UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended March 31, 2023

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _____to_____

Commission File Number: 001-09518

THE PROGRESSIVE CORPORATION

(Exact name of registrant as specified in its charter)

Ohio	**34-0963169**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
6300 Wilson Mills Road, Mayfield Village, Ohio	**44143**
(Address of principal executive offices)	**(Zip Code)**

(440) 461-5000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, $1.00 Par Value	PGR	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Shares, $1.00 par value: 585,366,448 outstanding at March 31, 2023

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

The Progressive Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

(unaudited)

Three Months Ended March 31,	2023	2022
(millions — except per share amounts)		
Revenues		
Net premiums earned	$ 13,533.1	$ 11,802.9
Investment income	419.6	242.2
Net realized gains (losses) on securities:		
Net realized gains (losses) on security sales	(30.3)	(54.5)
Net holding period gains (losses) on securities	104.4	(388.6)
Net impairment losses recognized in earnings	(2.3)	(2.2)
Total net realized gains (losses) on securities	71.8	(445.3)
Fees and other revenues	206.2	174.0
Service revenues	72.5	67.7
Total revenues	14,303.2	11,841.5
Expenses		
Losses and loss adjustment expenses	10,624.0	8,858.4
Policy acquisition costs	1,115.8	963.4
Other underwriting expenses	1,857.9	1,506.3
Investment expenses	5.5	5.7
Service expenses	82.3	63.2
Interest expense	63.3	54.3
Total expenses	13,748.8	11,451.3
Net Income		
Income before income taxes	554.4	390.2
Provision for income taxes	106.5	76.3
Net income	447.9	313.9
Other Comprehensive Income (Loss)		
Changes in:		
Total net unrealized gains (losses) on fixed-maturity securities	603.2	(1,426.9)
Net unrealized losses on forecasted transactions	0.1	0.2
Foreign currency translation adjustment	0	0.2
Other comprehensive income (loss)	603.3	(1,426.5)
Comprehensive income (loss)	$ 1,051.2	$ (1,112.6)
Computation of Earnings Per Common Share		
Net income	$ 447.9	$ 313.9
Less: Preferred share dividends[1]	7.3	6.7
Net income available to common shareholders	$ 440.6	$ 307.2
Average common shares outstanding - Basic	584.9	584.3
Net effect of dilutive stock-based compensation	2.1	2.0
Total average equivalent common shares - Diluted	587.0	586.3
Basic: Earnings per common share	$ 0.75	$ 0.53
Diluted: Earnings per common share	$ 0.75	$ 0.52

[1] Changed to a floating dividend rate. See *Note 1 – Basis of Presentation* for further discussion.

See notes to consolidated financial statements.

The Progressive Corporation and Subsidiaries

Consolidated Balance Sheets

(unaudited)

(millions — except per share amounts)	March 31, 2023	March 31, 2022	December 31, 2022
Assets			
Available-for-sale securities, at fair value:			
Fixed maturities (amortized cost: $53,123.9, $48,082.7, and $50,264.0)	$ 50,289.2	$ 46,316.4	$ 46,651.9
Short-term investments (amortized cost: $2,524.1, $529.9, and $2,861.7)	2,524.1	529.9	2,861.7
Total available-for-sale securities	52,813.3	46,846.3	49,513.6
Equity securities, at fair value:			
Nonredeemable preferred stocks (cost: $1,197.7, $1,545.5, and $1,364.2)	1,078.8	1,527.5	1,213.2
Common equities (cost: $740.5, $1,281.7, and $826.1)	2,794.3	4,812.6	2,821.5
Total equity securities	3,873.1	6,340.1	4,034.7
Total investments	56,686.4	53,186.4	53,548.3
Cash and cash equivalents	273.7	272.7	203.5
Restricted cash and cash equivalents	14.9	14.6	17.4
Total cash, cash equivalents, restricted cash, and restricted cash equivalents	288.6	287.3	220.9
Accrued investment income	299.5	193.4	282.5
Premiums receivable, net of allowance for credit losses of $340.9, $276.2, and $343.3	12,411.4	10,519.0	10,416.9
Reinsurance recoverables	5,616.2	5,025.0	5,832.1
Prepaid reinsurance premiums	269.6	455.1	295.5
Deferred acquisition costs	1,626.8	1,407.7	1,544.4
Property and equipment, net of accumulated depreciation of $1,576.2, $1,455.7, and $1,551.1	949.0	1,104.4	1,034.0
Goodwill	227.9	452.7	227.9
Intangible assets, net of accumulated amortization of $164.0, $142.2, and $158.6	80.9	102.7	86.3
Net federal deferred income taxes	1,057.0	370.5	1,131.5
Other assets	893.8	825.4	844.7
Total assets	$ 80,407.1	$ 73,929.6	$ 75,465.0
Liabilities and Shareholders' Equity			
Unearned premiums	$ 19,844.3	$ 16,991.4	$ 17,293.6
Loss and loss adjustment expense reserves	31,026.4	26,754.2	30,359.3
Accounts payable, accrued expenses, and other liabilities	6,278.7	6,747.2	5,532.8
Debt[1]	6,389.3	6,385.6	6,388.3
Total liabilities	63,538.7	56,878.4	59,574.0
Serial Preferred Shares (authorized 20.0)			
Serial Preferred Shares, Series B, no par value (cumulative, liquidation preference $1,000 per share) (authorized, issued, and outstanding 0.5)	493.9	493.9	493.9
Common shares, $1.00 par value (authorized 900.0; issued 797.6, including treasury shares of 212.2, 212.7, and 212.7)	585.4	584.9	584.9
Paid-in capital	1,907.7	1,788.6	1,893.0
Retained earnings	16,080.1	15,569.6	15,721.2
Accumulated other comprehensive income (loss):			
Net unrealized gains (losses) on fixed-maturity securities	(2,183.1)	(1,370.7)	(2,786.3)
Net unrealized losses on forecasted transactions	(14.4)	(14.7)	(14.5)
Foreign currency translation adjustment	(1.2)	(0.4)	(1.2)
Total accumulated other comprehensive income (loss)	(2,198.7)	(1,385.8)	(2,802.0)
Total shareholders' equity	16,868.4	17,051.2	15,891.0
Total liabilities and shareholders' equity	$ 80,407.1	$ 73,929.6	$ 75,465.0

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

See notes to consolidated financial statements.

The Progressive Corporation and Subsidiaries

Consolidated Statements of Changes in Shareholders' Equity

(unaudited)

Three Months Ended March 31,	2023	2022
(millions — except per share amounts)		
Serial Preferred Shares, No Par Value		
Balance, beginning of period	$ 493.9	$ 493.9
Balance, end of period	493.9	493.9
Common Shares, $1.00 Par Value		
Balance, beginning of period	584.9	584.4
Treasury shares purchased	(0.2)	(0.3)
Net restricted equity awards issued/vested	0.7	0.8
Balance, end of period	585.4	584.9
Paid-In Capital		
Balance, beginning of period	1,893.0	1,772.9
Amortization of equity-based compensation	15.9	17.3
Treasury shares purchased	(0.8)	(0.8)
Net restricted equity awards issued/vested	(0.7)	(0.8)
Reinvested dividends on restricted stock units	0.3	0
Balance, end of period	1,907.7	1,788.6
Retained Earnings		
Balance, beginning of period	15,721.2	15,339.7
Net income	447.9	313.9
Treasury shares purchased	(31.7)	(27.6)
Cash dividends declared on common shares ($0.10 and $0.10 per share)	(58.5)	(58.4)
Reinvested dividends on restricted stock units	(0.3)	0
Other, net	1.5	2.0
Balance, end of period	16,080.1	15,569.6
Accumulated Other Comprehensive Income (Loss)		
Balance, beginning of period	(2,802.0)	40.7
Other comprehensive income (loss)	603.3	(1,426.5)
Balance, end of period	(2,198.7)	(1,385.8)
Total shareholders' equity	$ 16,868.4	$ 17,051.2

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

See notes to consolidated financial statements.

The Progressive Corporation and Subsidiaries

Consolidated Statements of Cash Flows

(unaudited)

Three Months Ended March 31,	2023	2022
(millions)		
Cash Flows From Operating Activities		
Net income	$ 447.9	$ 313.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	68.0	71.1
Amortization of intangible assets	5.4	14.6
Net amortization (accretion) of fixed-income securities	(5.0)	27.0
Amortization of equity-based compensation	15.9	17.3
Net realized (gains) losses on securities	(71.8)	445.3
Net (gains) losses on disposition of property and equipment	16.5	3.3
Changes in:		
Premiums receivable	(1,994.5)	(1,119.5)
Reinsurance recoverables	215.9	(44.5)
Prepaid reinsurance premiums	25.9	2.5
Deferred acquisition costs	(82.4)	(52.1)
Income taxes	106.6	76.2
Unearned premiums	2,550.7	1,375.6
Loss and loss adjustment expense reserves	667.1	590.1
Accounts payable, accrued expenses, and other liabilities	565.5	545.1
Other, net	(82.2)	236.4
Net cash provided by operating activities	2,449.5	2,502.3
Cash Flows From Investing Activities		
Purchases:		
Fixed maturities	(6,119.5)	(11,453.4)
Equity securities	(17.8)	(74.3)
Sales:		
Fixed maturities	2,202.6	5,889.9
Equity securities	277.3	59.2
Maturities, paydowns, calls, and other:		
Fixed maturities	976.0	1,177.6
Equity securities	25.1	39.3
Net (purchases) sales of short-term investments	360.8	413.1
Net change in unsettled security transactions	57.2	212.6
Purchases of property and equipment	(43.2)	(73.0)
Sales of property and equipment	4.3	6.5
Net cash used in investing activities	(2,277.2)	(3,802.5)
Cash Flows From Financing Activities		
Dividends paid to common shareholders	(58.5)	(58.5)
Dividends paid to preferred shareholders	(13.4)	(13.4)
Acquisition of treasury shares for restricted stock tax liabilities	(32.7)	(28.7)
Net proceeds from debt issuances	0	1,486.0
Net cash provided by (used in) financing activities	(104.6)	1,385.4
Increase in cash, cash equivalents, restricted cash, and restricted cash equivalents	67.7	85.2
Cash, cash equivalents, restricted cash, and restricted cash equivalents – January 1	220.9	202.1
Cash, cash equivalents, restricted cash, and restricted cash equivalents – March 31	$ 288.6	$ 287.3

See notes to consolidated financial statements.

