (symbol PGR). There were 1,675 shareholders of record on January 31, 2024. Progressive currently has a dividend policy under which the Board expects to declare regular, quarterly common share dividends and, on at least an annual basis, to consider declaring an additional variable common share dividend. The dividend policy can be found at: progressive.com/dividend.

Counsel

Baker & Hostetler LLP, Cleveland, Ohio

Corporate Governance

Progressive's Corporate Governance Guidelines and Board Committee Charters are available at: progressive.com/governance.

Accounting Complaint Procedure

Any employee or other interested party with a complaint or concern regarding accounting, internal accounting controls, or auditing matters relating to Progressive may report such complaint or concern directly to the Chairperson of the Audit Committee, as follows:

Stuart B. Burgdoerfer, Chair of the Audit Committee, **auditchair@progressive.com**.

Any such complaint or concern also may be reported anonymously over the following toll-free Alertline: 1-800-683-3604 or online at: progressivealertline.com.

Progressive will not retaliate against any individual by reason of his or her having made such a complaint or reported such a concern in good faith. View the complete procedures at: progressive.com/governance.

Contact Non-Management Directors

Interested parties have the ability to contact the non-management directors as a group by sending a written communication clearly addressed to the non-management directors to either of the following:

Lawton W. Fitt, Chairperson of the Board, The Progressive Corporation, email: **chair@progressive.com**; or

David M. Stringer, Secretary, The Progressive Corporation, 6300 Wilson Mills Road, Mayfield Village, Ohio 44143 or email: **secretary@progressive.com**.

The recipient will forward communications so received to the non-management directors.

Whistleblower Protections

Whistleblower Protections Progressive will not retaliate against any officer or employee of Progressive because of any lawful act done by the officer or employee to provide information or otherwise assist in investigations regarding conduct that the officer or employee reasonably believes to be a violation of federal securities laws or of any rule or regulation of the Securities and Exchange Commission. View the complete Whistleblower Protections at: progressive.com/governance.

Social Responsibility and Sustainability

Progressive uses an online format to communicate our social responsibility efforts, and we see sustainability as part of the value we bring to our shareholders, customers, employees, agents, and communities. Our social responsibility and sustainability reports can be found at: progressive.com/socialresponsibility and progressive.com/sustainability, respectively.

Charitable Contributions

We contribute to: (i) The Insurance Institute for Highway Safety to further its work in reducing the human trauma and economic costs of auto accidents; (ii) Humble Design, a nonprofit organization we partnered with to furnish homes for families and veterans transitioning from homelessness; (iii) Family Promise, a nonprofit organization that helps families experiencing homelessness and low-income families achieve sustainable independence through a community-based response; and (iv) The Progressive Insurance Foundation.

To more broadly represent our employees and their communities, The Progressive Insurance Foundation provides funds to national charitable organizations identified by our Employee Resource Groups and to eligible 501(c)(3) charitable organizations chosen by each participating employee's recommendation, without requiring the employee to contribute. Over the last five years, The Progressive Insurance Foundation provided on average approximately $6 million per year to these charitable organizations.

INSURANCE QUOTES, CLAIMS REPORTING, AND CUSTOMER SERVICE

	Personal Autos, Motorcycles, Recreational Vehicles, Homeowners, Other Property, and Renters	Commercial Autos/Trucks, Business Property, and General Liability
To Receive a Quote	1-800-PROGRESSIVE (1-800-776-4737) progressive.com	1-888-806-9598 progressivecommercial.com
To Report a Claim	1-800-PROGRESSIVE (1-800-776-4737) progressive.com	1-888-502-8330 progressivecommercial.com
For Customer Service If you bought your policy directly through Progressive online or by phone	1-800-PROGRESSIVE (1-800-776-4737) progressive.com	1-800-895-2886 progressivecommercial.com
If you bought your policy through an independent agent or broker	1-800-925-2886 (1-800-300-3693 in California) progressive.com/agent	1-800-895-2886 progressivecommercial.com
If you bought your policy through an independent agent or broker for the state of California	1-800-300-3693 Driveinsurance.com	1-800-895-2886 progressivecommercial.com

In addition, iPhone® and Android® users can download the Progressive mobile app to start a quote, report a claim, or service a policy.

DIRECTORS & OFFICERS

Directors

Danelle M. Barrett [6, 7]
United States Navy,
Rear Admiral, Retired
(military)

Philip Bleser [1, 5, 7]
Retired Chairman of Global
Corporate Banking,
JPMorgan Chase & Co.
(financial services)

Stuart B. Burgdoerfer [1, 6, 7]
Retired Executive Vice President
and Chief Financial Officer,
L Brands, Inc.
(retailing)

Pamela J. Craig [3, 6, 7]
Retired Chief Financial Officer,
Accenture PLC
(global management consulting)

Charles A. Davis [4, 7]
Chief Executive Officer,
Stone Point Capital LLC
(private equity investing)

Roger N. Farah [2, 3, 5, 7]
Retired Executive Director,
Tory Burch LLC
(retailing)

Lawton W. Fitt [2, 4, 5, 7]
Chairperson of the Board,
The Progressive Corporation
Retired Partner,
Goldman Sachs Group
(financial services)

