



Investor Relations

PROGRESSIVE

2024 Q2

Direct
Acquisition

Information Relevant to this Presentation

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

Investors are cautioned that certain statements in this presentation and related comments by management during the earnings call not based upon historical fact are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These statements often use words such as “estimate,” “expect,” “intend,” “plan,” “believe,” “goal,” “target,” “anticipate,” “will,” “could,” “likely,” “may,” “should,” and other words and terms of similar meaning, or are tied to future periods, in connection with a discussion of future operating or financial performance. Forward-looking statements are not guarantees of future performance, are based on current expectations and projections about future events, and are subject to certain risks, assumptions and uncertainties that could cause actual events and results to differ materially from those discussed herein. These risks and uncertainties include, without limitation, uncertainties related to:

- our ability to underwrite and price risks accurately and to charge adequate rates to policyholders;
- our ability to establish accurate loss reserves;
- the impact of severe weather, other catastrophe events and climate change;
- the effectiveness of our reinsurance programs and the continued availability of reinsurance and performance by reinsurers;
- the secure and uninterrupted operation of the systems, facilities and business functions and the operation of various third-party systems that are critical to our business;
- the impacts of a security breach or other attack involving our technology systems or the systems of one or more of our vendors;
- our ability to maintain a recognized and trusted brand and reputation;
- whether we innovate effectively and respond to our competitors’ initiatives;
- whether we effectively manage complexity as we develop and deliver products and customer experiences;
- our ability to attract, develop and retain talent and maintain appropriate staffing levels;
- the impact of misconduct or fraudulent acts by employees, agents, and third parties to our business and/or exposure to regulatory assessments;
- the highly competitive nature of property-casualty insurance markets;
- whether we adjust claims accurately;
- compliance with complex and changing laws and regulations;
- litigation challenging our business practices, and those of our competitors and other companies;
- the success of our business strategy and efforts to acquire or develop new products or enter into new areas of business and our ability to navigate the related risks;
- how intellectual property rights affect our competitiveness and our business operations;
- the success of our development and the 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.

Information Relevant to this Presentation

Regulation FD Disclosure Outlets

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

Additional Information

Information in this presentation, and related comments by management during the earnings call, should be reviewed together. Additional information can also be found in Progressive's annual report on Form 10-K for the year ending December 31, 2023 filed with the Securities and Exchange Commission. All information, statements, and projections in this presentation and the related earnings call speak only as of the date of this presentation and related earnings call. Progressive assumes no obligation to update any forward-looking or other information included in this presentation or related earnings calls, whether as a result of new information, future developments or events or otherwise.



Pat Callahan

Personal Lines President

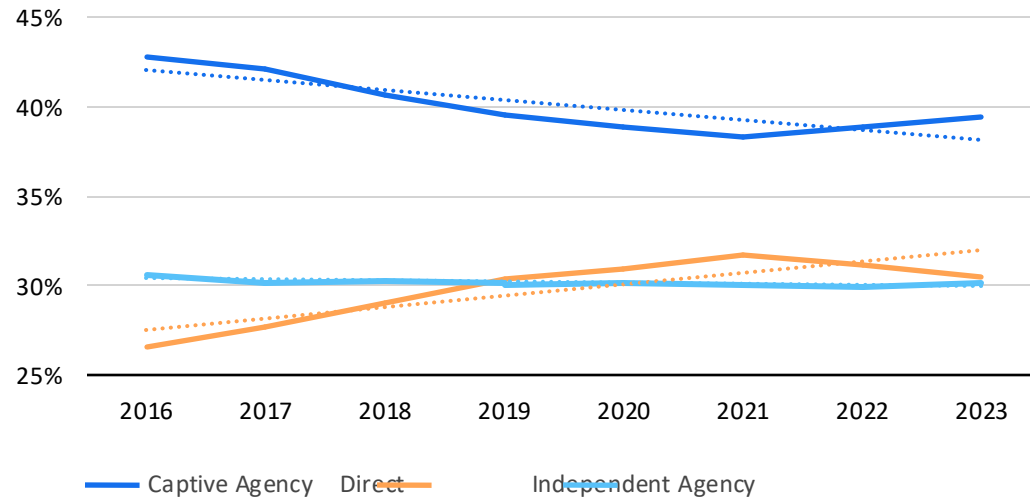
INVESTOR RELATIONS Q2

OUR VISION

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

Progressive is increasing share in the two fastest growing channels

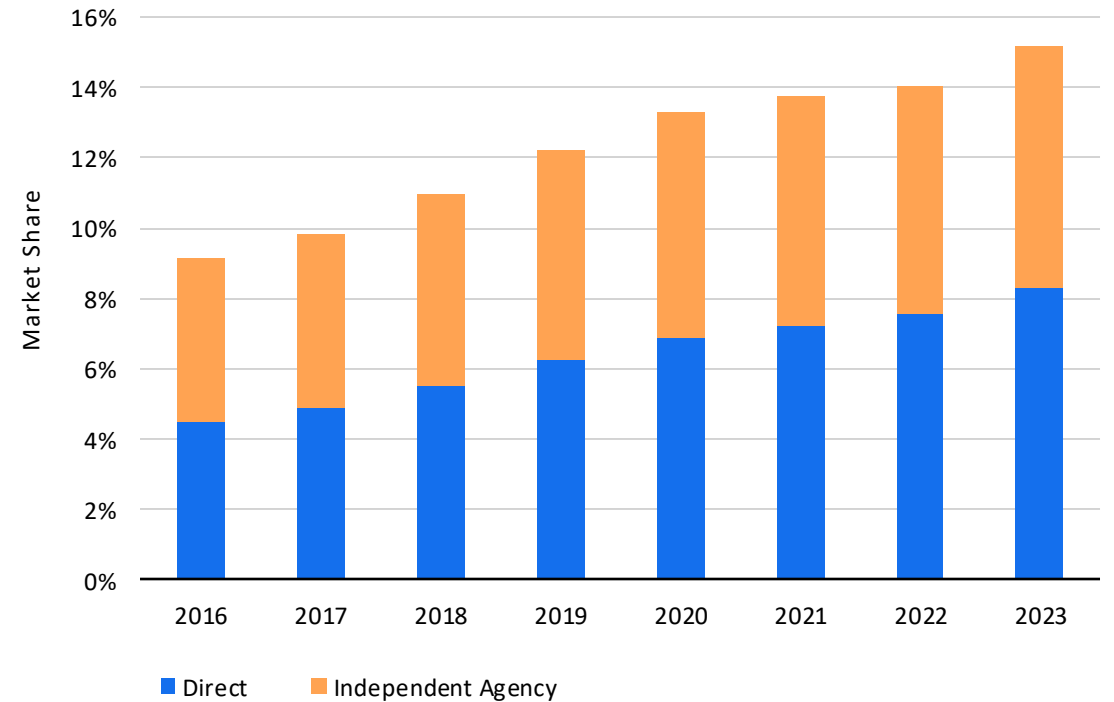
PERSONAL AUTO DIRECT WRITTEN PREMIUM (DWP) CHANNEL MARKET SHARE



DIRECT WRITTEN PREMIUM GROWTH BY CHANNEL, 2016 -2023

Direct	7.9% CAGR
Independent Agency	5.6% CAGR
Captive Agency	4.5% CAGR

PROGRESSIVE PERSONAL AUTO INDUSTRY MARKET SHARE BY CHANNEL



Direct customer acquisition Virtuous cycle

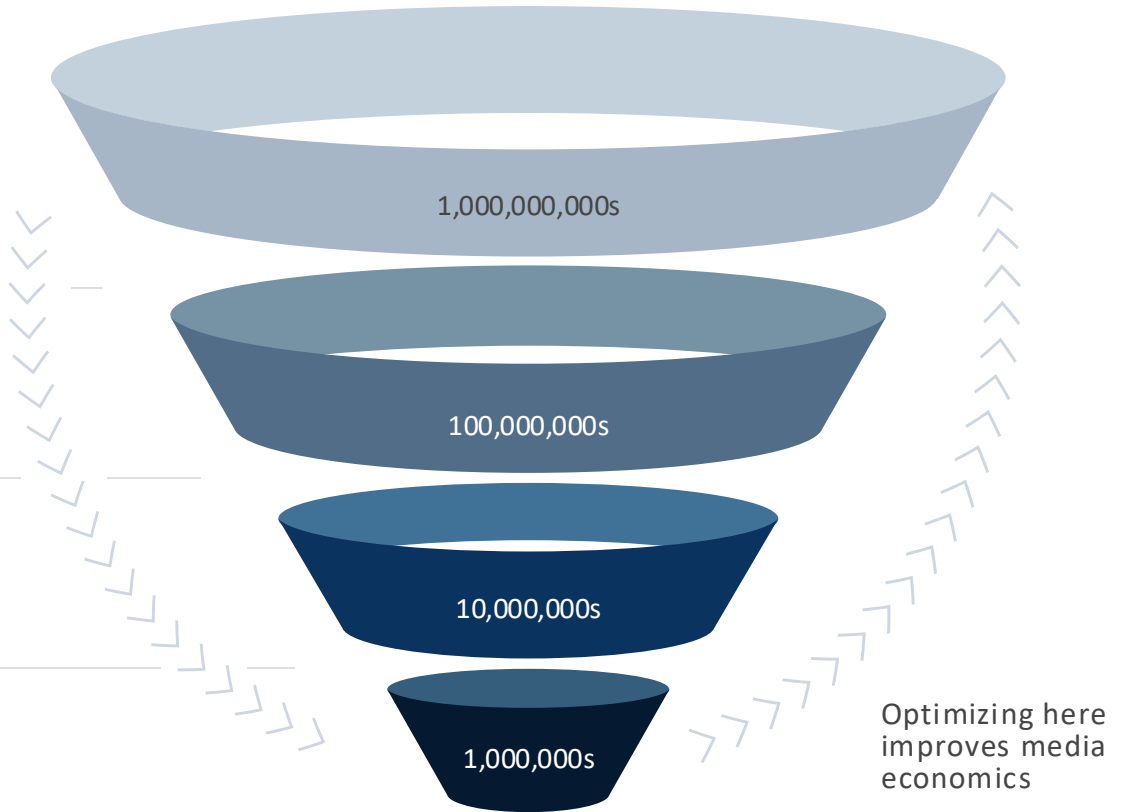
MEDIA
Billions of impressions

PROGRESSIVE.COM
Hundreds of millions of digital touches

DIGITAL QUOTES
Tens of millions of digital quotes

SALES
Millions of digital sales

Efficient growth
drives more
"at bats"
for more
optimization





Jay VanAntwerp

Direct Media
Business Leader



David Krew

Acquisition Experience
Business Leader

Agenda

01 / Media

02 / Direct Acquisition

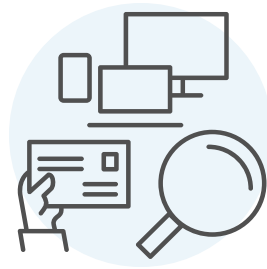
Media



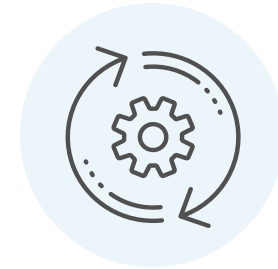
MEDIA AT PROGRESSIVE



Progressive buys virtually all of our media using an in-house team.