1. BASIS OF REPORTING AND ACCOUNTING

The accompanying consolidated financial statements include the accounts of The Progressive Corporation, our wholly owned insurance and non-insurance subsidiaries and affiliates in which we have a controlling financial interest (Progressive).

The consolidated financial statements reflect all normal recurring adjustments that, in the opinion of management, were necessary for a fair statement of the results for the interim periods presented. The results of operations for the period ended March 31, 2023, are not necessarily indicative of the results expected for the full year. These consolidated financial statements and the notes thereto should be read in conjunction with Progressive's audited financial statements and accompanying notes included in Exhibit 13 to our Annual Report on Form 10-K for the year ended December 31, 2022 (2022 Annual Report to Shareholders).

Insurance Premiums and Receivables

We perform analyses to evaluate our premiums receivable for expected credit losses. See the 2022 Annual Report to Shareholders for a discussion on our premiums receivable allowance for credit loss policy. The following table summarizes changes in our allowance for credit loss exposure on our premiums receivable:

	Three Months Ended March 31,	
(millions)	**2023**	**2022**
Allowance for credit losses, beginning of period	$ 343.3	$ 280.4
Increase in allowance[1]	116.9	93.9
Write-offs[2]	(119.3)	(98.1)
Allowance for credit losses, end of period	$ 340.9	$ 276.2

[1] Represents the incremental increase in other underwriting expenses.
[2] Represents the portion of allowance that is reversed when premiums receivable are written off. Premiums receivable balances are written off once we have exhausted our collection efforts.

Property and Equipment

Included in other assets in the consolidated balance sheets are "held for sale" property. When property is transferred to held for sale, the property is written down to its fair value less estimated costs to sell the property. At March 31, 2023 and 2022, and December 31, 2022, we had held for sale property of $67.8 million, $20.2 million, and $48.7 million, respectively.

Earnings Per Share

Net income is reduced by preferred share dividends to determine net income available to common shareholders, and is used in our calculation of the per common share amounts. Beginning March 15, 2023, the annual dividend rate for our Series B Preferred Shares switched to a floating rate. The floating nature of the dividend rate will impact the amount of the adjustment required to calculate net income available to common shareholders. See *Note 9 – Dividends* for further discussion.

New Accounting Standards

During the first quarter 2023, the Financial Accounting Standards Board issued an Accounting Standards Update (ASU), which permits an election to amortize the cost of tax equity investments to the provision for income taxes if certain conditions are met. Currently, these investments are accounted for under the equity method of accounting. This ASU will be effective for fiscal years (including interim periods within those fiscal years) beginning after December 15, 2023 (2024 for calendar-year companies). If elected, this standard must be applied on either a modified retrospective or a retrospective basis. We are still evaluating whether we will elect this new standard, however, we do not expect this standard to have a material impact on our financial position or results of operations

2. INVESTMENTS

The following tables present the composition of our investment portfolio by major security type. Our securities are reported in our consolidated balance sheets at fair value. The changes in fair value for our fixed-maturity securities (other than hybrid securities) are reported as a component of accumulated other comprehensive income (loss), net of deferred income taxes, in our consolidated balance sheets. The net holding period gains (losses) reported below represent the inception-to-date changes in fair value for the hybrid and equity securities. The changes in the net holding period gains (losses) between periods are recorded as a component of net realized gains (losses) on securities in our consolidated statements of comprehensive income.

($ in millions)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Net Holding Period Gains (Losses)	Fair Value	% of Total Fair Value
March 31, 2023						
Available-for-sale securities:						
Fixed maturities:						
U.S. government obligations	$ 28,490.9	$ 68.8	$ (1,209.6)	$ 0	$ 27,350.1	48.3 %
State and local government obligations	2,222.4	0.9	(161.7)	0	2,061.6	3.6
Foreign government obligations	16.9	0	(1.1)	0	15.8	0.1
Corporate debt securities	11,195.8	45.6	(525.4)	(34.7)	10,681.3	18.8
Residential mortgage-backed securities	655.0	0.2	(16.3)	(8.9)	630.0	1.1
Commercial mortgage-backed securities	5,252.6	1.6	(751.2)	0	4,503.0	7.9
Other asset-backed securities	5,087.8	1.8	(222.5)	(1.3)	4,865.8	8.6
Redeemable preferred stocks	202.5	0	(5.2)	(15.7)	181.6	0.3
Total fixed maturities	53,123.9	118.9	(2,893.0)	(60.6)	50,289.2	88.7
Short-term investments	2,524.1	0	0	0	2,524.1	4.5
Total available-for-sale securities	55,648.0	118.9	(2,893.0)	(60.6)	52,813.3	93.2
Equity securities:						
Nonredeemable preferred stocks	1,197.7	0	0	(118.9)	1,078.8	1.9
Common equities	740.5	0	0	2,053.8	2,794.3	4.9
Total equity securities	1,938.2	0	0	1,934.9	3,873.1	6.8
Total portfolio[1]	$ 57,586.2	$ 118.9	$ (2,893.0)	$ 1,874.3	$ 56,686.4	100.0 %

($ in millions)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Net Holding Period Gains (Losses)	Fair Value	% of Total Fair Value
March 31, 2022						
Available-for-sale securities:						
Fixed maturities:						
U.S. government obligations	$ 20,399.6	$ 5.9	$ (876.7)	$ 0	$ 19,528.8	36.7 %
State and local government obligations	2,236.9	4.4	(97.1)	0	2,144.2	4.0
Foreign government obligations	18.3	0	(0.9)	0	17.4	0.1
Corporate debt securities	11,590.2	31.2	(315.5)	(25.9)	11,280.0	21.2
Residential mortgage-backed securities	962.3	1.1	(5.1)	(7.2)	951.1	1.8
Commercial mortgage-backed securities	7,296.4	2.2	(380.1)	0	6,918.5	13.0
Other asset-backed securities	5,359.9	1.1	(103.6)	(1.5)	5,255.9	9.9
Redeemable preferred stocks	219.1	0.1	(1.8)	3.1	220.5	0.4
Total fixed maturities	48,082.7	46.0	(1,780.8)	(31.5)	46,316.4	87.1
Short-term investments	529.9	0	0	0	529.9	1.0
Total available-for-sale securities	48,612.6	46.0	(1,780.8)	(31.5)	46,846.3	88.1
Equity securities:						
Nonredeemable preferred stocks	1,545.5	0	0	(18.0)	1,527.5	2.9
Common equities	1,281.7	0	0	3,530.9	4,812.6	9.0
Total equity securities	2,827.2	0	0	3,512.9	6,340.1	11.9
Total portfolio[1]	$ 51,439.8	$ 46.0	$ (1,780.8)	$ 3,481.4	$ 53,186.4	100.0 %

($ in millions)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Net Holding Period Gains (Losses)	Fair Value	% of Total Fair Value
December 31, 2022						
Available-for-sale securities:						
Fixed maturities:						
U.S. government obligations	$ 26,770.7	$ 1.4	$ (1,604.7)	$ 0	$ 25,167.4	47.0 %
State and local government obligations	2,180.0	0	(202.9)	0	1,977.1	3.7
Foreign government obligations	16.8	0	(1.3)	0	15.5	0.1
Corporate debt securities	10,125.8	9.8	(676.1)	(46.8)	9,412.7	17.6
Residential mortgage-backed securities	696.1	0.3	(17.5)	(12.1)	666.8	1.2
Commercial mortgage-backed securities	5,446.0	1.5	(784.0)	0	4,663.5	8.7
Other asset-backed securities	4,826.0	0.9	(260.5)	(1.8)	4,564.6	8.5
Redeemable preferred stocks	202.6	0	(4.5)	(13.8)	184.3	0.3
Total fixed maturities	50,264.0	13.9	(3,551.5)	(74.5)	46,651.9	87.1
Short-term investments	2,861.7	0	0	0	2,861.7	5.4
Total available-for-sale securities	53,125.7	13.9	(3,551.5)	(74.5)	49,513.6	92.5
Equity securities:						
Nonredeemable preferred stocks	1,364.2	0	0	(151.0)	1,213.2	2.3
Common equities	826.1	0	0	1,995.4	2,821.5	5.2
Total equity securities	2,190.3	0	0	1,844.4	4,034.7	7.5
Total portfolio[1]	$ 55,316.0	$ 13.9	$ (3,551.5)	$ 1,769.9	$ 53,548.3	100.0 %

[1] At March 31, 2023 and 2022, we had $22.8 million and $356.0 million, respectively, of net unsettled security purchase transactions included in other liabilities, compared to $34.4 million included in other assets at December 31, 2022.

The total fair value of the portfolio at March 31, 2023 and 2022, and December 31, 2022, included $4.1 billion, $5.1 billion, and $4.4 billion, respectively, of securities held in a consolidated, non-insurance subsidiary of the holding company, net of unsettled security transactions.

At March 31, 2023, bonds and certificates of deposit in the principal amount of $604.4 million were on deposit to meet state insurance regulatory requirements. We did not hold any securities of any one issuer, excluding U.S. government obligations, with an aggregate cost or fair value exceeding 10% of total shareholders' equity at March 31, 2023 or 2022, or December 31, 2022. At March 31, 2023, we did not hold any debt securities that were non-income producing during the preceding 12 months.

Short-Term Investments Our short-term investments may include commercial paper and other investments that are expected to mature or are redeemable within one year.

We did not enter into any repurchase or reverse repurchase transactions during the first quarter 2023, but did invest in repurchase transactions during 2022; however, we did not have any open positions at March 31, 2023 and 2022, or December 31, 2022. To the extent we enter into repurchase or reverse repurchase transactions, consistent with past practice, we would elect not to offset these transactions and would report them on a gross basis in our consolidated balance sheets, despite the option to elect to offset these transactions as long as they were with the same counterparty and subject to an enforceable master netting arrangement.

Hybrid Securities Certain securities in our fixed-maturity portfolio are accounted for as hybrid securities because they contain embedded derivatives that are not deemed to be clearly and closely related to the host investments. These securities are reported at fair value:

	March 31,		
(millions)	2023	2022	Dec. 31, 2022
Fixed Maturities:			
Corporate debt securities	$ 548.6	$ 535.8	$ 535.4
Residential mortgage-backed securities	482.1	721.7	509.6
Other asset-backed securities	33.8	75.0	42.0
Redeemable preferred stocks	132.8	152.1	134.7
Total hybrid securities	$ 1,197.3	$ 1,484.6	$ 1,221.7

Since the embedded derivatives (e.g., change-in-control put option, debt-to-equity conversion, or any other feature unrelated to the credit quality or risk of default of the issuer that could impact the amount or timing of our expected future cash flows) do not have observable intrinsic values, we use the fair value option to record the changes in fair value of these securities through income as a component of net realized gains or losses.