Susan Patricia Griffith [2]
President and
Chief Executive Officer,
The Progressive Corporation

Devin C. Johnson [6, 7]
President and Chief Operating Officer,
The SpringHill Company
(global consumer and
entertainment)

Jeffrey D. Kelly [1, 7]
Retired Chief Operating Officer
and Chief Financial Officer,
RenaissanceRe Holdings Ltd.
(reinsurance services)

Barbara R. Snyder [3, 7]
President,
The Association of American Universities
(higher education)

Kahina Van Dyke [4, 6, 7]
Operating Partner,
Advent International
(global private equity)

[1] Audit Committee Member
[2] Executive Committee Member
[3] Compensation Committee Member
[4] Investment & Capital Committee Member
[5] Nominating & Governance Committee Member
[6] Technology Committee Member
[7] Independent Director

Corporate Officers

Lawton W. Fitt
Chairperson of the Board
(non-executive)

Susan Patricia Griffith
President and
Chief Executive Officer

John P. Sauerland
Vice President and
Chief Financial Officer

David M. Stringer
Vice President, Secretary,
and Chief Legal Officer

Patrick S. Brennan
Treasurer

Mariann Wojtkun Marshall
Vice President,
Assistant Secretary, and
Chief Accounting Officer

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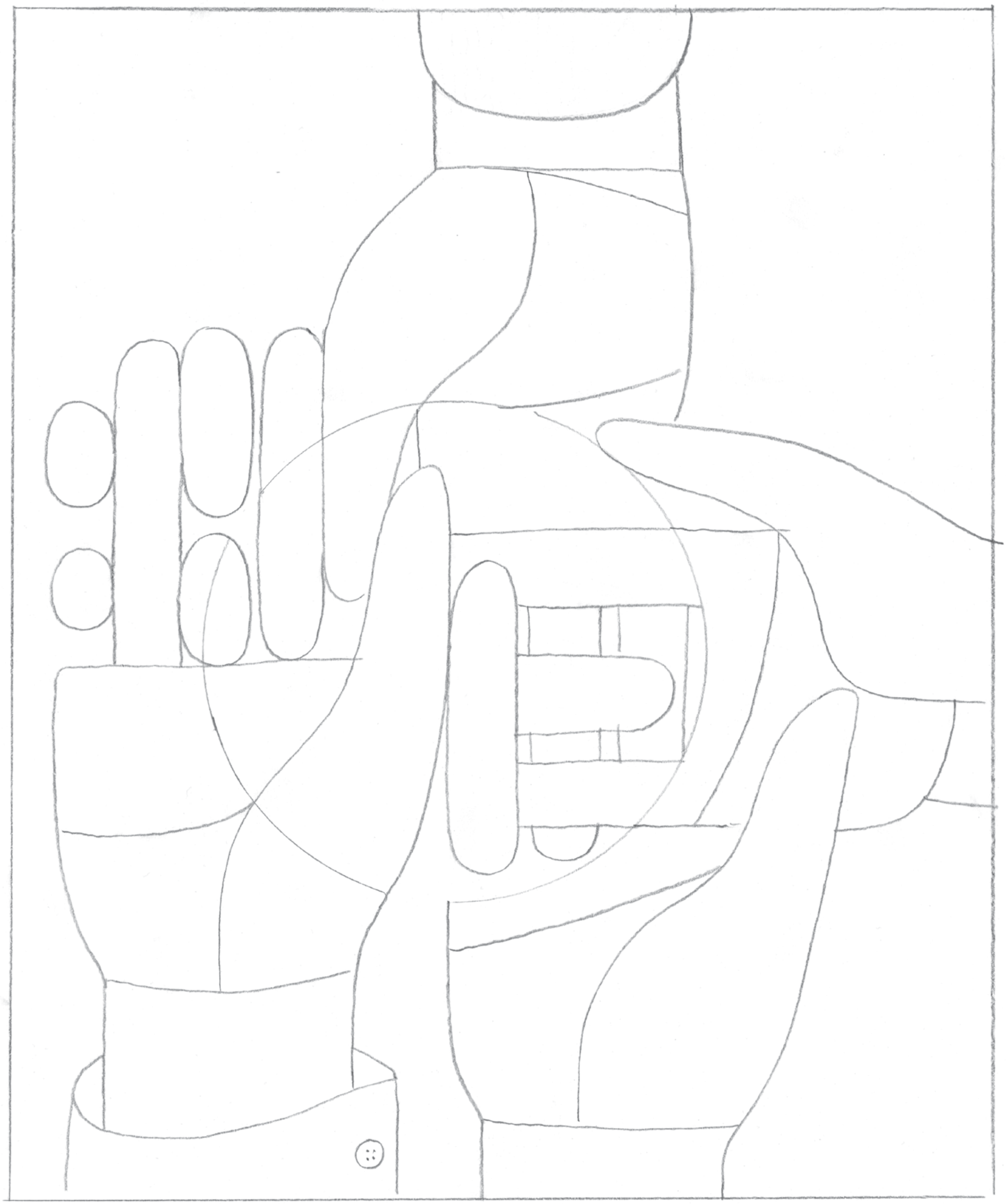

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