We buy in media channels including mass media, programmatic display, paid social media, direct mail, and generic search



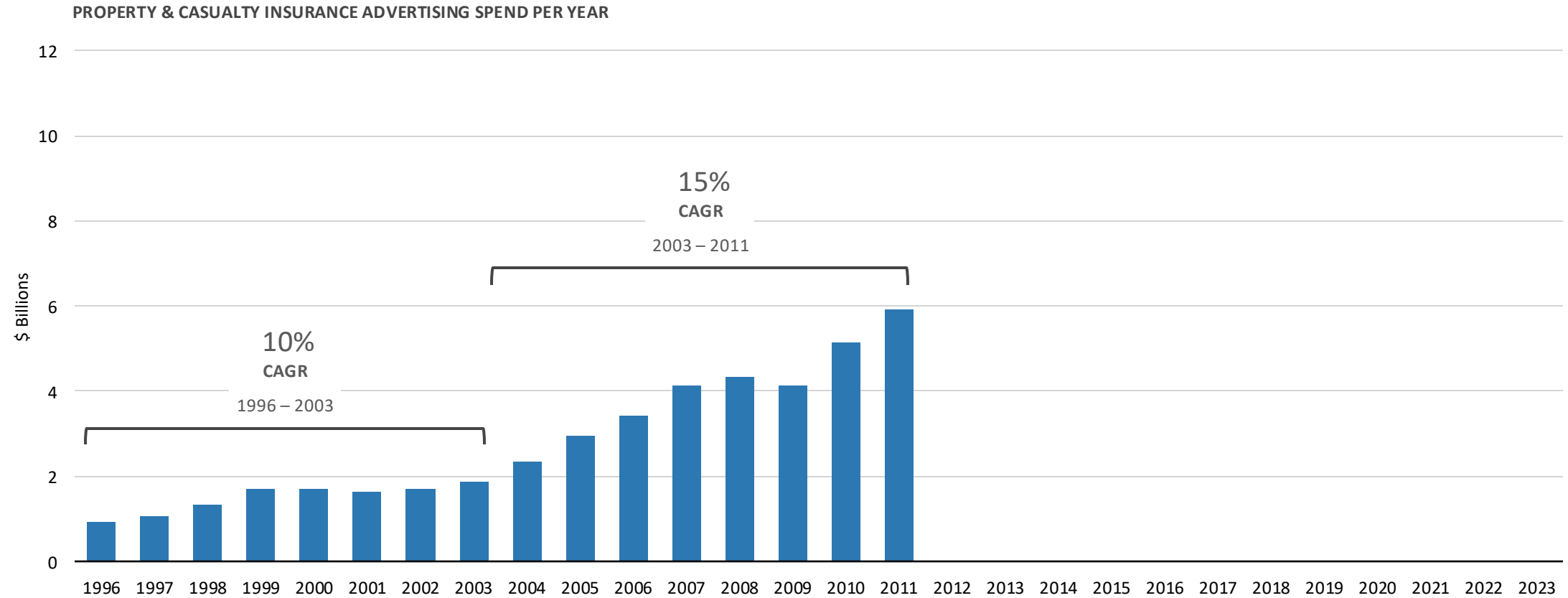
Our current capabilities are the result of evolution over almost three decades.

Buying all media ourselves gives us some distinct advantages

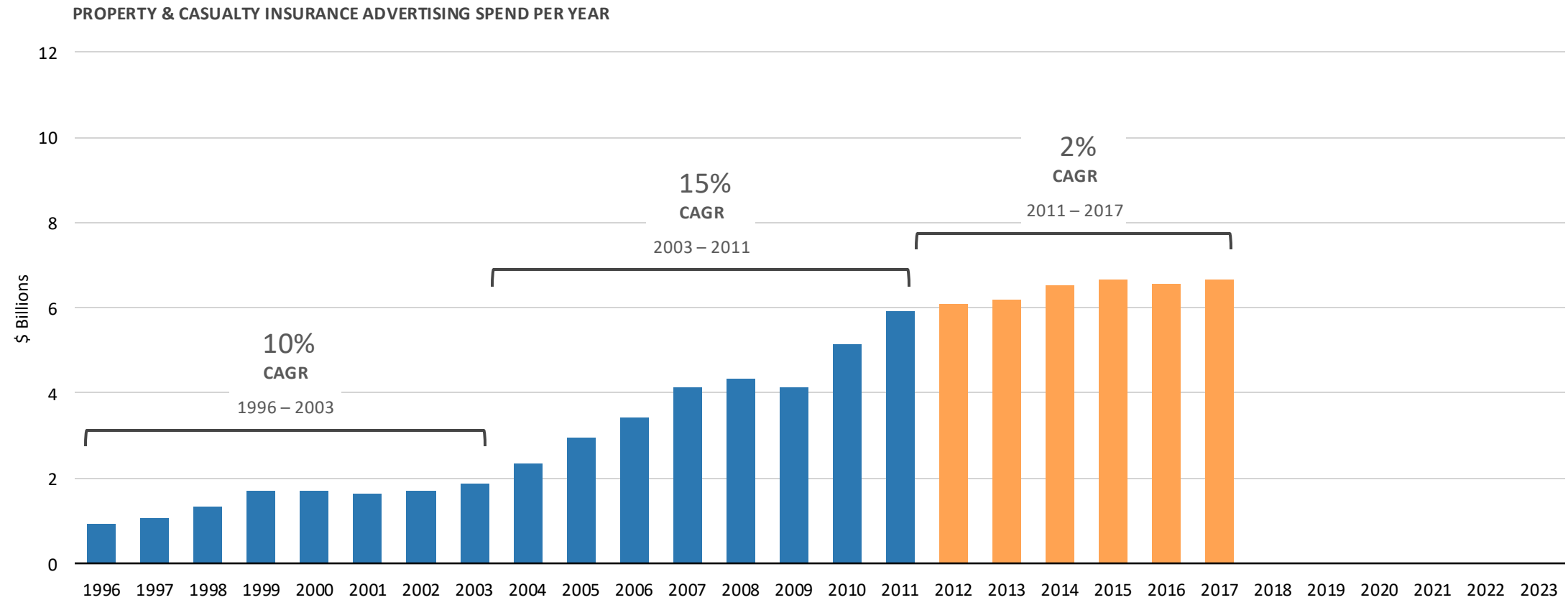
- Focus
- Analytics
- Product knowledge
- Custom modeling
- Flexibility
- Nimbleness
- Aligned incentives
- Lower overhead
- Relationships