Fixed Maturities The composition of fixed maturities by maturity at March 31, 2023, was:

(millions)	Cost	Fair Value
Less than one year	$ 7,941.7	$ 7,706.0
One to five years	31,574.9	30,132.2
Five to ten years	13,505.5	12,353.0
Ten years or greater	101.8	98.0
Total	$ 53,123.9	$ 50,289.2

Asset-backed securities are classified in the maturity distribution table based upon their projected cash flows. All other securities that do not have a single maturity date are reported based upon expected average maturity. Contractual maturities may differ from expected maturities because the issuers of the securities may have the right to call or prepay obligations.

Gross Unrealized Losses The following tables show the composition of gross unrealized losses by major security type and by the length of time that individual securities have been in a continuous unrealized loss position:

				Less than 12 Months			12 Months or Greater		
($ in millions)	Total No. of Sec.	Total Fair Value	Gross Unrealized Losses	No. of Sec.	Fair Value	Unrealized Losses	No. of Sec.	Fair Value	Unrealized Losses
March 31, 2023									
U.S. government obligations	148	$ 19,446.8	$ (1,209.6)	40	$ 5,938.5	$ (127.5)	108	$ 13,508.3	$ (1,082.1)
State and local government obligations	343	1,943.6	(161.7)	72	350.7	(7.4)	271	1,592.9	(154.3)
Foreign government obligations	1	15.8	(1.1)	0	0	0	1	15.8	(1.1)
Corporate debt securities	390	8,129.9	(525.4)	93	2,239.3	(75.5)	297	5,890.6	(449.9)
Residential mortgage-backed securities	43	141.7	(16.3)	13	10.0	(0.4)	30	131.7	(15.9)
Commercial mortgage-backed securities	220	4,484.5	(751.2)	11	53.4	(1.5)	209	4,431.1	(749.7)
Other asset-backed securities	267	4,391.9	(222.5)	61	884.8	(6.2)	206	3,507.1	(216.3)
Redeemable preferred stocks	4	48.8	(5.2)	1	10.6	(1.4)	3	38.2	(3.8)
Total fixed maturities	1,416	$ 38,603.0	$ (2,893.0)	291	$ 9,487.3	$ (219.9)	1,125	$ 29,115.7	$ (2,673.1)

				Less than 12 Months			12 Months or Greater		
($ in millions)	Total No. of Sec.	Total Fair Value	Gross Unrealized Losses	No. of Sec.	Fair Value	Unrealized Losses	No. of Sec.	Fair Value	Unrealized Losses
March 31, 2022									
U.S. government obligations	116	$ 18,478.0	$ (876.7)	97	$ 15,467.4	$ (649.4)	19	$ 3,010.6	$ (227.3)
State and local government obligations	290	1,767.7	(97.1)	279	1,627.3	(82.1)	11	140.4	(15.0)
Foreign government obligations	1	17.4	(0.9)	1	17.4	(0.9)	0	0	0
Corporate debt securities	416	7,830.6	(315.5)	407	7,623.8	(294.2)	9	206.8	(21.3)
Residential mortgage-backed securities	32	201.8	(5.1)	26	189.0	(4.1)	6	12.8	(1.0)
Commercial mortgage-backed securities	264	6,584.4	(380.1)	245	6,133.0	(327.9)	19	451.4	(52.2)
Other asset-backed securities	269	4,927.4	(103.6)	263	4,873.8	(102.7)	6	53.6	(0.9)
Redeemable preferred stocks	3	37.4	(1.8)	2	26.4	(0.3)	1	11.0	(1.5)
Total fixed maturities	1,391	$ 39,844.7	$ (1,780.8)	1,320	$ 35,958.1	$ (1,461.6)	71	$ 3,886.6	$ (319.2)

($ in millions)	Total No. of Sec.	Total Fair Value	Gross Unrealized Losses	Less than 12 Months			12 Months or Greater		
				No. of Sec.	Fair Value	Unrealized Losses	No. of Sec.	Fair Value	Unrealized Losses
December 31, 2022									
U.S. government obligations	160	$ 24,802.5	$ (1,604.7)	90	$ 17,327.2	$ (699.2)	70	$ 7,475.3	$ (905.5)
State and local government obligations	348	1,948.8	(202.9)	239	1,124.2	(76.8)	109	824.6	(126.1)
Foreign government obligations	1	15.5	(1.3)	0	0	0	1	15.5	(1.3)
Corporate debt securities	422	8,449.6	(676.1)	285	5,717.6	(426.1)	137	2,732.0	(250.0)
Residential mortgage-backed securities	45	151.0	(17.5)	27	65.1	(6.8)	18	85.9	(10.7)
Commercial mortgage-backed securities	226	4,651.1	(784.0)	99	1,702.0	(192.1)	127	2,949.1	(591.9)
Other asset-backed securities	262	4,247.8	(260.5)	130	2,144.8	(100.9)	132	2,103.0	(159.6)
Redeemable preferred stocks	4	49.6	(4.5)	3	38.5	(3.1)	1	11.1	(1.4)
Total fixed maturities	1,468	$ 44,315.9	$ (3,551.5)	873	$ 28,119.4	$ (1,505.0)	595	$ 16,196.5	$ (2,046.5)

As of March 31, 2023, we had four securities that had their credit ratings downgraded during the quarter, with a combined fair value of $28.8 million and an unrealized loss of $1.7 million.

A review of the securities in an unrealized loss position indicated that the issuers were current with respect to their interest obligations and that there was no evidence of deterioration of the current cash flow projections that would indicate we would not receive the remaining principal at maturity.

Allowance For Credit and Uncollectible Losses We are required to measure the amount of potential credit losses for all fixed-maturity securities in an unrealized loss position. We did not record any allowances for credit losses or any write-offs for amounts deemed to be uncollectible during the first three months of 2023 or 2022, and did not have a material credit loss allowance balance as of March 31, 2023 and 2022, or December 31, 2022. We considered several factors and inputs related to the individual securities as part of our analysis. The methodology and significant inputs used to measure the amount of credit losses in our portfolio included:

- current performance indicators on the business model or underlying assets (e.g., delinquency rates, foreclosure rates, and default rates);
- credit support (via current levels of subordination);
- historical credit ratings; and
- updated cash flow expectations based upon these performance indicators.

In order to determine the amount of credit loss, if any, we initially reviewed securities in a loss position to determine whether it was likely that we would be required, or intended, to sell any of the securities prior to the recovery of their respective cost bases (which could be maturity). If we were likely to, or intended to, sell prior to a potential recovery, we would write off the unrealized loss. For those securities that we determined we were not likely to, or did not intend to, sell prior to a potential recovery, we performed additional analysis to determine if the loss was credit related. For securities subject to credit related loss, we calculated the net present value (NPV) of the cash flows expected (i.e., expected recovery value) using the current book yield for each security. The NPV was then compared to the security's current amortized value to determine if a credit loss existed. In the event that the NPV was below the amortized value, and the amount was determined to be material individually, or in aggregate, a credit loss would be deemed to exist, and either an allowance for credit losses would be created, or if an allowance currently existed, either a recovery of the previous allowance, or an incremental loss, would be recorded to net realized gains (losses) on securities.

As of March 31, 2023 and 2022, and December 31, 2022, we believe none of the unrealized losses were related to material credit losses on any specific securities, or in the aggregate. We continue to expect all the securities in our portfolio to pay their principal and interest obligations.

In addition, we reviewed our accrued investment income outstanding on those securities in an unrealized loss position at March 31, 2023 and 2022, and December 31, 2022, to determine if the accrued interest amounts were determined to be uncollectible. Based on our analysis, we believe the issuers have sufficient liquidity and capital reserves to meet their current interest, and future principal, obligations and, therefore, did not write off any accrued income as uncollectible at March 31, 2023 and 2022, or December 31, 2022.

Realized Gains (Losses) The components of net realized gains (losses) for the three months ended March 31, were:

	Three Months	
(millions)	**2023**	**2022**
Gross realized gains on security sales		
Available-for-sale securities:		
U.S. government obligations	$ 3.8	$ 3.3
Corporate debt securities	0.1	4.5
Residential mortgage-backed securities	0	0.1
Other asset-backed securities	0	0.1
Total available-for-sale securities	3.9	8.0
Equity securities:		
Nonredeemable preferred stocks	0.1	17.3
Common equities	132.0	0.5
Total equity securities	132.1	17.8
Subtotal gross realized gains on security sales	136.0	25.8
Gross realized losses on security sales		
Available-for-sale securities:		
U.S. government obligations	(11.5)	(69.2)
State and local government obligations	0	(1.0)
Corporate debt securities	(20.4)	(7.7)
Commercial mortgage-backed securities	(34.5)	0
Other asset-backed securities	(0.2)	(0.1)
Short-term investments	(0.1)	0
Total available-for-sale securities	(66.7)	(78.0)
Equity securities:		
Nonredeemable preferred stocks	(101.0)	(1.7)
Common equities	(11.8)	(0.6)
Total equity securities	(112.8)	(2.3)
Subtotal gross realized losses on security sales	(179.5)	(80.3)
Net realized gains (losses) on security sales		
Available-for-sale securities:		
U.S. government obligations	(7.7)	(65.9)
State and local government obligations	0	(1.0)
Corporate debt securities	(20.3)	(3.2)
Residential mortgage-backed securities	0	0.1
Commercial mortgage-backed securities	(34.5)	0
Other asset-backed securities	(0.2)	0
Short-term investments	(0.1)	0
Total available-for-sale securities	(62.8)	(70.0)
Equity securities:		
Nonredeemable preferred stocks	(100.9)	15.6
Common equities	120.2	(0.1)
Total equity securities	19.3	15.5
Subtotal net realized gains (losses) on security sales	(43.5)	(54.5)
Other assets		
Gain	13.2	0
Impairment	(2.3)	(2.2)
Subtotal net realized gains (losses) on other assets	10.9	(2.2)
Net holding period gains (losses)		
Hybrid securities	13.9	(39.0)
Equity securities	90.5	(349.6)
Subtotal net holding period gains (losses)	104.4	(388.6)
Total net realized gains (losses) on securities	$ 71.8	$ (445.3)

Realized gains (losses) on securities sold are computed using the first-in-first-out method. For the first three months of 2023, the gross gains in common equities reflected sales of securities, as part of our plan to incrementally reduce risk in the portfolio in response to the potential of a more difficult economic environment over the near term. The gross loss from the fixed-maturity sales reflected the continued rise in interest rates throughout 2022, which resulted in valuation declines for most of our available-for-sale securities. In addition, during the first quarter 2023, we selectively sold securities, which were primarily corporate debt securities and commercial mortgage-backed securities. The gross loss incurred in our nonredeemable preferred stocks is primarily related to the sale of certain of our holdings in U. S. bank preferred stocks. The other asset gain for 2023, related to proceeds received as the result of litigation in conjunction with three renewable energy investments we made from 2016 through 2018 (the original investments were previously written down in full). The other asset impairment loss was recorded as a result of our investment in a federal new markets tax credit fund, which was entered into during the second quarter 2021, and is reported in other assets in the consolidated balance sheets.

The following table reflects our holding period realized gains (losses) recognized on equity securities held at the respective quarter ends:

	Three Months	
(millions)	**2023**	**2022**
Total net gains (losses) recognized during the period on equity securities	$ 109.8	$ (334.1)
Less: Net gains (losses) recognized on equity securities sold during the period	19.3	15.5
Net holding period gains (losses) recognized during the period on equity securities held at period end	$ 90.5	$ (349.6)

Net Investment Income The components of net investment income for the three months ended March 31, were:

	Three Months	
(millions)	**2023**	**2022**
Available-for-sale securities:		
Fixed maturities:		
U.S. government obligations	$ 163.2	$ 51.4
State and local government obligations	10.6	9.2
Foreign government obligations	0.1	0.1
Corporate debt securities	83.6	68.1
Residential mortgage-backed securities	9.2	4.8
Commercial mortgage-backed securities	50.0	43.3
Other asset-backed securities	48.5	25.1
Redeemable preferred stocks	2.9	2.5
Total fixed maturities	368.1	204.5
Short-term investments	24.7	0.4
Total available-for-sale securities	392.8	204.9
Equity securities:		
Nonredeemable preferred stocks	15.1	18.2
Common equities	11.7	19.1
Total equity securities	26.8	37.3
Investment income	419.6	242.2
Investment expenses	(5.5)	(5.7)
Net investment income	$ 414.1	$ 236.5

On a year-over-year basis, investment income (interest and dividends) increased 73% and the recurring investment book yield increased 50%, compared to the same periods last year, primarily due to an increase in interest rates on floating-rate securities in our portfolio and investing new cash and cash from maturities in higher interest rate securities given the rising interest rate environment.

3. FAIR VALUE

We have categorized our financial instruments, based on the degree of subjectivity inherent in the method by which they are valued, into a fair value hierarchy of three levels, as follows:

- *Level 1*: Inputs are unadjusted, quoted prices in active markets for identical instruments at the measurement date (e.g., U.S. government obligations, which are continually priced on a daily basis, active exchange-traded equity securities, and certain short-term securities).

- *Level 2*: Inputs (other than quoted prices included within Level 1) that are observable for the instrument either directly or indirectly (e.g., certain corporate and municipal bonds and certain preferred stocks). This includes: (i) quoted prices for similar instruments in active markets, (ii) quoted prices for identical or similar instruments in markets that are not active, (iii) inputs other than quoted prices that are observable for the instruments, and (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- *Level 3*: Inputs that are unobservable. Unobservable inputs reflect our subjective evaluation about the assumptions market participants would use in pricing the financial instrument (e.g., certain structured securities and privately held investments).

Determining the fair value of the investment portfolio is the responsibility of management. As part of that responsibility, we evaluate whether a market is distressed or inactive in determining the fair value for our portfolio. We review certain market level inputs to evaluate whether sufficient activity, volume, and new issuances exist to create an active market. Based on this evaluation, we concluded that there was sufficient activity related to the sectors and securities for which we obtained valuations.

The composition of the investment portfolio by major security type and our outstanding debt was:

	Fair Value				
(millions)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Cost**
March 31, 2023					
Fixed maturities:					
U.S. government obligations	$ 27,350.1	$ 0	$ 0	$ 27,350.1	$ 28,490.9
State and local government obligations	0	2,061.6	0	2,061.6	2,222.4
Foreign government obligations	0	15.8	0	15.8	16.9
Corporate debt securities	0	10,681.3	0	10,681.3	11,195.8
Subtotal	27,350.1	12,758.7	0	40,108.8	41,926.0
Asset-backed securities:					
Residential mortgage-backed	0	630.0	0	630.0	655.0
Commercial mortgage-backed	0	4,503.0	0	4,503.0	5,252.6
Other asset-backed	0	4,865.8	0	4,865.8	5,087.8
Subtotal asset-backed securities	0	9,998.8	0	9,998.8	10,995.4
Redeemable preferred stocks:					
Financials	0	40.0	0	40.0	43.5
Utilities	0	8.8	0	8.8	10.5
Industrials	9.6	123.2	0	132.8	148.5
Subtotal redeemable preferred stocks	9.6	172.0	0	181.6	202.5
Total fixed maturities	27,359.7	22,929.5	0	50,289.2	53,123.9
Short-term investments	2,524.1	0	0	2,524.1	2,524.1
Total available-for-sale securities	29,883.8	22,929.5	0	52,813.3	55,648.0
Equity securities:					
Nonredeemable preferred stocks:					
Financials	40.0	884.5	67.4	991.9	1,102.7
Utilities	0	70.5	0	70.5	80.0
Industrials	0	0	16.4	16.4	15.0
Subtotal nonredeemable preferred stocks	40.0	955.0	83.8	1,078.8	1,197.7
Common equities:					
Common stocks	2,755.7	0	18.3	2,774.0	720.2
Other risk investments	0	0	20.3	20.3	20.3
Subtotal common equities	2,755.7	0	38.6	2,794.3	740.5
Total equity securities	2,795.7	955.0	122.4	3,873.1	1,938.2
Total portfolio	$ 32,679.5	$ 23,884.5	$ 122.4	$ 56,686.4	$ 57,586.2
Debt	$ 0	$ 5,881.0	$ 0	$ 5,881.0	$ 6,389.3

(millions)	Fair Value				Cost
	Level 1	Level 2	Level 3	Total	
March 31, 2022					
Fixed maturities:					
U.S. government obligations	$ 19,528.8	$ 0	$ 0	$ 19,528.8	$ 20,399.6
State and local government obligations	0	2,144.2	0	2,144.2	2,236.9
Foreign government obligations	0	17.4	0	17.4	18.3
Corporate debt securities	0	11,280.0	0	11,280.0	11,590.2
Subtotal	19,528.8	13,441.6	0	32,970.4	34,245.0
Asset-backed securities:					
Residential mortgage-backed	0	951.1	0	951.1	962.3
Commercial mortgage-backed	0	6,918.5	0	6,918.5	7,296.4
Other asset-backed	0	5,255.9	0	5,255.9	5,359.9
Subtotal asset-backed securities	0	13,125.5	0	13,125.5	13,618.6
Redeemable preferred stocks:					
Financials	0	61.2	0	61.2	62.6
Utilities	0	7.2	0	7.2	7.5
Industrials	10.3	141.8	0	152.1	149.0
Subtotal redeemable preferred stocks	10.3	210.2	0	220.5	219.1
Total fixed maturities	19,539.1	26,777.3	0	46,316.4	48,082.7
Short-term investments	512.9	17.0	0	529.9	529.9
Total available-for-sale securities	20,052.0	26,794.3	0	46,846.3	48,612.6
Equity securities:					
Nonredeemable preferred stocks:					
Financials	92.2	1,237.3	61.4	1,390.9	1,425.4
Utilities	0	78.1	0	78.1	80.0
Industrials	0	24.6	33.9	58.5	40.1
Subtotal nonredeemable preferred stocks	92.2	1,340.0	95.3	1,527.5	1,545.5
Common equities:					
Common stocks	4,743.2	49.3	0	4,792.5	1,261.6
Other risk investments	0	0	20.1	20.1	20.1
Subtotal common equities	4,743.2	49.3	20.1	4,812.6	1,281.7
Total equity securities	4,835.4	1,389.3	115.4	6,340.1	2,827.2
Total portfolio	$ 24,887.4	$ 28,183.6	$ 115.4	$ 53,186.4	$ 51,439.8
Debt	$ 0	$ 6,692.6	$ 0	$ 6,692.6	$ 6,385.6

(millions)	Fair Value Level 1	Level 2	Level 3	Total	Cost
December 31, 2022					
Fixed maturities:					
U.S. government obligations	$ 25,167.4	$ 0	$ 0	$ 25,167.4	$ 26,770.7
State and local government obligations	0	1,977.1	0	1,977.1	2,180.0
Foreign government obligations	0	15.5	0	15.5	16.8
Corporate debt securities	0	9,412.7	0	9,412.7	10,125.8
Subtotal	25,167.4	11,405.3	0	36,572.7	39,093.3
Asset-backed securities:					
Residential mortgage-backed	0	666.8	0	666.8	696.1
Commercial mortgage-backed	0	4,663.5	0	4,663.5	5,446.0
Other asset-backed	0	4,564.6	0	4,564.6	4,826.0
Subtotal asset-backed securities	0	9,894.9	0	9,894.9	10,968.1
Redeemable preferred stocks:					
Financials	0	40.5	0	40.5	43.6
Utilities	0	9.1	0	9.1	10.5
Industrials	9.2	125.5	0	134.7	148.5
Subtotal redeemable preferred stocks	9.2	175.1	0	184.3	202.6
Total fixed maturities	25,176.6	21,475.3	0	46,651.9	50,264.0
Short-term investments	2,800.7	61.0	0	2,861.7	2,861.7
Total available-for-sale securities	27,977.3	21,536.3	0	49,513.6	53,125.7
Equity securities:					
Nonredeemable preferred stocks:					
Financials	39.0	994.4	67.4	1,100.8	1,244.2
Utilities	0	71.2	0	71.2	79.9
Industrials	0	24.8	16.4	41.2	40.1
Subtotal nonredeemable preferred stocks	39.0	1,090.4	83.8	1,213.2	1,364.2
Common equities:					
Common stocks	2,783.4	0	18.3	2,801.7	806.3
Other risk investments	0	0	19.8	19.8	19.8
Subtotal common equities	2,783.4	0	38.1	2,821.5	826.1
Total equity securities	2,822.4	1,090.4	121.9	4,034.7	2,190.3
Total portfolio	$ 30,799.7	$ 22,626.7	$ 121.9	$ 53,548.3	$ 55,316.0
Debt	$ 0	$ 5,717.9	$ 0	$ 5,717.9	$ 6,388.3

Our portfolio valuations, excluding short-term investments, classified as either Level 1 or Level 2 in the above tables are priced exclusively by external sources, including pricing vendors, dealers/market makers, and exchange-quoted prices.