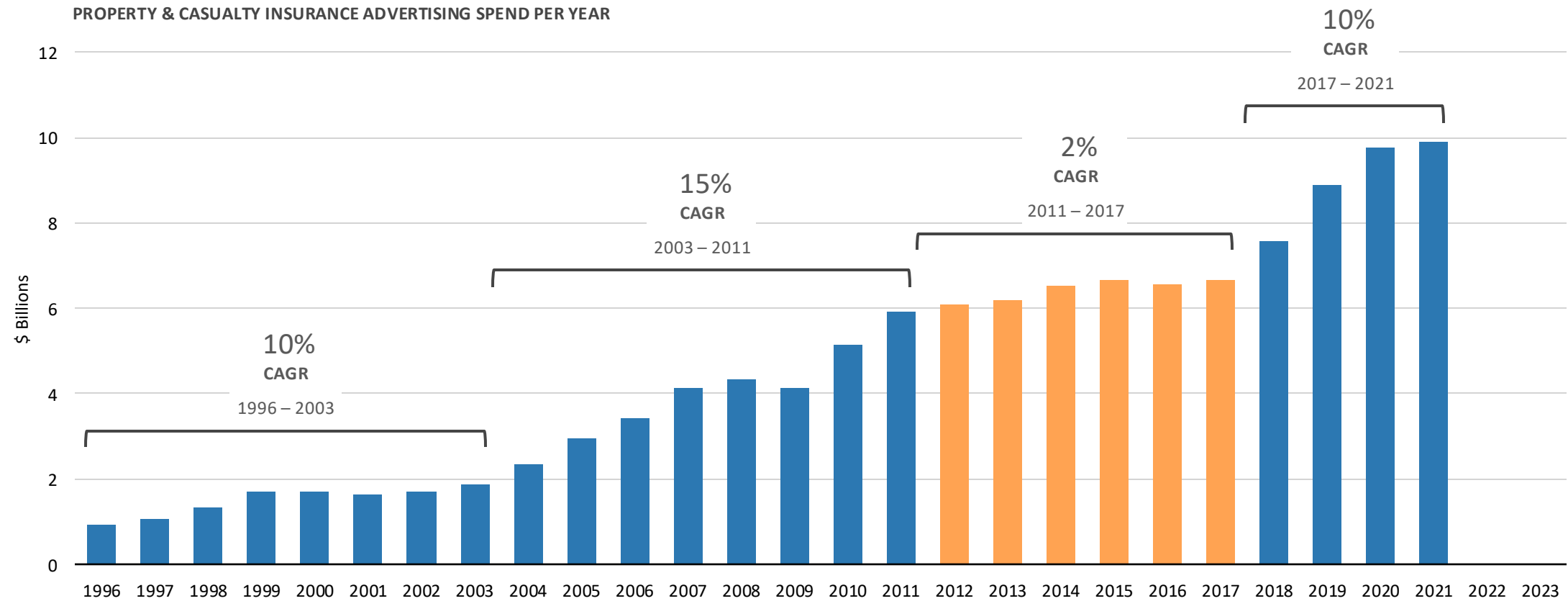
Insurance industry ad spending



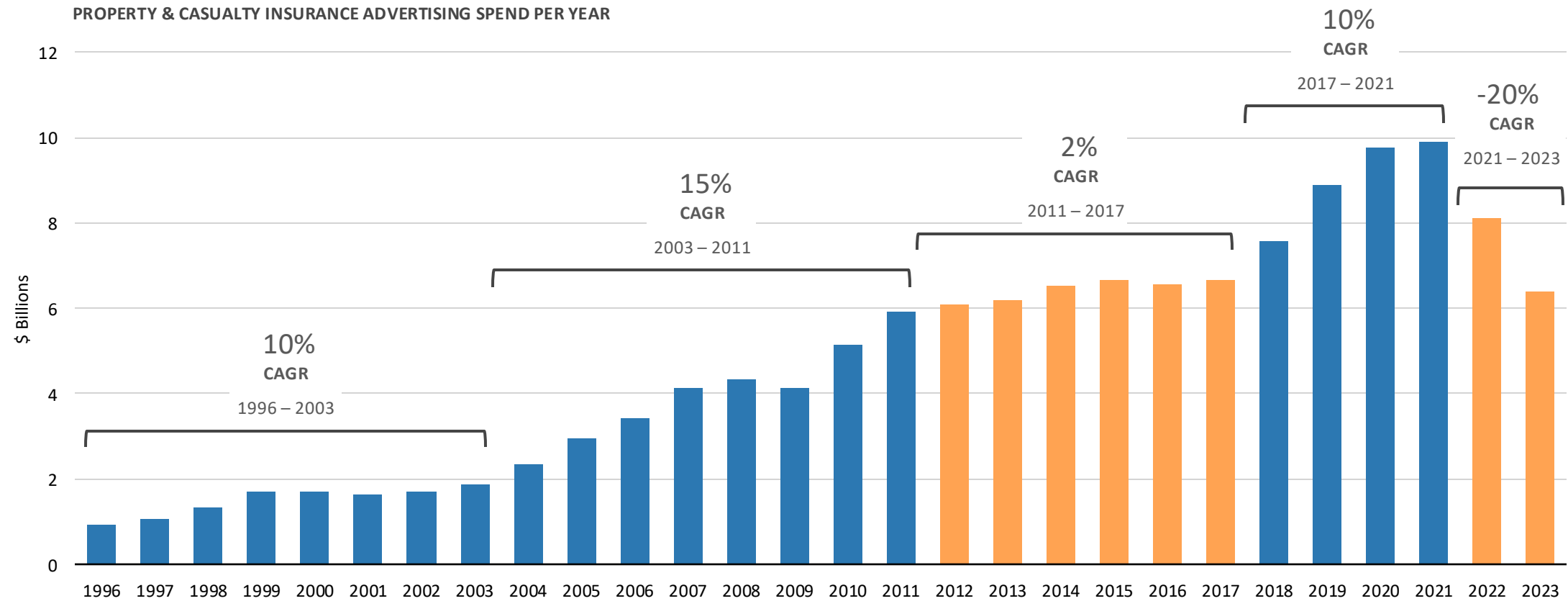
Insurance industry ad spending



Insurance industry ad spending

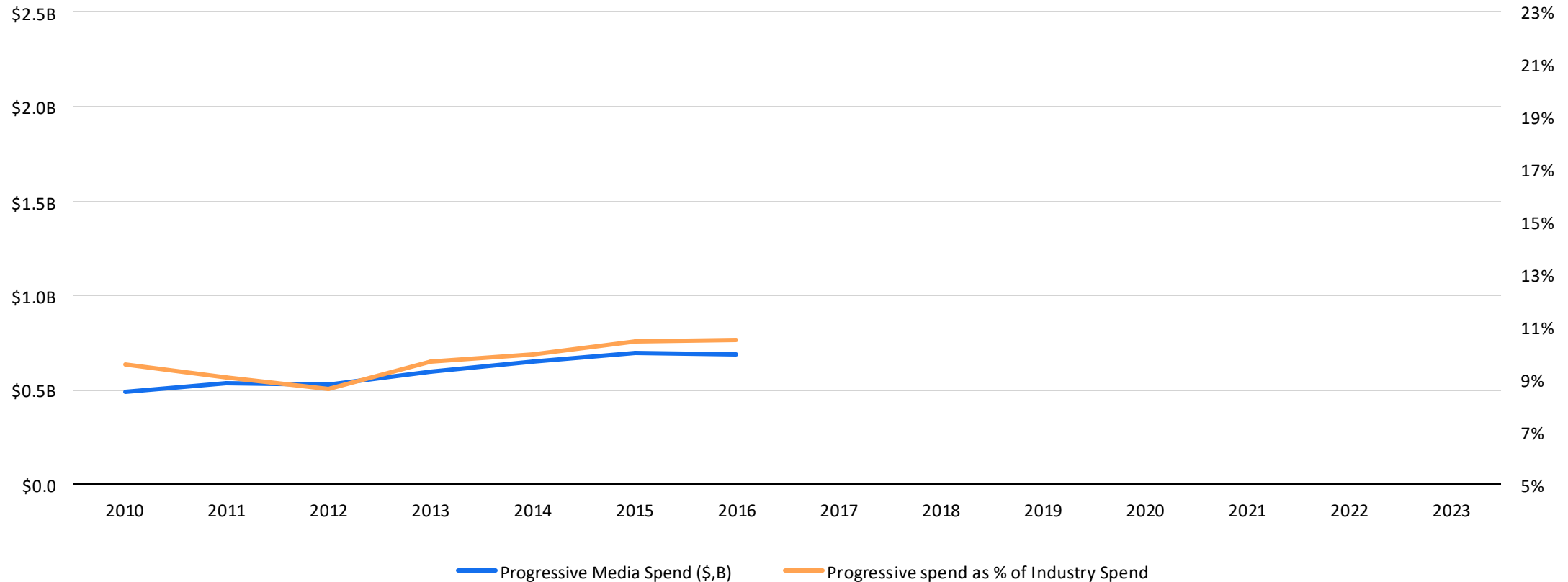


Insurance industry ad spending



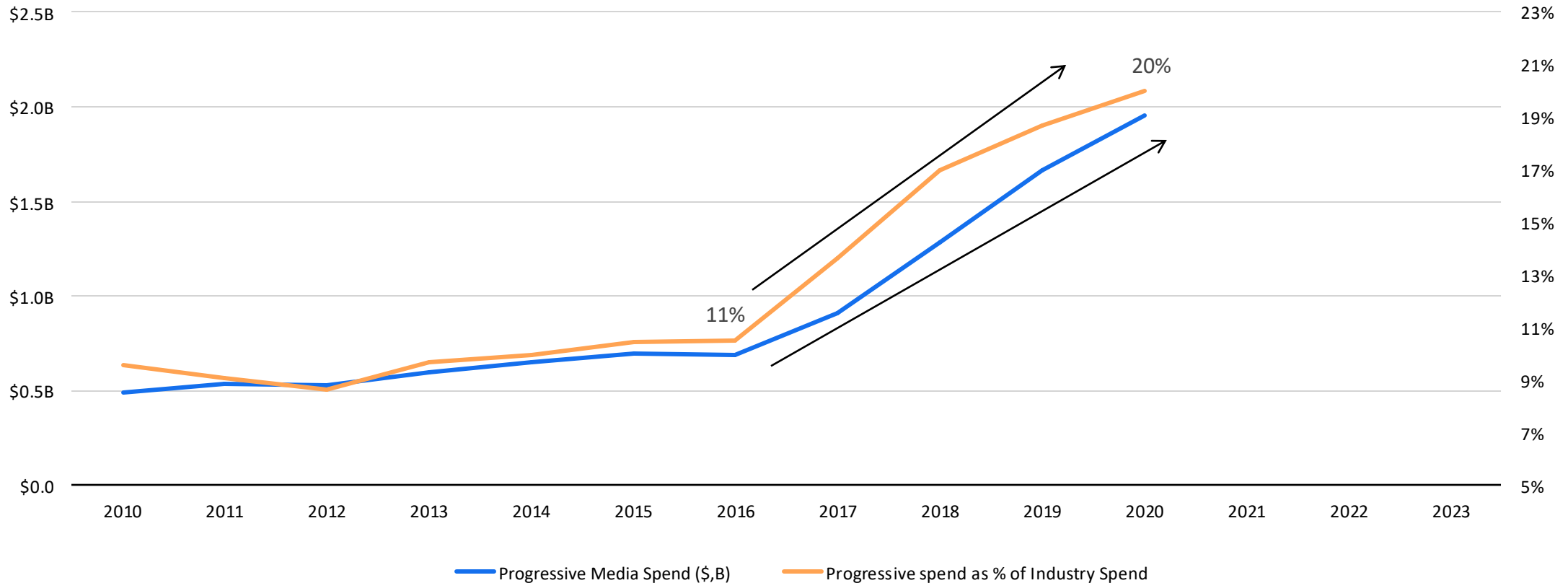
MEDIA AT PROGRESSIVE

Prior to 2017, we had under \$700M in spend, consistently around 10% of industry spend

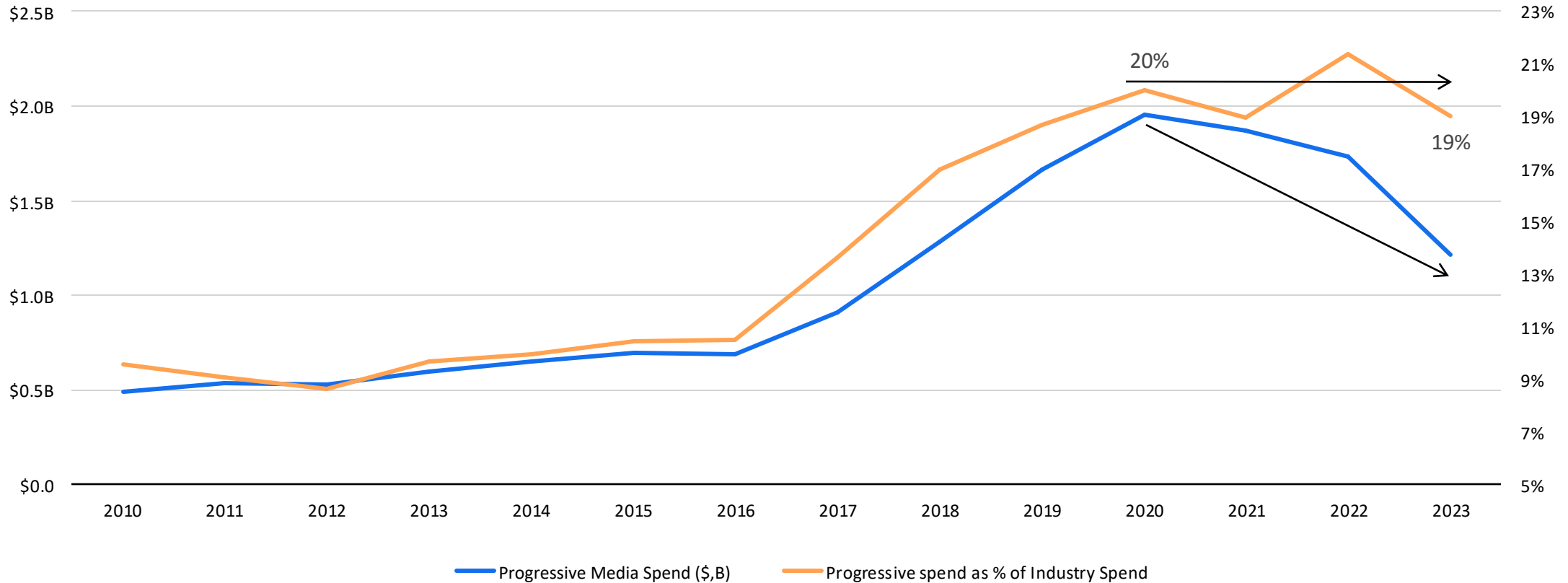


MEDIA AT PROGRESSIVE

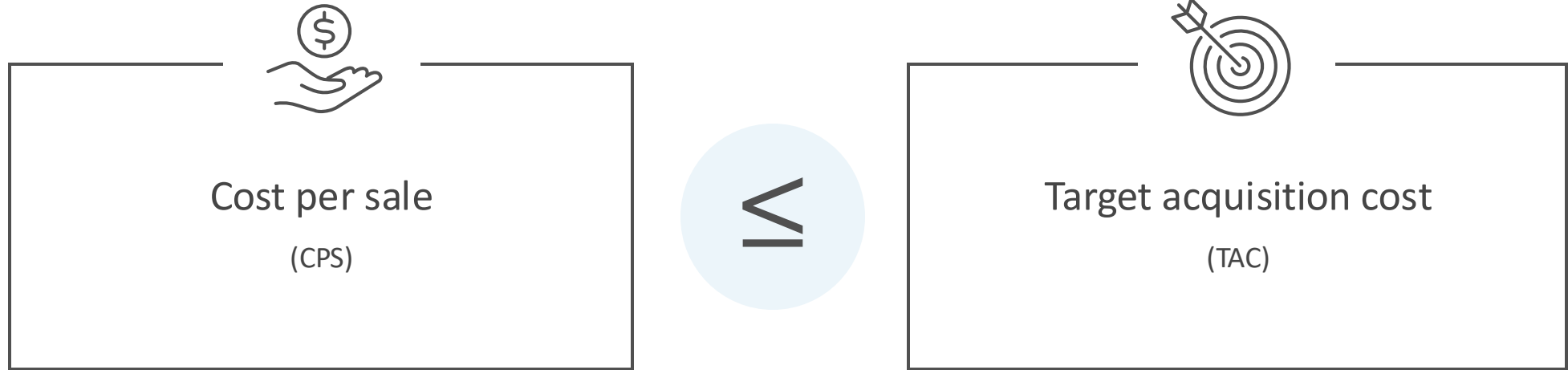
Tripled the budget in four years in large part due to more efficient media buying



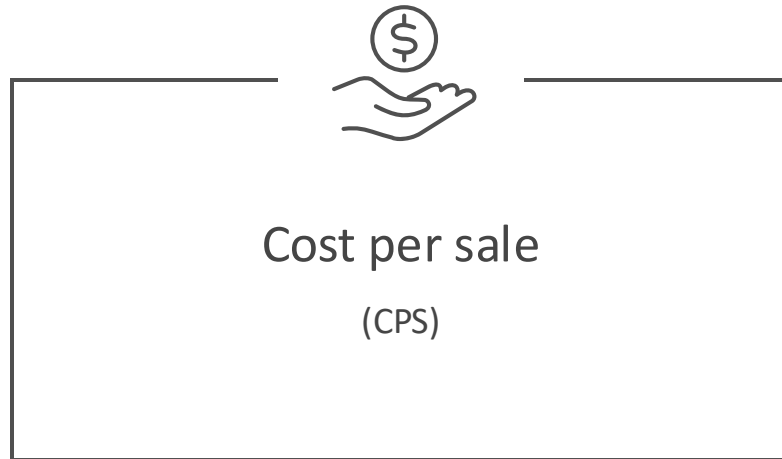
Media budget cut significantly to help Progressive hit a 96 combined ratio



Controls on our spending



Controls on our spending

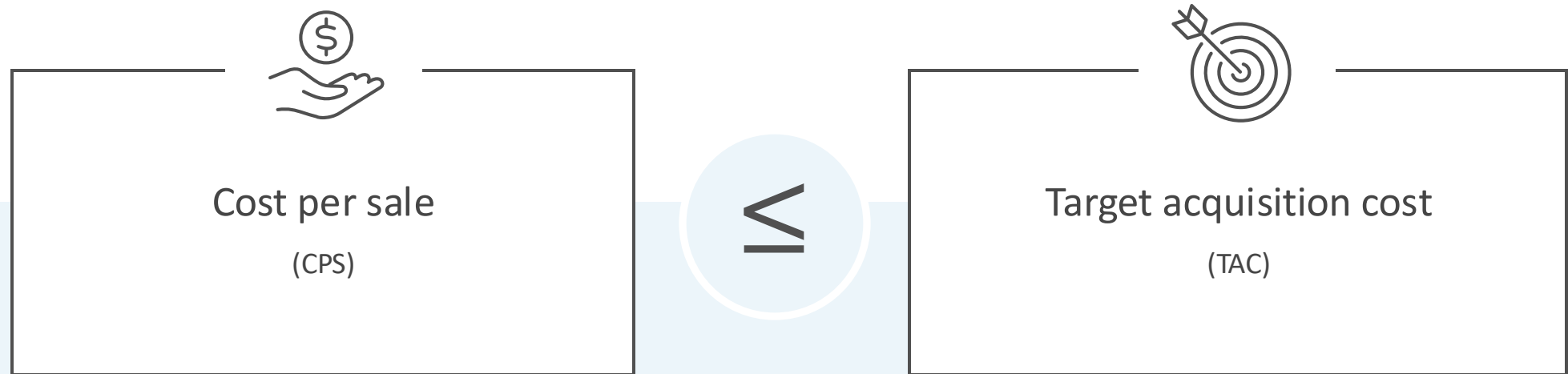


TOTAL ACQUISITION COSTS

DIRECT AUTO SALES

How much we charge customers
for acquisition expenses over
their policy lives plus margin adequacy

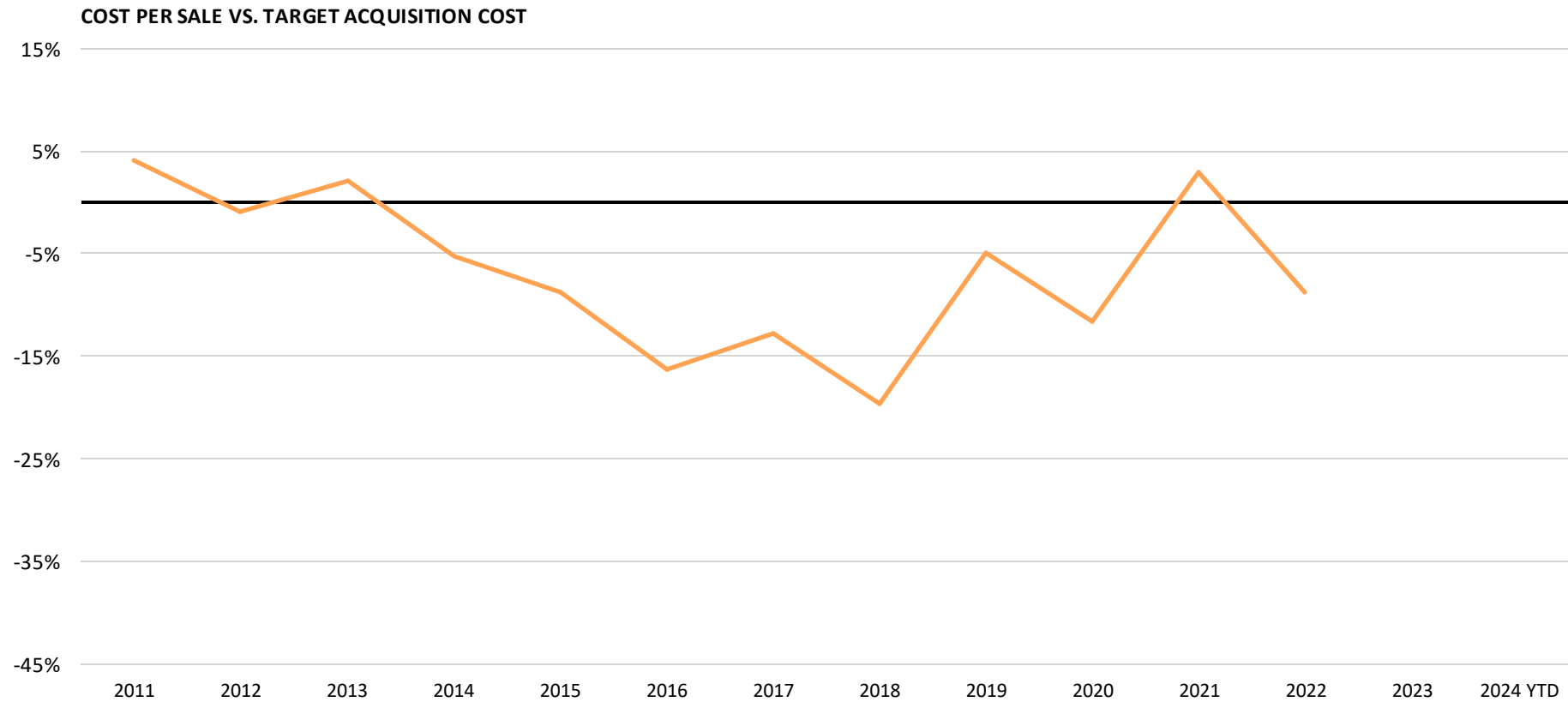
Controls on our spending



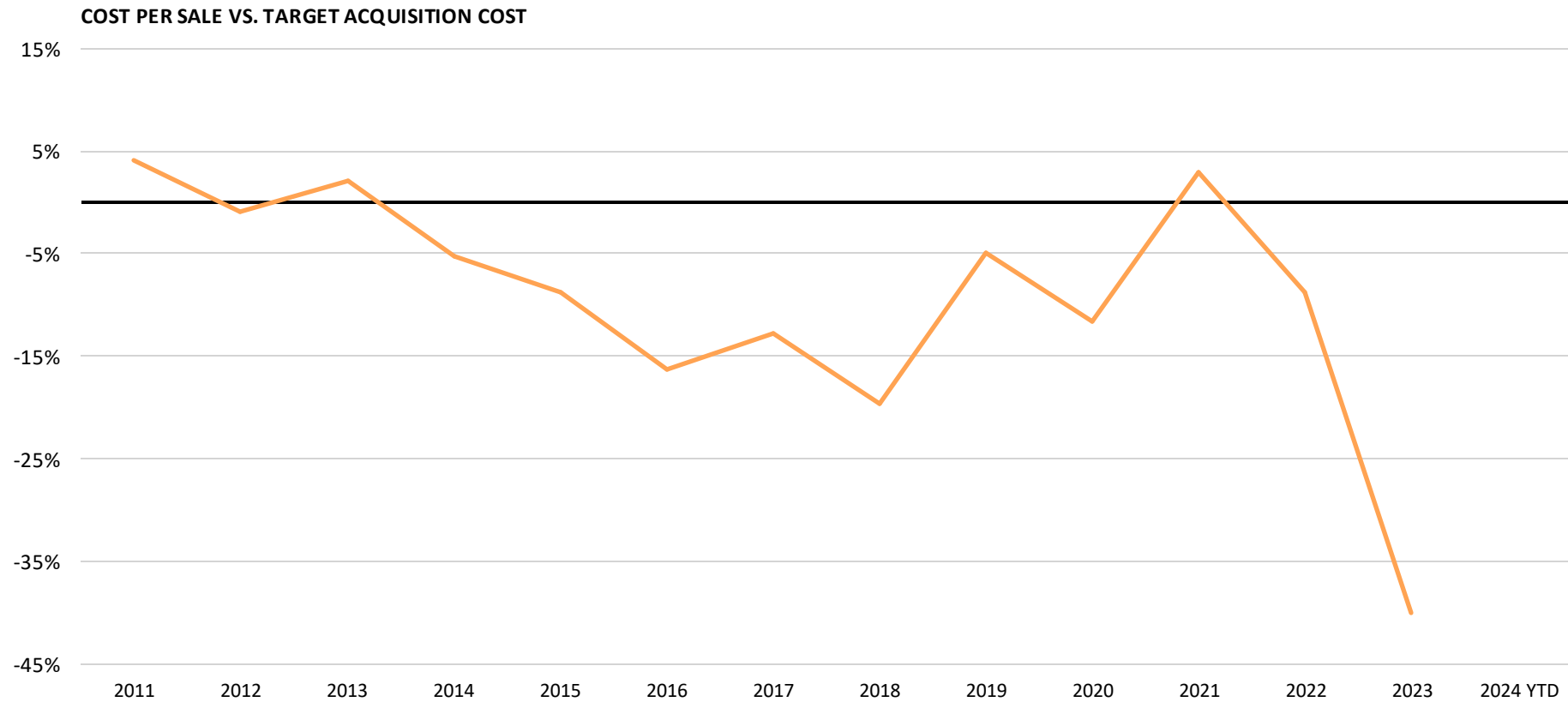
SUBJECT TO:

- Direct auto lifetime combined ratio at or below a 96%
- Ability to service our customers well
- Aggregate companywide calendar year CR at or below a 96%
- Efficient incremental cost per sale (iCPS)

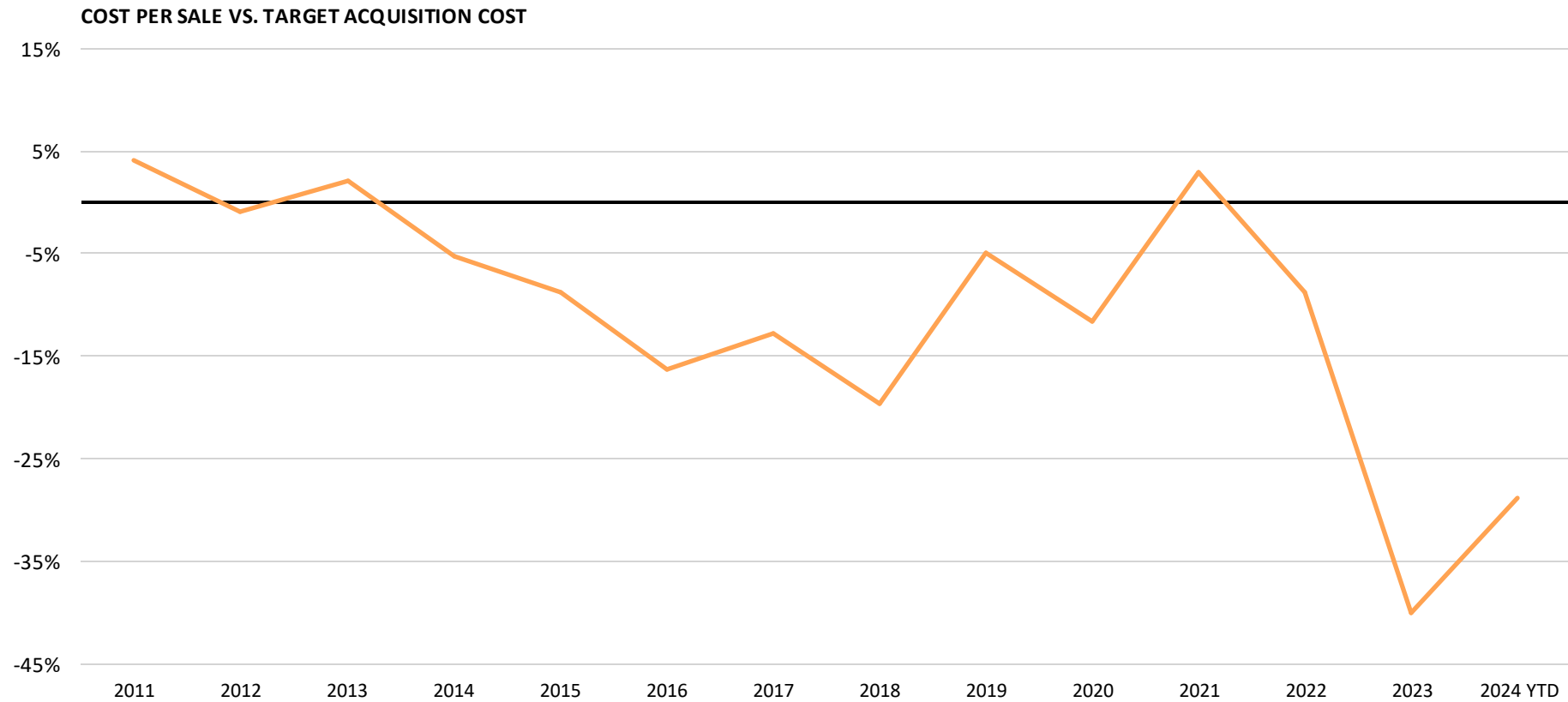
Even with the increase in spend, CPS is well below TAC