Our short-term investments classified as Level 1 are highly liquid, actively marketed, and have a very short duration, primarily 90 days or less to redemption. These securities are held at their original cost, adjusted for any accretion of discount, since that value very closely approximates what an active market participant would be willing to pay for such securities. The remainder of our short-term investments are classified as Level 2 and are not priced externally since these securities continually trade at par value. These securities are classified as Level 2 since they are primarily longer-dated securities issued by municipalities that contain either liquidity facilities or mandatory put features within one year.

At March 31, 2023, vendor-quoted prices represented 91% of our Level 1 classifications (excluding short-term investments), compared to 81% and 90% at March 31, 2022 and December 31, 2022, respectively. The securities quoted by vendors in Level 1 primarily represent our holdings in U.S. Treasury Notes, which are frequently traded, and the quotes are considered similar to exchange-traded quotes. The balance of our Level 1 pricing comes

from quotes obtained directly from trades made on active exchanges.

At both March 31, 2023 and December 31, 2022, vendor-quoted prices comprised 98% of our Level 2 classifications (excluding short-term investments and common stock), while dealer-quoted prices represented the remaining 2%, compared to 97% and 3% at March 31, 2022. In our process for selecting a source (e.g., dealer or pricing service) to provide pricing for securities in our portfolio, we reviewed documentation from the sources that detailed the pricing techniques and methodologies used by these sources and determined if their policies adequately considered market activity, either based on specific transactions for the particular security type or based on modeling of securities with similar credit quality, duration, yield, and structure that were recently transacted. Once a source is chosen, we continue to monitor any changes or modifications to their processes by reviewing their documentation on internal controls for pricing and market reviews. We review quality control measures of our sources as they become available to determine if any significant changes have occurred from period to period that might indicate issues or concerns regarding their evaluation or market coverage.

As part of our pricing procedures, we obtain quotes from more than one source to help us fully evaluate the market price of securities. However, our internal pricing policy is to use a consistent source for individual securities in order to maintain the integrity of our valuation process. Quotes obtained from the sources are not considered binding offers to transact. Under our policy, when a review of the valuation received from our selected source appears to be outside of what is considered market level activity (which is defined as trading at spreads or yields significantly different than those of comparable securities or outside the general sector level movement without a reasonable explanation), we may use an alternate source's price. To the extent we determine that it may be prudent to substitute one source's price for another, we will contact the initial source to obtain an understanding of the factors that may be contributing to the significant price variance.

To allow us to determine if our initial source is providing a price that is outside of a reasonable range, we review our portfolio pricing on a weekly basis. When necessary, we challenge prices from our sources when a price provided does not match our expectations based on our evaluation of market trends and activity. Initially, we perform a review of our portfolio by sector to identify securities whose prices appear outside of a reasonable range. We then perform a more detailed review of fair values for securities disclosed as Level 2. We review dealer bids and quotes for these and/or similar securities to determine the market level context for our valuations. We then evaluate inputs relevant for each class of securities disclosed in the preceding hierarchy tables.

For structured debt securities, including commercial, residential, and other asset-backed securities, we evaluate available market-related data for these and similar securities related to collateral, delinquencies, and defaults for historical trends and reasonably estimable projections, as well as historical prepayment rates and current prepayment assumptions and cash flow estimates. We further stratify each class of our structured debt securities into more finite sectors (e.g., planned amortization class, first pay, second pay, senior, subordinated, etc.) and use duration, credit quality, and coupon to determine if the fair value is appropriate.

For corporate debt and preferred stock (redeemable and nonredeemable) portfolios, as well as the notes issued by The Progressive Corporation (see *Note 4 – Debt*), we review securities by duration, coupon, and credit quality, as well as changes in interest rate and credit spread movements within that stratification. The review also includes recent trades, including: volume traded at various levels that establish a market; issuer specific fundamentals; and industry specific economic news as it comes to light.

For municipal securities (e.g., general obligations, revenue, and housing), we stratify the portfolio to evaluate securities by type, coupon, credit quality, and duration to review price changes relative to credit spread and interest rate changes. Additionally, we look to economic data as it relates to geographic location as an indication of price-to-call or maturity predictors. For municipal housing securities, we look to changes in cash flow projections, both historical and reasonably estimable projections, to understand yield changes and their effect on valuation.

For short-term securities, we look at acquisition price relative to the coupon or yield. Since our short-term securities are typically 90 days or less to maturity, with the majority listed in Level 2 being 30 days or less to redemption, we believe that acquisition price is the best estimate of fair value.

We also review data assumptions as supplied by our sources to determine if that data is relevant to current market conditions. In addition, we independently review each sector for transaction volumes, new issuances, and changes in spreads, as well as the overall movement of interest rates along the yield curve to determine if sufficient activity and liquidity exists to provide a credible source for our market valuations.

During each valuation period, we create internal estimations of portfolio valuation (performance returns), based on current market-related activity (i.e., interest rate and credit spread movements and other credit-related factors) within each major sector of our portfolio. We compare our internally generated portfolio results with those generated based on quotes we receive externally and research material valuation differences. We compare our results to index returns for each major sector adjusting for duration and credit quality differences to better understand

our portfolio's results. Additionally, we review on a monthly basis our external sales transactions and compare the actual final market sales prices to previous market valuation prices. This review provides us further validation that our pricing sources are providing market level prices, since we are able to explain significant price changes (i.e., greater than 2%) as known events occur in the marketplace and affect a particular security's price at sale.

This analysis provides us with additional comfort regarding the source's process, the quality of its review, and its willingness to improve its analysis based on feedback from clients. We believe this effort helps ensure that we are reporting the most representative fair values for our securities.

After all the valuations are received and our review of Level 2 securities is complete, if the inputs used by vendors are determined to not contain sufficient observable market information, we will reclassify the affected securities to Level 3.

Except as described below, our Level 3 securities are priced externally; however, due to several factors (e.g., nature of the securities, level of activity, and lack of similar securities trading to obtain observable market level inputs), these valuations are more subjective in nature.

To the extent we receive prices from external sources (e.g., broker, valuation firm) for the Level 3 securities, we review those prices for reasonableness using internally developed assumptions and then compare our derived prices to the prices received from the external sources. Based on our review, all prices received from external sources remained unadjusted.

If we do not receive prices from an external source, we perform an internal fair value comparison, which includes a review and analysis of market-comparable securities, to determine if fair value changes are needed. Based on this analysis, certain private equity investments included in the Level 3 category remain valued at cost or were priced using a recent transaction as the basis for fair value. At least annually, these private equity investments are priced by an external source.

Our Level 3 other risk investments include securities accounted for under the equity method of accounting and, therefore, are not subject to fair value reporting. Since these securities represent less than 0.1% of our total portfolio, we will continue to include them in our Level 3 disclosures and report the activity from these investments as "other" changes in the summary of changes in fair value table and categorize these securities as "pricing exemption securities" in the quantitative information table.

The Level 2 common stock held at March 31, 2022 was transferred to Level 3 at December 31, 2022. At March 31, 2023 and 2022, and December 31, 2022, we did not have any securities in our fixed-maturity portfolio listed as Level 3.

During the first three months of 2023 and 2022, there were no material assets or liabilities measured at fair value on a nonrecurring basis.

Due to the relative size of the Level 3 securities' fair values compared to the total portfolio's fair value, any changes in pricing methodology would not have a significant change in valuation that would materially impact net or comprehensive income.

The following tables provide a summary of changes in fair value associated with Level 3 assets for the three months ended March 31, 2023 and 2022:

	Level 3 Fair Value							
(millions)	Fair Value at Dec. 31, 2022	Calls/ Maturities/ Paydowns/Other	Purchases	Sales	Net Realized (Gain)/Loss on Sales	Change in Valuation	Net Transfers In (Out)	Fair Value at March 31, 2023
Equity securities:								
Nonredeemable preferred stocks:								
Financials	$ 67.4	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 67.4
Industrials	16.4	0	0	0	0	0	0	16.4
Common equities:								
Common stocks	18.3	0	0	0	0	0	0	18.3
Other risk investments	19.8	0.5	0	0	0	0	0	20.3
Total Level 3 securities	$ 121.9	$ 0.5	$ 0	$ 0	$ 0	$ 0	$ 0	$ 122.4

	Level 3 Fair Value							
(millions)	Fair Value at Dec. 31, 2021	Calls/ Maturities/ Paydowns/Other	Purchases	Sales	Net Realized (Gain)/Loss on Sales	Change in Valuation	Net Transfers In (Out)	Fair Value at March 31, 2022
Equity securities:								
Nonredeemable preferred stocks:								
Financials	$ 76.4	$ 0	$ 0	$ (15.0)	$ (17.2)	$ 17.2	$ 0	$ 61.4
Industrials	34.4	(0.5)	0	0	0	0	0	33.9
Common equities:								
Other risk investments	16.9	3.2	0	0	0	0	0	20.1
Total Level 3 securities	$ 127.7	$ 2.7	$ 0	$ (15.0)	$ (17.2)	$ 17.2	$ 0	$ 115.4

The following tables provide a summary of the quantitative information about Level 3 fair value measurements for our applicable securities at March 31, 2023 and 2022, and December 31, 2022:

		Quantitative Information about Level 3 Fair Value Measurements				
($ in millions)		**Fair Value at March 31, 2023**	**Valuation Technique**	**Unobservable Input**	**Range of Input Values Increase (Decrease)**	**Weighted Average Increase (Decrease)**
Equity securities:						
Nonredeemable preferred stocks	$	83.8	Market comparables	Weighted average market capitalization price change %	2.7% to 23.3%	9.2 %
Common stocks		18.3	Market comparables	Weighted average market capitalization price change %	(51.3)% to 48.3%	15.6 %
Subtotal Level 3 securities		102.1				
Pricing exemption securities		20.3				
Total Level 3 securities	$	122.4				

		Quantitative Information about Level 3 Fair Value Measurements				
($ in millions)		**Fair Value at March 31, 2022**	**Valuation Technique**	**Unobservable Input**	**Range of Input Values Increase (Decrease)**	**Weighted Average Increase (Decrease)**
Equity securities:						
Nonredeemable preferred stocks	$	95.3	Market comparables	Weighted average market capitalization price change %	(27.9)% to (12.7)%	20.1 %
Subtotal Level 3 securities		95.3				
Pricing exemption securities		20.1				
Total Level 3 securities	$	115.4				