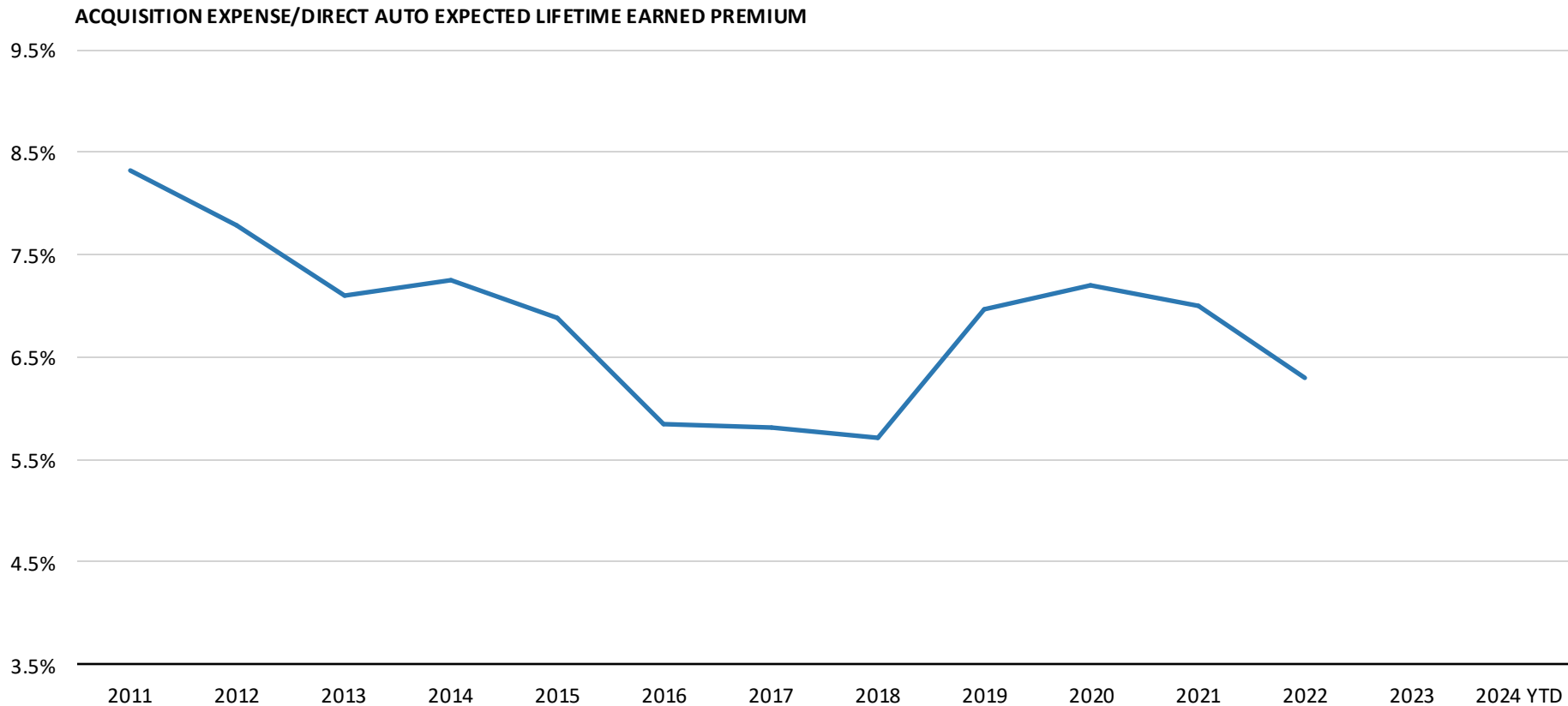
2023 is an outlier given the size of the cuts



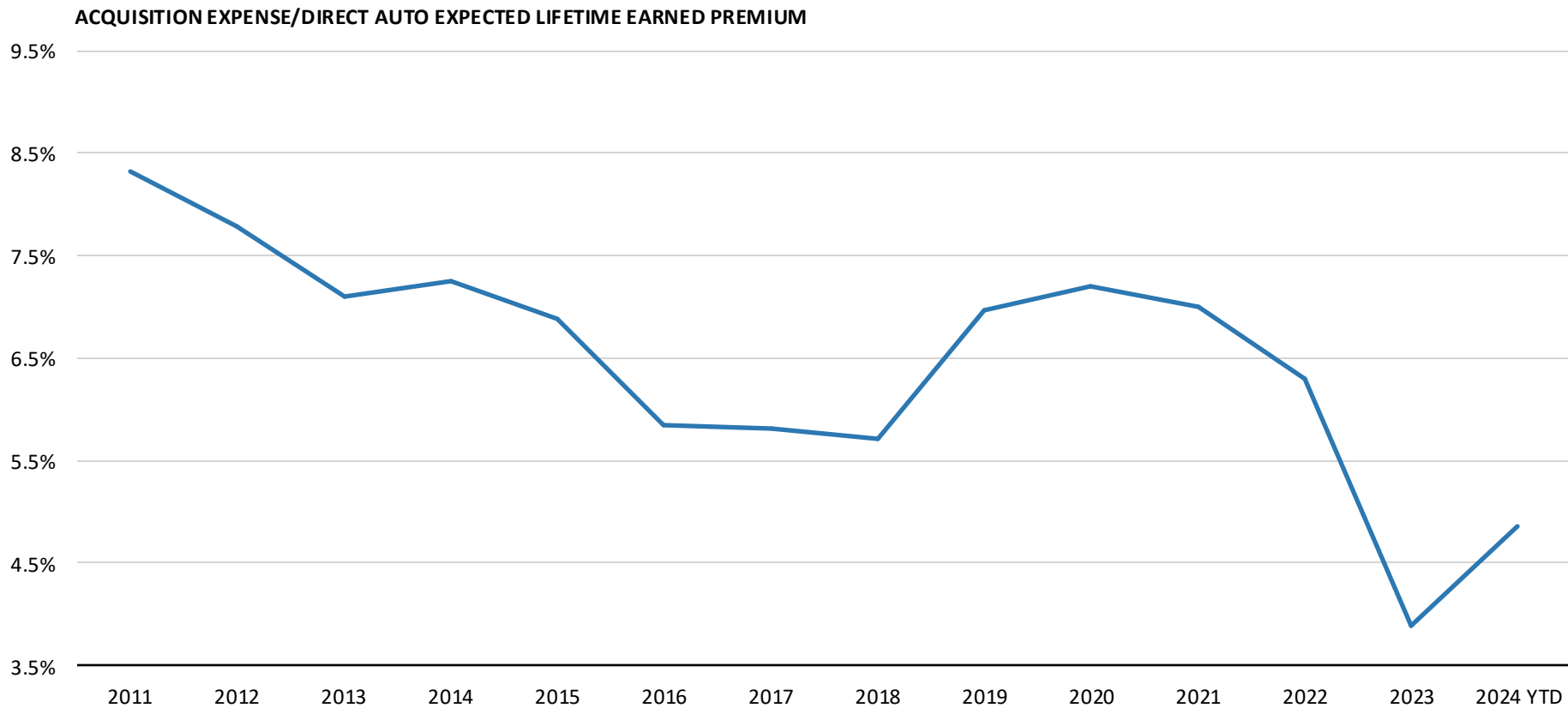
2024 YTD CPS is well below TAC even with the resumption of spend



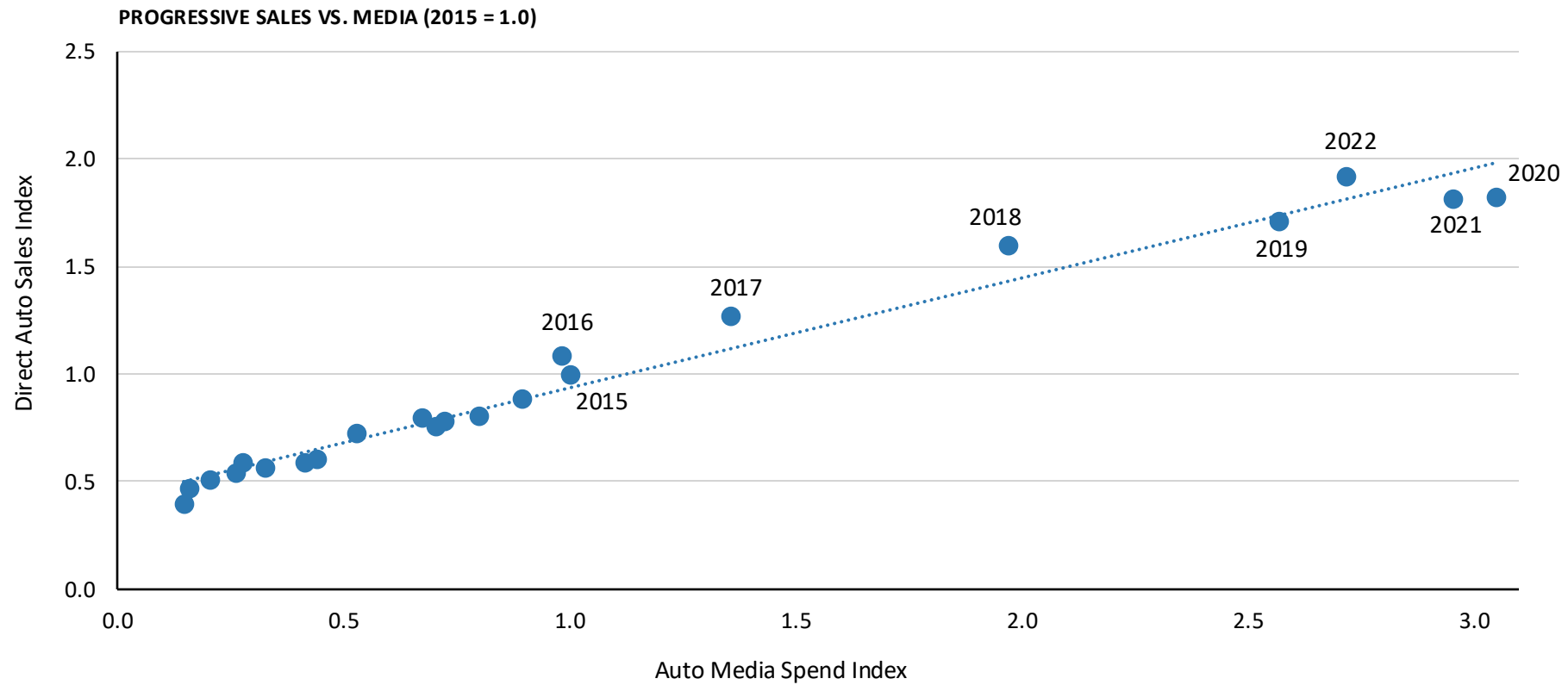
Another view ... acquisition expenses as a percentage of expected lifetime earned premium



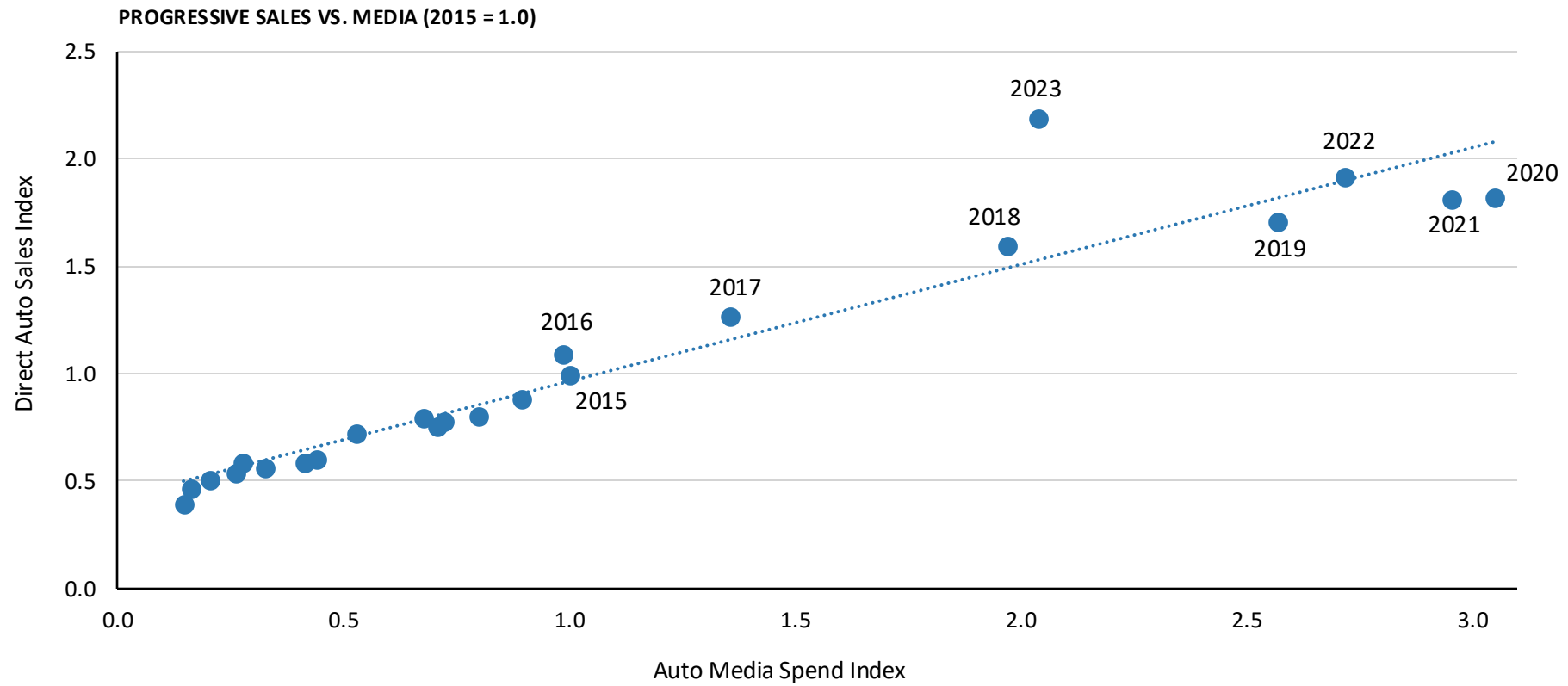
2024 is below historic levels even with the resumption of spend