		Quantitative Information about Level 3 Fair Value Measurements				
($ in millions)		**Fair Value at Dec. 31, 2022**	**Valuation Technique**	**Unobservable Input**	**Range of Input Values Increase (Decrease)**	**Weighted Average Increase (Decrease)**
Equity securities:						
Nonredeemable preferred stocks	$	83.8	Market comparables	Weighted average market capitalization price change %	(0.6)% to 19.9%	10.5%
Common stocks		18.3	Market comparables	Weighted average market capitalization price change %	(42.5)% to 59.1%	0.3%
Subtotal Level 3 securities		102.1				
Pricing exemption securities		19.8				
Total Level 3 securities	$	121.9				

4. DEBT

Debt at each of the balance sheet periods consisted of:

(millions)	March 31, 2023 Carrying Value	March 31, 2023 Fair Value	March 31, 2022 Carrying Value	March 31, 2022 Fair Value	December 31, 2022 Carrying Value	December 31, 2022 Fair Value
2.45% Senior Notes due 2027 (issued: $500.0, August 2016)	$ 498.3	$ 464.2	$ 497.8	$ 487.9	$ 498.2	$ 457.7
2.50% Senior Notes due 2027 (issued: $500.0, March 2022)	497.7	463.8	497.1	489.4	497.5	460.3
6 5/8% Senior Notes due 2029 (issued: $300.0, March 1999)	297.6	329.6	297.3	358.8	297.5	326.8
4.00% Senior Notes due 2029 (issued: $550.0, October 2018)	546.5	538.5	546.1	573.5	546.4	527.8
3.20% Senior Notes due 2030 (issued: $500.0, March 2020)	497.0	460.0	496.6	496.2	496.9	448.6
3.00% Senior Notes due 2032 (issued: $500.0, March 2022)	496.0	446.9	495.6	487.0	495.9	438.1
6.25% Senior Notes due 2032 (issued: $400.0, November 2002)	396.5	448.1	396.2	494.8	396.4	435.4
4.35% Senior Notes due 2044 (issued: $350.0, April 2014)	346.9	312.3	346.8	368.7	346.9	298.4
3.70% Senior Notes due 2045 (issued: $400.0, January 2015)	395.8	324.0	395.7	386.0	395.7	310.2
4.125% Senior Notes due 2047 (issued: $850.0, April 2017)	842.1	743.8	841.9	894.5	842.1	716.2
4.20% Senior Notes due 2048 (issued: $600.0, March 2018)	590.4	530.0	590.3	637.4	590.4	507.0
3.95% Senior Notes due 2050 (issued: $500.0, March 2020)	491.0	420.3	490.8	514.9	490.9	404.9
3.70% Senior Notes due 2052 (issued: $500.0, March 2022)	493.5	399.5	493.4	503.5	493.5	386.5
Total	$ 6,389.3	$ 5,881.0	$ 6,385.6	$ 6,692.6	$ 6,388.3	$ 5,717.9

There was no short-term debt outstanding at March 31, 2023 and 2022, and December 31, 2022.

The Progressive Corporation has a line of credit with PNC Bank, National Association (PNC), in the maximum principal amount of $250 million. See the 2022 Annual Report to Shareholders for a discussion of the terms of this line of credit. We had no borrowings under the line of credit during the periods presented.

5. INCOME TAXES

Deferred tax assets and liabilities are recorded based on the difference between the financial statement and tax bases of assets and liabilities at the enacted tax rates. We review our deferred tax assets regularly for recoverability. At March 31, 2023 and 2022, and December 31, 2022, we determined that we did not need a valuation allowance on our gross deferred tax assets. Although realization of the deferred tax assets is not assured, management believes that it is more likely than not the deferred tax assets will be realized based on our expectation that we will be able to fully utilize the deductions that are ultimately recognized for tax purposes. At March 31, 2023 and 2022, and December 31, 2022, the net deferred tax asset includes a gross deferred tax asset of $582.6 million, $364.3 million, and $742.9 million, respectively, related to unrealized losses on fixed-maturity securities. We believe this deferred tax asset will be realized based on the existence of prior year capital gains, current temporary differences related to unrealized gains in our equity portfolio, and other tax planning strategies.

At March 31, 2023 and 2022, and December 31, 2022, we had no reserves for uncertain tax positions.

The effective tax rate for the three months ended March 31, 2023, was 19.2%, compared to 19.6% for the same period last year.

6. LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES

Activity in the loss and loss adjustment expense reserves is summarized as follows:

	March 31,	
(millions)	**2023**	**2022**
Balance at January 1	$ 30,359.3	$ 26,164.1
Less reinsurance recoverables on unpaid losses	5,559.2	4,733.6
Net balance at January 1	24,800.1	21,430.5
Incurred related to:		
Current year	10,002.8	8,667.6
Prior years	621.2	190.8
Total incurred	10,624.0	8,858.4
Paid related to:		
Current year	3,962.6	3,601.4
Prior years	5,736.2	4,691.7
Total paid	9,698.8	8,293.1
Net balance at March 31	25,725.3	21,995.8
Plus reinsurance recoverables on unpaid losses	5,301.1	4,758.4
Balance at March 31	$ 31,026.4	$ 26,754.2

We experienced unfavorable reserve development of $621.2 million and $190.8 million during the first three months of 2023 and 2022, respectively, which is reflected as “incurred related to prior years” in the table above.

First Quarter 2023

- The unfavorable prior year reserve development included approximately $498 million attributable to accident year 2022, $30 million to accident year 2021, and the remainder to accident years 2020 and prior.
- Our personal auto products incurred about $428 million of unfavorable loss and loss adjustment expense (LAE) reserve development, with the Agency and Direct auto businesses each contributing about half. The unfavorable development was primarily attributable to higher than anticipated severity in auto property and physical damage coverages, higher than anticipated late reported injury claims, and, to a lessor extent, increased loss costs in Florida injury and medical coverages in small part due to the impact of the legislation enacted in March 2023 in Florida.
- Our Commercial Lines business experienced about $144 million of unfavorable development, primarily due to higher than anticipated severity of injury case reserves and higher than anticipated severity and frequency of late reported injury claims.
- Our Property business experienced $42 million of unfavorable development, primarily from higher than anticipated claims expenses and higher than anticipated severity in our homeowner liability peril and umbrella products.

First Quarter 2022

- The unfavorable prior year reserve development included $146 million attributable to accident year 2021, $23 million to accident year 2020, and the remainder to accident years 2019 and prior.
- Our personal auto products incurred about $106 million of unfavorable loss and LAE reserve development, with the Agency and Direct auto businesses each contributing about half. The unfavorable development was primarily attributable to higher than anticipated severity of auto property damage payments on previously closed claims.
- Our Commercial Lines business experienced about $99 million of unfavorable development, primarily due to injury claims settling at costs higher than originally anticipated.
- Our Property business experienced about $16 million of favorable development, primarily attributable to lower losses than anticipated on 2021 catastrophe events.
- Our special lines products experienced about $2 million of unfavorable development.

7. SUPPLEMENTAL CASH FLOW INFORMATION

Cash and cash equivalents include bank demand deposits and daily overnight reverse repurchase commitments of funds held in bank demand deposit accounts by certain subsidiaries. The amount of reverse repurchase commitments, which are not considered part of the investment portfolio, held by these subsidiaries at March 31, 2023 and 2022, and December 31, 2022, were $177.5 million, $152.2 million, and $125.9 million, respectively. Restricted cash and cash equivalents include collateral held against unpaid deductibles and cash that is restricted to pay flood claims under the National Flood

Insurance Program's "Write Your Own" program, for which certain subsidiaries are participants.

Non-cash activity included the following in the respective periods:

	Three Months Ended March 31,	
(millions)	2023	2022
Common share dividends[1]	$ 58.5	$ 58.5
Operating lease liabilities[2]	9.3	10.8

[1] Declared but unpaid. See *Note 9 – Dividends* for further discussion.
[2] From obtaining right-of-use assets.

In the respective periods, we paid the following:

	Three Months Ended March 31,	
(millions)	2023	2022
Income taxes	$ 0.1	$ 0
Interest	87.9	64.9
Operating lease liabilities	21.5	22.0

8. SEGMENT INFORMATION

Our Personal Lines segment writes insurance for personal autos and recreational vehicles (our special lines products). Our Commercial Lines segment writes auto-related liability and physical damage insurance, business-related general liability and property insurance predominately 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. Our service businesses provide insurance-related services, including serving as an agent for homeowners, general liability, and workers' compensation insurance, among other products, through programs in our direct Personal Lines and Commercial Lines businesses. As previously disclosed in our 2022 Annual Report to Shareholders, during 2022, our contract to act as a servicing agent for processing Commercial Automobile Insurance Procedures/Plans (CAIP) business expired in 2022 and we did not renew the contract. This non-renewal did not materially affect our financial condition, results of operations, or cash flows. All segment revenues are generated from external customers; all intercompany transactions are eliminated in consolidation.

Following are the operating results for the respective periods:

	Three Months Ended March 31,			
	2023		2022	
(millions)	Revenues	Pretax Profit (Loss)	Revenues	Pretax Profit (Loss)
Personal Lines				
Agency	$ 4,860.2	$ 162.6	$ 4,323.3	$ 288.6
Direct	5,717.4	(22.1)	4,793.6	150.4
Total Personal Lines[1]	10,577.6	140.5	9,116.9	439.0
Commercial Lines	2,356.1	37.2	2,127.2	202.4
Property[2]	598.7	(32.7)	558.1	8.3
Other indemnity[3]	0.7	(3.4)	0.7	(0.9)
Total underwriting operations	13,533.1	141.6	11,802.9	648.8
Fees and other revenues[4]	206.2	NA	174.0	NA
Service businesses	72.5	(9.8)	67.7	4.5
Investments[5]	491.4	485.9	(203.1)	(208.8)
Interest expense	NA	(63.3)	NA	(54.3)
Consolidated total	$ 14,303.2	$ 554.4	$ 11,841.5	$ 390.2

NA = Not applicable
[1] Personal auto insurance accounted for 94% of the total Personal Lines segment net premiums earned during the three months ended March 31, 2023 and 2022; insurance for our special lines products (e.g., motorcycles, RVs, watercraft, and snowmobiles) accounted for the balance of the Personal Lines net premiums earned.
[2] For the three months ended March 31, 2023 and 2022, pretax profit (loss) included $5.0 million and $14.1 million, respectively, of amortization expense associated with intangible assets attributable to our Property segment. See *Note 12 – Goodwill and Intangible Assets* for further discussion.
[3] Includes other underwriting business and run-off operations.
[4] Pretax profit (loss) for fees and other revenues is allocated to operating segments based on revenue.
[5] Revenues represent recurring investment income and total net realized gains (losses) on securities; pretax profit (loss) is net of investment expenses.