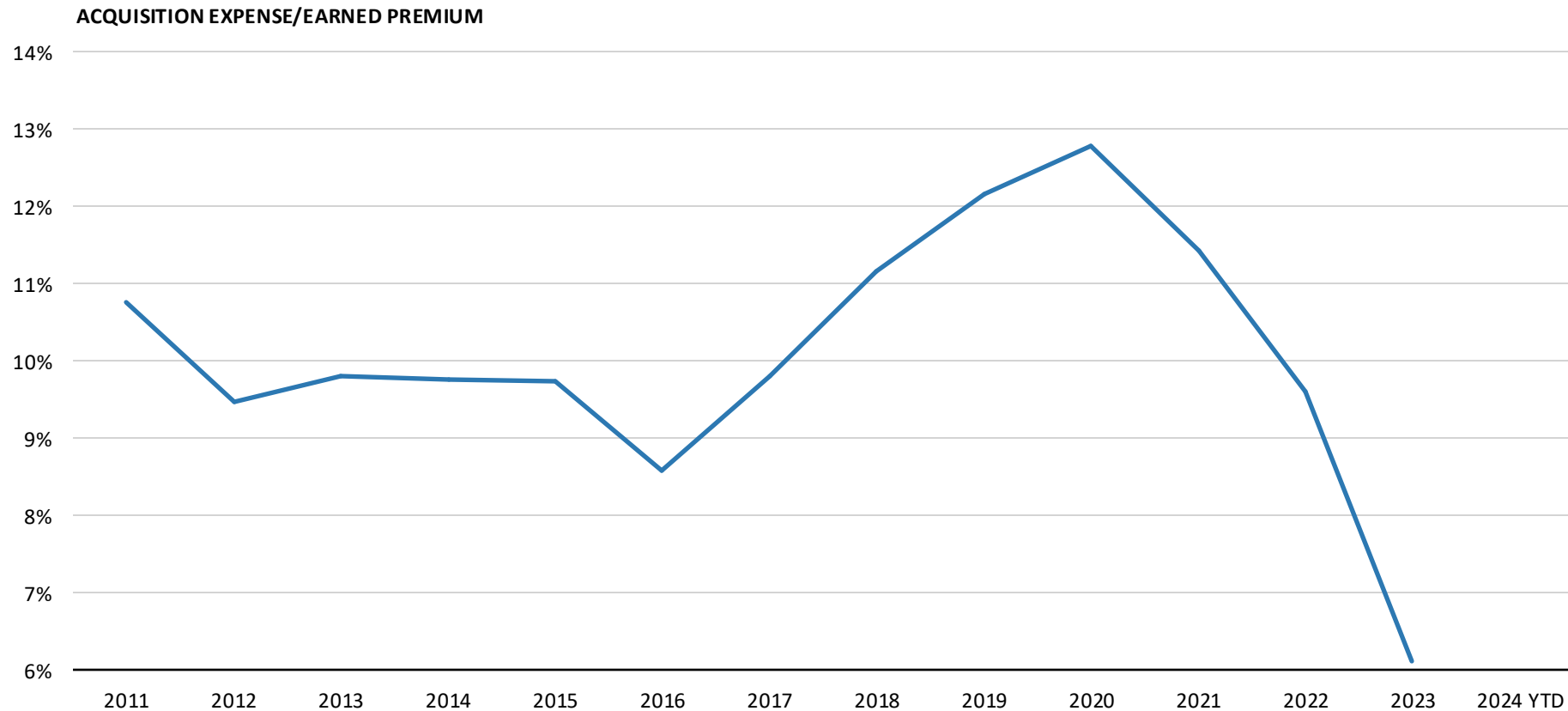
Even with the increase in spend, we're not at the point of diminishing returns



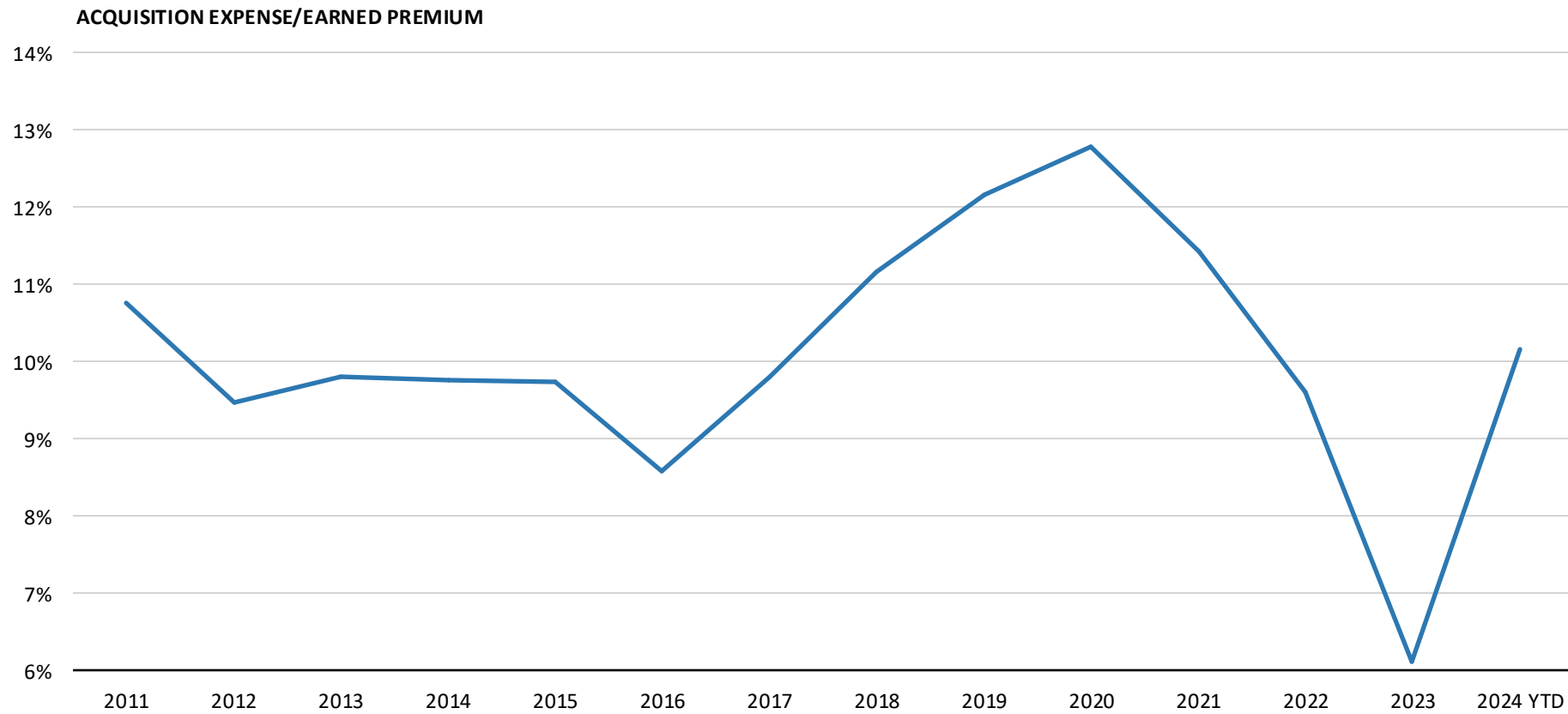
2023 is an outlier given the size of the cuts



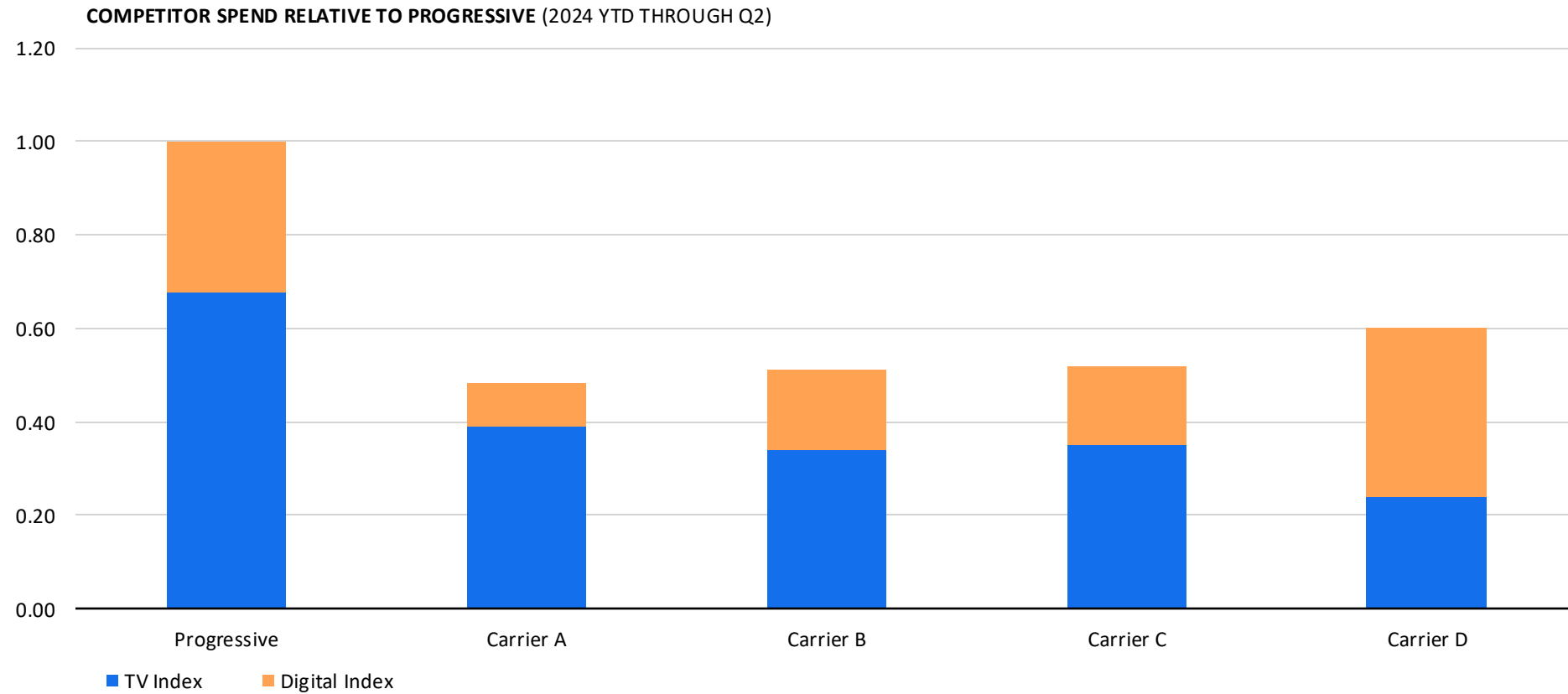
Budget cuts reduced the expense ratio significantly in 2023 in pursuit of the 96 CR



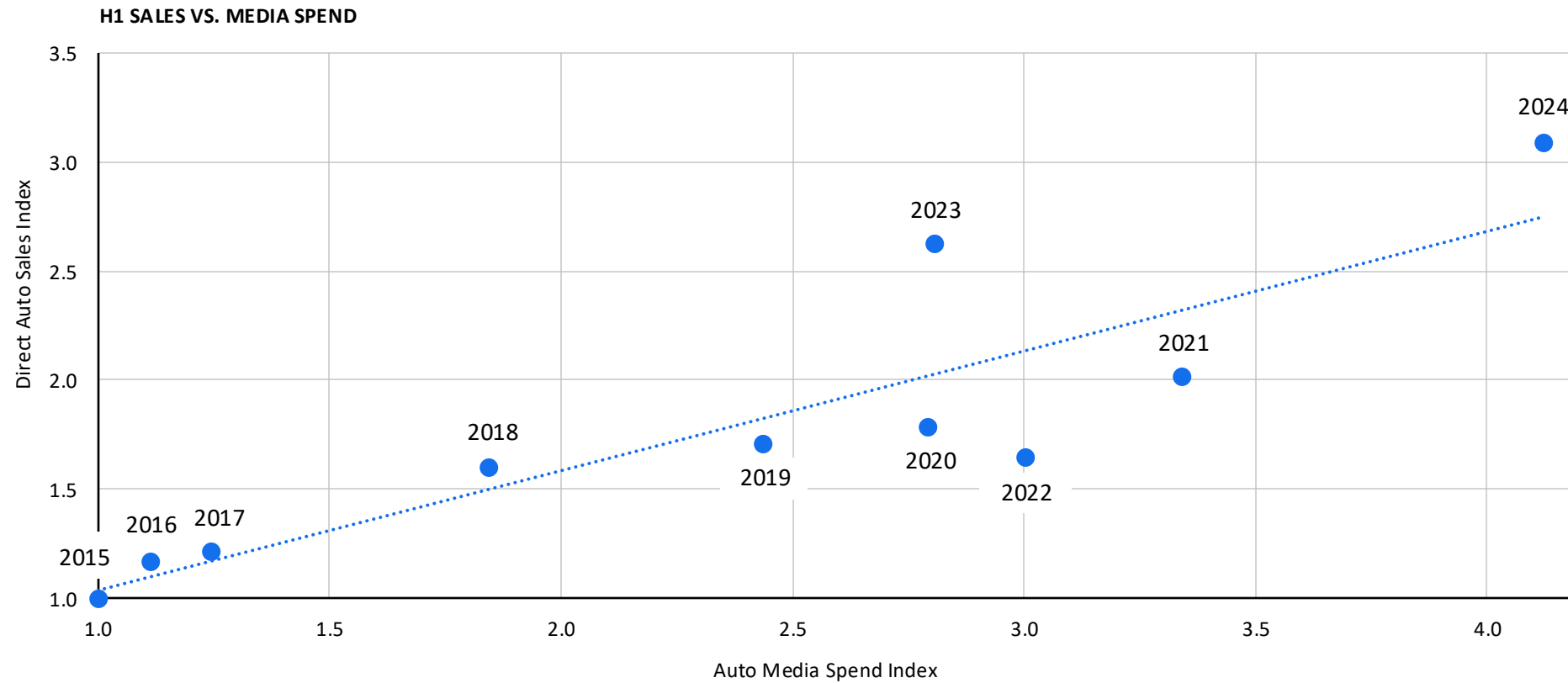
Expense ratios are up with the spend increase



Progressive is spending significantly more than competition



H1 2024 is deploying record spend and delivering record sales



Conclusion

Progressive's in-house media team is a unique competitive advantage that has driven significant value for Progressive since the inception of the direct business.



In the last decade, the media team has been instrumental in increasing spend to grab market share and cutting spend to support the goal of a companywide 96 CR.



After cutting for the last three years, the team has pivoted back focusing on profitable growth and is deploying record spend in the first half of 2024 and record sales.



While we talk about the relationship between spend and sales within the media story, there is quite a lot of work by our Acquisition Experience team that goes into converting demand generation into sales.



Direct Acquisition Experience



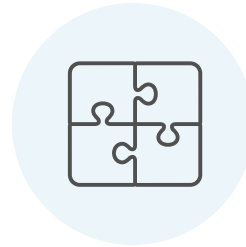
Acquisition Experience



We deliver and optimize Progressive's direct to consumer digital sales funnel



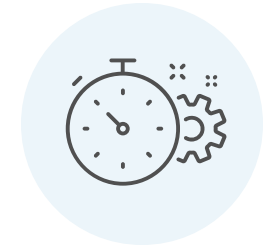
Our goal is to deliver better experiences that drive more lifetime underwriting profit (LUP)



We have critical partnerships with Product, IT, CRM, and Marketing



Diverse skill sets are required to do what we do:
Process Management,
Analytics, Data
Science/Engineering, UX
Design, Web Development, and
Content Creation



We've also been at this for three decades

DIRECT ACQUISITION

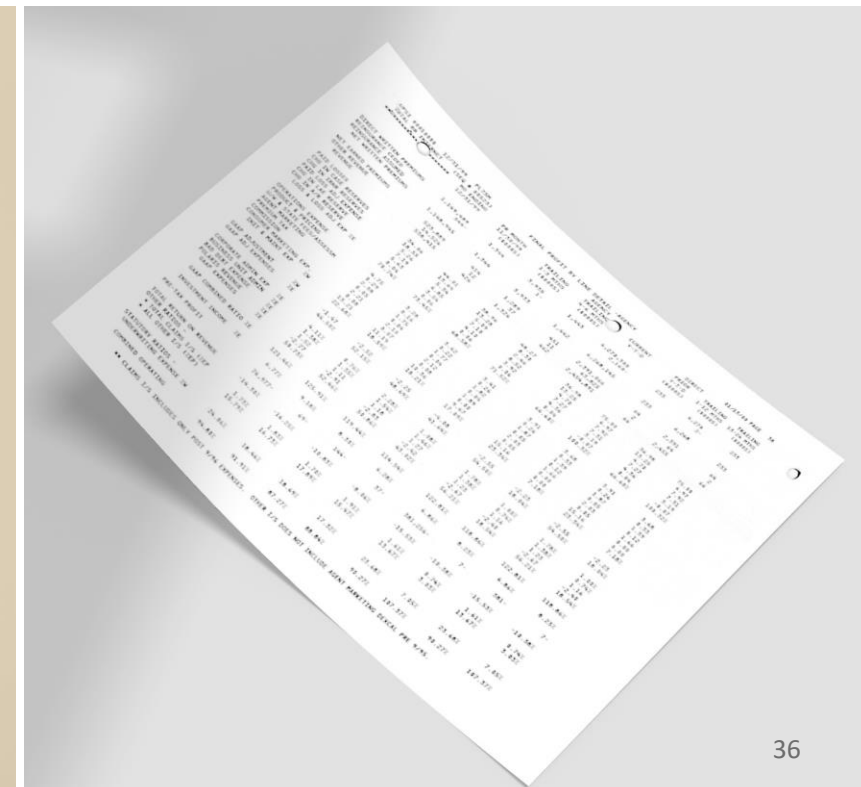
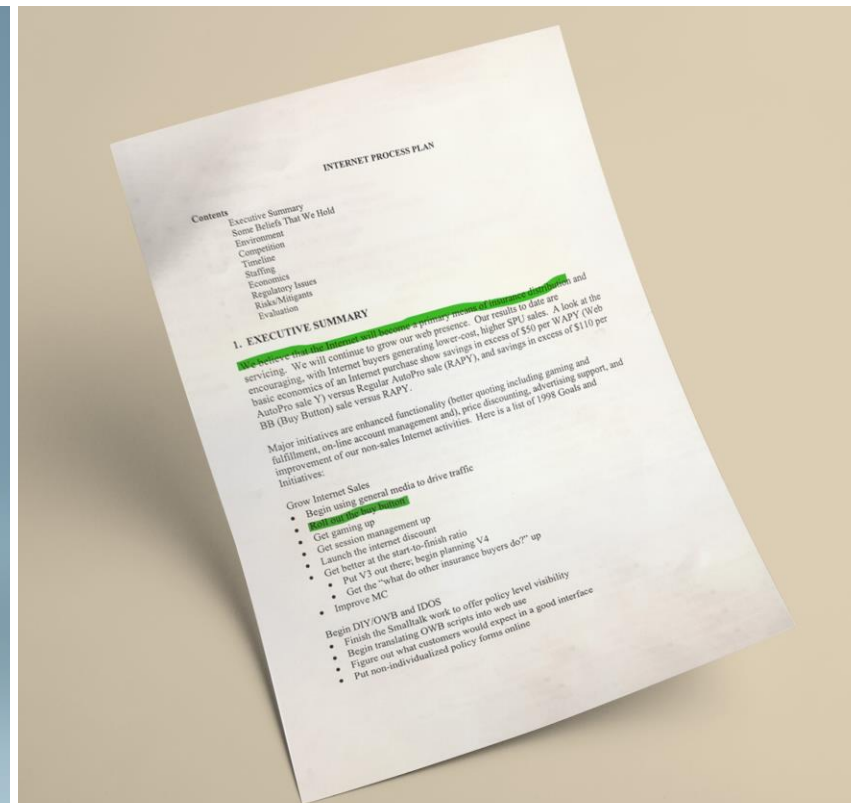
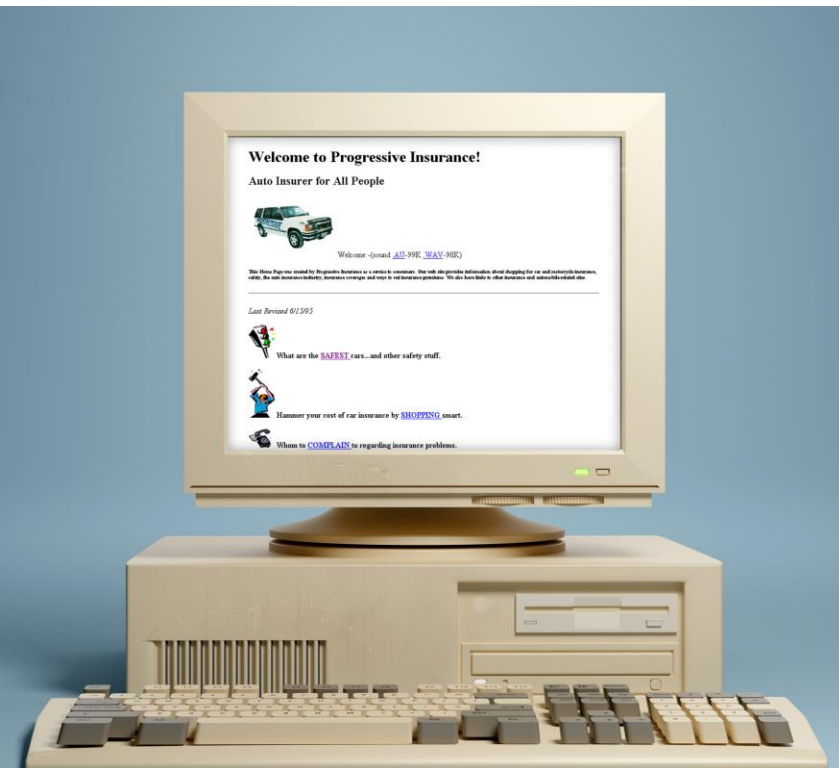
Progressive's digital sales funnel: Origin

An insurtech 15 years prior to the coining of the term.

Progressive.com circa 1995

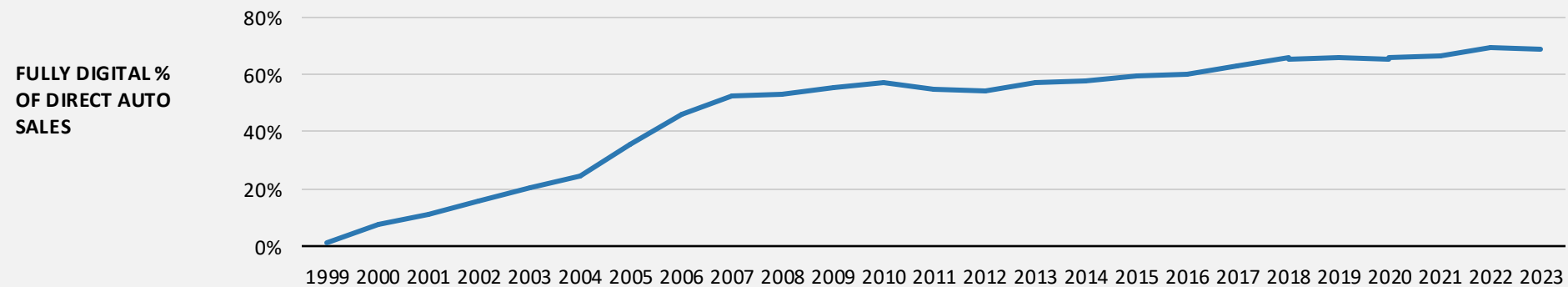
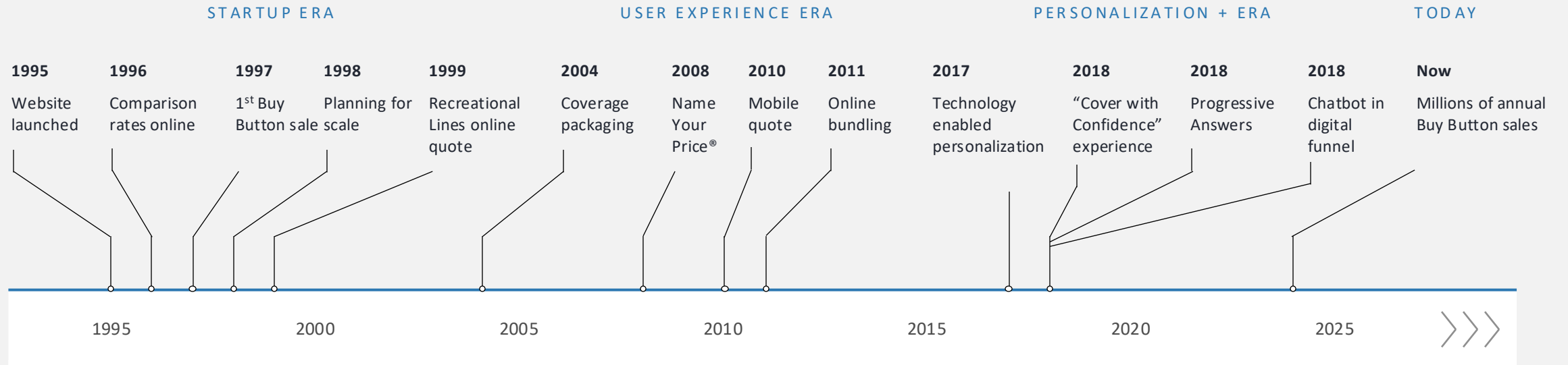
"Internet Process Plan" from late-90s ...