Our management uses underwriting margin and combined ratio as primary measures of underwriting profitability. The underwriting margin is the pretax underwriting profit (loss) expressed as a percentage of net premiums earned (i.e., revenues from underwriting operations). Pretax underwriting profit (loss) is calculated as net premiums earned plus fees and other revenues, less: (i) losses and loss adjustment expenses; (ii) policy acquisition costs; and (iii) other underwriting expenses. Combined ratio is the complement of the underwriting margin. Following are the underwriting margins and combined ratios for our underwriting operations for the respective periods:

	Three Months Ended March 31,			
	2023		2022	
	Under-writing Margin	Combined Ratio	Under-writing Margin	Combined Ratio
Personal Lines				
Agency	3.3 %	96.7	6.7 %	93.3
Direct	(0.4)	100.4	3.1	96.9
Total Personal Lines	1.3	98.7	4.8	95.2
Commercial Lines	1.6	98.4	9.5	90.5
Property[1]	(5.5)	105.5	1.5	98.5
Total underwriting operations	1.0	99.0	5.5	94.5

[1] Included in the three months ended March 31, 2023 and 2022, is 0.8 points and 2.5 points, respectively, of amortization expense associated with intangible assets.

9. DIVIDENDS

Following is a summary of our common and preferred share dividends that were declared and/or paid during the three months ended March 31, 2023 and 2022:

(millions, except per share amounts)		Amount	
Declared	Payable	Per Share	Accrued/Paid[1]
Common – Quarterly Dividends:			
March 2023	April 2023	$ 0.10	$ 58.5
December 2022	January 2023	0.10	58.5
March 2022	April 2022	0.10	58.5
December 2021	January 2022	0.10	58.5
Preferred Dividends:			
December 2022	March 2023	26.875	13.4
December 2021	March 2022	26.875	13.4

[1] The accrual is based on an estimate of shares outstanding as of the record date and recorded as a component of accounts payable, accrued expenses, and other liabilities on the consolidated balance sheets until paid; the prior year common share dividend accrual was reclassified into this line item from dividends payable on common shares to conform to the current year presentation.

Beginning March 15, 2023, the annual dividend rate for our Series B Preferred Shares switched to a floating rate equal to the three-month London Interbank Offered Rate (LIBOR), or a comparable successor base rate, plus a spread of 2.539% applied to the stated amount per share. During the floating rate period, dividends on the Series B Preferred Shares will be payable quarterly, if and when declared by the Board of Directors.

See *Note 14 – Dividends* in our 2022 Annual Report to Shareholders for a discussion of our quarterly and annual common share dividends and our preferred share dividend policies.

10. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss), including reclassification adjustments by income statement line item, were as follows:

(millions)	Pretax total accumulated other comprehensive income (loss)	Total tax (provision) benefit	After tax total accumulated other comprehensive income (loss)	Components of Changes in Accumulated Other Comprehensive Income (after tax): Total net unrealized gains (losses) on securities	Net unrealized losses on forecasted transactions	Foreign currency translation adjustment
Balance at December 31, 2022	$ (3,556.9)	$ 754.9	$ (2,802.0)	$ (2,786.3)	$ (14.5)	$ (1.2)
Other comprehensive income (loss) before reclassifications:						
Investment securities	705.6	(148.2)	557.4	557.4	0	0
Total other comprehensive income (loss) before reclassifications	705.6	(148.2)	557.4	557.4	0	0
Less: Reclassification adjustment for amounts realized in net income by income statement line item:						
Net realized gains (losses) on securities	(57.9)	12.1	(45.8)	(45.8)	0	0
Interest expense	(0.1)	0	(0.1)	0	(0.1)	0
Total reclassification adjustment for amounts realized in net income	(58.0)	12.1	(45.9)	(45.8)	(0.1)	0
Total other comprehensive income (loss)	763.6	(160.3)	603.3	603.2	0.1	0
Balance at March 31, 2023	$ (2,793.3)	$ 594.6	$ (2,198.7)	$ (2,183.1)	$ (14.4)	$ (1.2)

(millions)	Pretax total accumulated other comprehensive income (loss)	Total tax (provision) benefit	After tax total accumulated other comprehensive income (loss)	Components of Changes in Accumulated Other Comprehensive Income (after tax): Total net unrealized gains (losses) on securities	Net unrealized losses on forecasted transactions	Foreign currency translation adjustment
Balance at December 31, 2021	$ 52.3	$ (11.6)	$ 40.7	$ 56.2	$ (14.9)	$ (0.6)
Other comprehensive income (loss) before reclassifications:						
Investment securities	(1,851.7)	388.9	(1,462.8)	(1,462.8)	0	0
Foreign currency translation adjustment	0.3	(0.1)	0.2	0	0	0.2
Total other comprehensive income (loss) before reclassifications	(1,851.4)	388.8	(1,462.6)	(1,462.8)	0	0.2
Less: Reclassification adjustment for amounts realized in net income by income statement line item:						
Net realized gains (losses) on securities	(45.5)	9.6	(35.9)	(35.9)	0	0
Interest expense	(0.2)	0	(0.2)	0	(0.2)	0
Total reclassification adjustment for amounts realized in net income	(45.7)	9.6	(36.1)	(35.9)	(0.2)	0
Total other comprehensive income (loss)	(1,805.7)	379.2	(1,426.5)	(1,426.9)	0.2	0.2
Balance at March 31, 2022	$ (1,753.4)	$ 367.6	$ (1,385.8)	$ (1,370.7)	$ (14.7)	$ (0.4)

In an effort to manage interest rate risk, we entered into forecasted transactions on certain of Progressive's debt issuances. We expect to reclassify $0.6 million (pretax) into interest expense during the next 12 months, related to net unrealized losses on these forecasted transactions (see *Note 4 – Debt* in our 2022 Annual Report to Shareholders for further discussion).

11. LITIGATION

The Progressive Corporation and/or its insurance subsidiaries are named as defendants in various lawsuits arising out of claims made under insurance policies written by our insurance subsidiaries in the ordinary course of business. We consider all legal actions relating to such claims in establishing our loss and loss adjustment expense reserves.

In addition, The Progressive Corporation and/or its subsidiaries are named as defendants in a number of class action or individual lawsuits that challenge certain of the operations of the subsidiaries. These cases include and/or typically have included those alleging damages as a result of, among other things: our subsidiaries' methods used for evaluating and paying medical or injury claims or benefits, including, but not limited to, certain bodily injury, personal injury protection (PIP), uninsured motorist/underinsured motorist (UM/UIM), and medical payment claims and for reimbursing medical costs incurred by Medicare/Medicaid beneficiaries; other claims handling procedures, including, but not limited to, challenges relating to our network of repair facilities, our methods used for estimating physical damage to vehicles for repair purposes and for evaluating the actual cash value of total loss vehicles, the application of a negotiation adjustment in calculating total loss valuations, our payment of fees and taxes, our subrogation practices, our salvage practices, and our handling of diminution of value claims; homeowner claims handling practices and procedures; our assessment of fees related to insufficient funds or reversed payments; interpretations of the provisions of our insurance policies; our insurance product design; certain of our premium actions, including those in response to the COVID-19 pandemic; rating practices; certain marketing, sales, services, implementation and renewal practices and procedures, including with respect to accessibility; our usage-based insurance program; certain relationships with independent insurance agents; patent matters; alleged violation of the Telephone Consumer Protection Act; commercial disputes, including breach of contract; and certain employment practices, including claims relating to pay practices and fair employment practices, among other matters. As of March 31, 2023, lawsuits have been certified or conditionally certified as class/collective actions in cases alleging: we improperly value total loss claims in Florida, New York and Washington; we improperly fail to pay fees and taxes associated with total losses in Florida, Michigan and New York; we improperly adjust medical bills in Washington; we improperly calculate basic economic loss as it relates to wage loss coverage in New York; we improperly fail to timely process and pay PIP claims in Texas; and that certain of our compensation practices and overtime payment practices are improper, including our classification of certain employees as exempt from overtime pay requirements. Other insurance companies face many of these same issues.

The nature and volume of litigation pending against The Progressive Corporation and/or its insurance subsidiaries is similar to that which was disclosed in *Note 12 – Litigation* in our 2022 Annual Report to Shareholders.

We plan to contest the pending lawsuits vigorously, but may pursue settlement negotiations in some cases, as we deem appropriate. Although outcomes of pending cases are uncertain until final disposition, we establish accruals for these lawsuits when it is probable that a loss has been or will be incurred and we can reasonably estimate potential loss exposure, which may include a range of loss. As to lawsuits for which the loss is considered neither probable nor estimable, or is considered probable but not estimable, we do not establish an accrual. Nevertheless, we continue to evaluate pending litigation to determine if any losses not deemed probable and estimable become so, at which point we would establish an accrual at our best estimate of the loss or range of loss.

With respect to our pending lawsuits that are not related to claims under insurance policies, the accruals that we have established, if any, were not material at March 31, 2023 and 2022, or December 31, 2022, and there were no material settlements during 2022 or the first three months of 2023. For most of these lawsuits, we do not consider any losses to be both probable and estimable, and we are unable to estimate a meaningful range of loss, if any, at this time, due to the factors discussed in *Note 12 – Litigation* in our 2022 Annual Report to Shareholders. In the event that any one or more of these lawsuits results in a substantial judgment against us, or settlement by us, or if our accruals (if any) prove to be inadequate by a significant amount, the resulting liability could have a material adverse effect on our consolidated financial condition, cash flows, and/or results of operations. For a further discussion on our pending litigation and related reserving policies, see *Note 12 – Litigation* in our 2022 Annual Report to Shareholders.

12. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The majority of the goodwill recorded as of March 31, 2023 and 2022, and December 31, 2022, related to the April 1, 2015, acquisition of a controlling interest in ARX Holding Corp. (ARX). During the three months ended March 31, 2023, there were no changes to the carrying amount of goodwill.

In the second quarter 2022, we performed an interim impairment test of our goodwill allocated to the ARX reporting unit and recorded an impairment loss of $224.8 million. The impairment loss was fully allocated to our Property operating segment. There were no previously recorded goodwill impairment losses on any of the outstanding goodwill. See *Note 15 – Goodwill and Intangible Assets* in our 2022 Annual Report to Shareholders for a discussion of our goodwill impairment evaluation.