In Progressive fashion, tracked results to learn ...



DIRECT ACQUISITION

Progressive's digital sales funnel: Timeline



DIRECT ACQUISITION

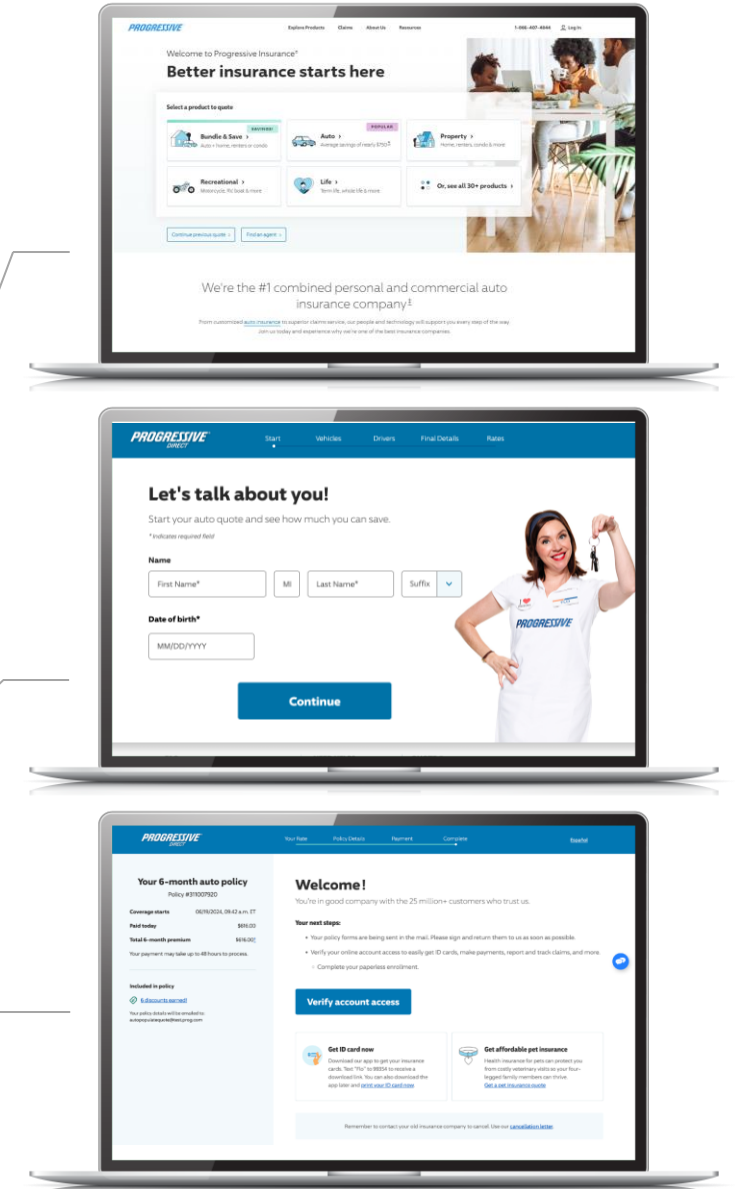
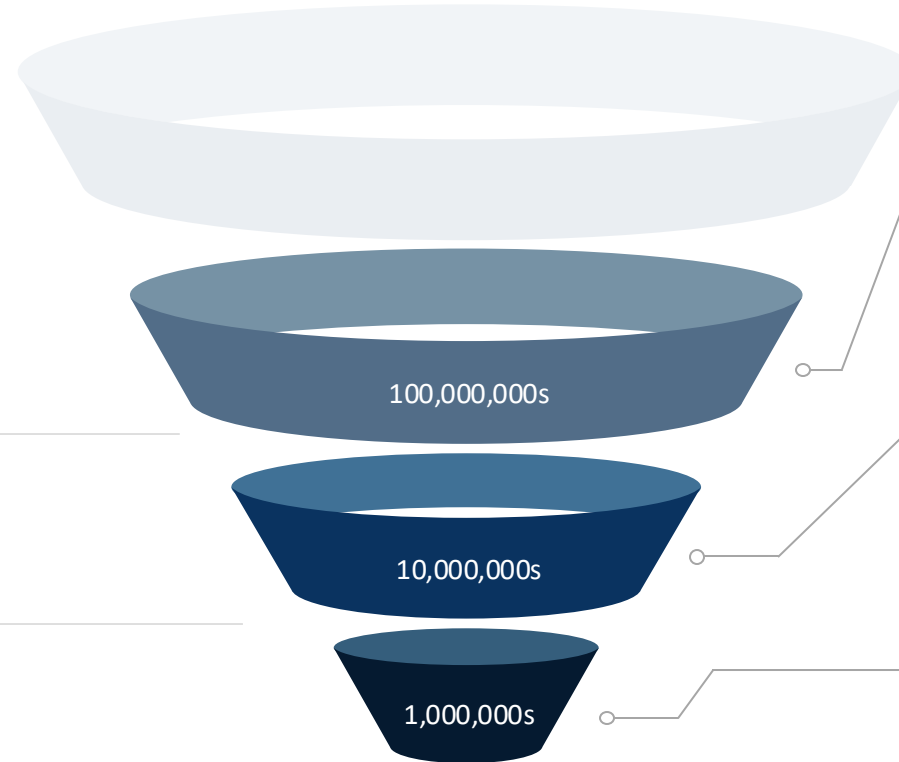
Progressive's digital sales funnel: Today's scale

One percent optimization wins drive tens of millions of profit dollars.

PROGRESSIVE.COM
Hundreds of millions of digital touches

DIGITAL QUOTES
Tens of millions of digital quotes

SALES
Millions of fully digital sales annually



DIRECT ACQUISITION

Insure + tech

- We view the digital quote as the front end of the product
- We have decades of experience at the nexus of insurance and technology
- Part of the Progressive fabric, not a new thing to label

PRODUCT LAYER

Increasing frequency of revisions and segmentation upgrades

USER EXPERIENCE LAYER

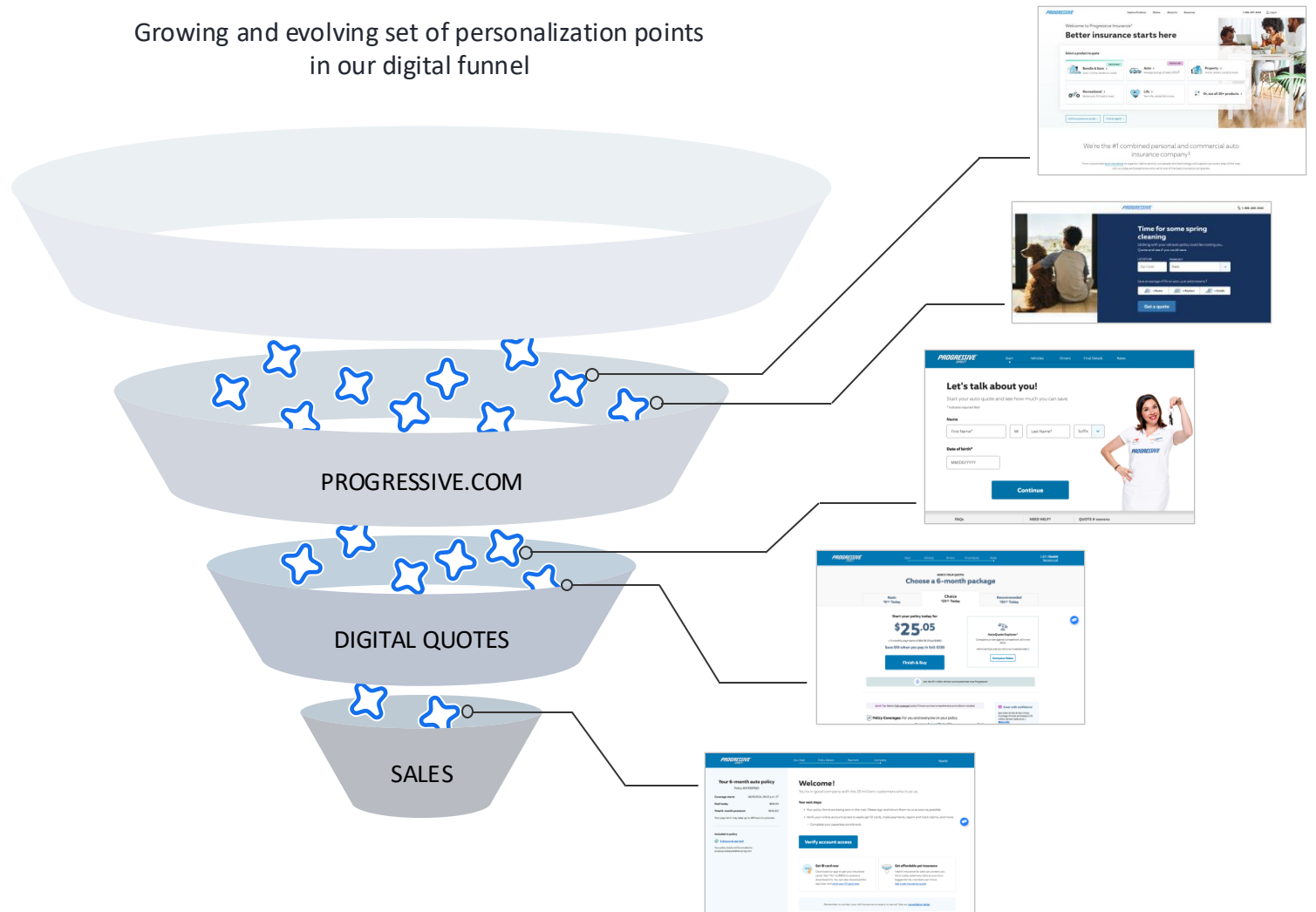
Direct quote is the “front end” of the product and must keep up while delivering a road map of better experience and sales throughput



DIRECT ACQUISITION

Personalization in the digital funnel

- Delivering the right content to the right consumer in the right context drives substantial value (aka personalization)
- Our Direct business has applied advanced technologies to personalize content and drive increased sales since 2017
- Cumulative benefits in hundreds of millions of dollars based on A/B tests in marketplace



DIRECT ACQUISITION

Evolving capability set

CONTEXT DATA

We continue to expand and evolve the data we can access in real time to drive decisions.

DELIVERY SYSTEM

The last mile must be in milliseconds or the value of the optimal content is negated. We continue advancing our infrastructure.



CONTENT

Delivering optimal messaging, images, and transactional elements to the right consumer in the right context is the ongoing objective function.

DECISION SCIENCE

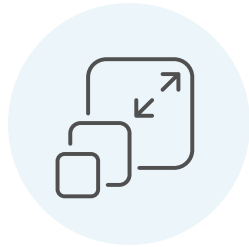
A growing set of models drives hundreds of millions of annual decisions—leveraging context data to optimize user experience.

DIRECT ACQUISITION

Acquisition Experience conclusion



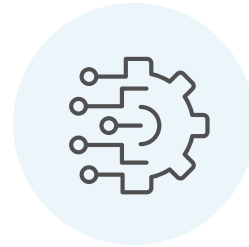
We've been online
for a long time



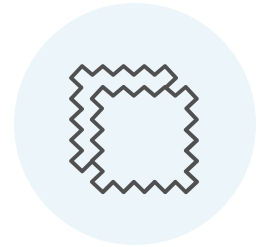
We have substantial scale
to test, learn, and
optimize



Tight coupling with
the product is a
critical success
factor



We continue to
advance our
technology enabled
personalization
capability set as we
deliver large scale in
market victories



Insure + tech is not a
new thing to label; it
has been part of
Progressive's fabric for
decades

Thank you

INVESTOR RELATIONS [Q2](#)

PROGRESSIVE