Intangible Assets

The following table is a summary of the net carrying amount of other intangible assets:

(millions)	March 31, 2023	March 31, 2022	December 31, 2022
Intangible assets subject to amortization	$ 68.5	$ 90.3	$ 73.9
Indefinite-lived intangible assets[1]	12.4	12.4	12.4
Total	$ 80.9	$ 102.7	$ 86.3

[1] Indefinite-lived intangible assets are comprised of state insurance and agent licenses. State insurance licenses were previously subject to amortization under superseded accounting guidance and have $0.6 million of accumulated amortization for all periods presented.

Intangible assets subject to amortization consisted of the following:

(millions)	March 31, 2023			March 31, 2022			December 31, 2022		
Category	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Agency relationships	$ 159.2	$ 91.0	$ 68.2	$ 159.2	$ 79.6	$ 79.6	$ 159.2	$ 88.1	$ 71.1
Software rights	69.1	69.1	0	69.1	60.5	8.6	69.1	67.0	2.1
Trade name	3.6	3.3	0.3	3.6	1.5	2.1	3.6	2.9	0.7
Total	$ 231.9	$ 163.4	$ 68.5	$ 231.9	$ 141.6	$ 90.3	$ 231.9	$ 158.0	$ 73.9

Amortization expense for the three months ended March 31, 2023 was $5.4 million, compared to $14.6 million for the same period last year.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

I. OVERVIEW

During the first quarter 2023, The Progressive Corporation's insurance subsidiaries recognized strong growth in both premiums written and policies in force, compared to the same period last year, but the underwriting margin fell short of our goal to earn 4% on an aggregate calendar-year basis.

Our combined ratio of 99.0 for the first quarter 2023 was 4.5 points higher than the same period last year. The variance from the prior year was due, in large part, to unfavorable prior accident years reserve development of 4.6 points for the first quarter 2023, compared to 1.6 points in the prior year first quarter. The development during the first quarter 2023 was primarily in our personal auto products and reflected higher than anticipated severity, more late reported injury claims than expected, and increased loss costs in Florida due, in part, to recently passed legislation in the state, as discussed below.

During the first quarter 2023, companywide net premiums written grew 22% over the first quarter last year with all operating segments contributing to the growth. We generated $16.1 billion of net premiums written, which was an increase of $2.9 billion, compared to first quarter 2022. We ended the quarter with 28.8 million policies in force, which was an increase of 2.3 million policies, or 9%, over March 2022, and 1.4 million, or 5%, over year-end 2022. We believe that the growth during the quarter, in part, reflected our price competitiveness as many competitors continued to take rate increases. While growth is an important objective, achieving our target profit margin takes precedence over growing premiums. As discussed below, we plan to take actions that we believe are necessary to allow us to achieve our calendar-year underwriting profitability goal of 4%, which could result in less premium and policy growth.

On a year-over-year basis, net income increased 43% for the first quarter 2023. This growth reflected increases in both our recurring investment income, which grew 73% over the first quarter last year, as well as recognizing $104.4 million of net holding period gains on our common equity portfolio this quarter, compared to $388.6 million of net holding period losses for the first quarter last year. These strong investment results were offset, in part, by a 78% decrease in our underwriting profit due to the reasons discussed above.

For the first quarter 2023, we recognized comprehensive income of $1.1 billion, compared to a comprehensive loss of $1.1 billion in the same period last year. The fair value of our fixed-maturity securities increased by $0.6 billion during the first quarter, compared to a decrease in fair value of $1.4 billion for the first quarter 2022. The change in fair value reflected a modest decline in interest rates during the first quarter 2023, compared to a significant rise in interest rates in the first quarter last year.

Total capital (debt plus shareholders' equity) at March 31, 2023, was $23.3 billion, which was up $1.0 billion from year-end 2022, primarily due to our comprehensive income earned in the first quarter 2023.

A. Insurance Operations

During the first quarter 2023, our Personal Lines and Commercial Lines businesses generated an underwriting profit margin of 1.3% and 1.6%, respectively. Our Property operating segment recognized a 5.5% underwriting loss margin during the quarter, which included 24.3 points due to the significant losses incurred from tornado, wind, and thunderstorm catastrophe losses. The special lines products profitability during the first quarter 2023 contributed about a favorable 2 points to the Personal Lines underwriting margin for the quarter.

During the first quarter 2023, we experienced companywide unfavorable prior accident years reserve development of $621.2 million, or 4.6 points, as a result of claims settling for more than reserved and changes in our reserve estimates. Throughout the quarter, we continued to see volatility in our severity trends as the average costs to settle a claim increased over the same period last year.

Nearly 70% of the unfavorable development was in our personal auto products and primarily resulted from higher than anticipated severity and increases in incurred losses on previously closed claims. For the first quarter 2023, our personal auto incurred severity was up about 10%, while accident frequency was relatively flat on a year-over-year basis.

In addition, to a lesser extent, the unfavorable personal auto development reflected the impact of the recently passed legislation in Florida that resulted in a significant number of lawsuits being filed prior to its March 2023 effective date. While this tort reform could have a positive impact on the insurance industry in Florida in the long term, during the first quarter we increased our reserves for the potential exposure on existing claims, which had less than a one-point impact on our companywide combined ratio for the first quarter 2023. Since its passage, legislative efforts have arisen that, if adopted, could undo or dilute the potentially positive long-term benefits of the March legislation. We will continue to monitor the ever-changing regulatory environment and will respond as necessary.

Our Commercial Lines business represented almost 25% of the unfavorable development and was mainly due to late reported claims from prior accident periods and changes in reserve estimates (e.g., aging of the reserves, changes to estimates by adjusters, and inflation factors). The

remaining unfavorable development was primarily in our Property business with our special lines products experiencing minor unfavorable development during the quarter.

During the first quarter 2023, we increased personal auto rates in 31 states, with an aggregate countrywide increase of about 4% and we continue to earn in the aggregate countrywide net increases of 13% that we took during 2022.

Returning to profitability in our Property business continues to remain a priority for us. In addition to our focus on shifting our concentration mix between states, we continued to adjust rates to address profitability concerns. In the first quarter 2023, we increased rates by about 3% across our Property product lines, bringing the trailing four quarters close to an aggregate rate increase of about 20%.

As stated above, we strongly believe that achieving our target profit margin takes precedence over growing premiums. With focus on achieving our calendar-year underwriting profitability goal of 4% and the fact that inflation has not abated, we are re-evaluating our rate plans and intend to be aggressive with raising rates over the remainder of the year in both our personal and commercial auto products. Of course, some of these rate increases will be subject to regulatory approval. We will also continue to monitor the factors that could impact our loss costs for both our vehicle and Property businesses, which can include new and used car prices, miles driven, driving patterns, loss severity, weather events, building materials, constructions costs, inflation, and other components, on a state-by-state basis, and these factors could change our current plans for rate increases. In addition, we routinely monitor our advertising spend and have recently begun to reduce these costs based on performance against our underwriting targets in certain markets and in certain types of advertising. As a result of these actions to address profitability, growth in premiums and/or policies in force could be adversely impacted.

For the first quarter 2023, net premiums written grew 22% on a companywide basis over the same period last year, primarily driven by new business applications and rate increases that continued through the first quarter 2023. Personal Lines grew 25%, Commercial Lines 15%, and Property 17%. Changes in net premiums written are a function of new business applications (i.e., policies sold), premium per policy, and retention.

The Personal Lines increase reflected growth in both our Agency and Direct businesses. On a year-over-year basis, new personal auto applications grew 83% for the first quarter 2023, compared to the first quarter 2022. During the quarter, we believe increased advertising spend and competitor rate increases spurred the new personal auto application growth, compared to the decreases in new auto applications experienced during the first half of 2022 when we took significant rate increases and reduced our advertising spend to focus on profitability.

The increase in net premiums written in our Commercial Lines business reflected growth in our transportation network company (TNC) business, due to rate increases on the renewal of certain TNC policies, an increase in projected mileage (which is the basis for determining premiums written for this business), and writing new TNC policies in three additional states. Excluding the growth from the TNC business, our Commercial Lines net premiums written growth was relatively flat for the first quarter 2023, compared to the same period last year. All of our business market targets (BMTs) experienced growth during the quarter, except our for-hire transportation BMT that reflected the continued slowdown in the rate of economic activity and deteriorating freight market conditions.

We have concentrated our recent growth in the Property business in markets that are less susceptible to catastrophes and have lower exposure to coastal and hail-prone states. New applications in the states where we are focused on growth were up about 30% over the first quarter last year. In regions where our appetite to write new business is limited, we are prioritizing Progressive auto bundles, as well as lower risk properties, such as new construction or homes with newer roofs. New applications were down about 10% in these more volatile weather states. In addition, the Property business benefited from growth in Robinsons, our bundled auto and home policies. In total, Property new applications were up 12% over the first quarter 2022.

During the quarter, the number of quotes and the rate of conversion increased in both the Direct auto and Agency auto channels, which contributed to the 83% increase in total personal auto new business applications on a year-over-year basis. This growth reflects that our competitors continued to raise rates to address their underwriting profitability issues. In addition, during the first quarter 2023, we increased advertising spend, which had a positive impact on our competitive positioning that we believe contributed to our new business application growth.

We believe a key element in improving the accuracy of our rating is Snapshot®, our usage-based insurance offering. During the first quarter 2023, the adoption rates for consumers enrolling in the program increased about 40% in Agency auto and nearly 20% in Direct auto, compared to the first quarter 2022. Snapshot is available in all states, other than California, and our latest segmentation model was available in states that represented about 45% of our countrywide personal auto premium at March 31, 2023. We continue to invest in our mobile application, with mobile devices being chosen for Snapshot monitoring for the majority of new enrollments.

During the first quarter 2023, on a year-over-year basis, average written premiums per policy grew 8% in personal auto, 1% in commercial auto, and 10% in Property. The growth primarily reflected rate increases taken throughout 2022 that continued into the first quarter 2023, in response to rising loss costs. Given that our commercial auto and

Property policies are predominately written for 12-month terms, compared to primarily 6-month policies in our personal auto business, rate actions take longer to earn in for these products.

We realize that to grow policies in force, it is critical that we retain our customers for longer periods. Consequently, increasing retention continues to be one of our most important priorities. Our efforts to increase our share of multi-product households remains a key initiative and we will continue to make investments to improve the customer experience in order to support that goal. Policy life expectancy, which is our actuarial estimate of the average length of time that a policy will remain in force before cancellation or lapse in coverage, is our primary measure of customer retention in our Personal Lines, Commercial Lines, and Property businesses.

We evaluate total auto retention using a trailing 12-month and a trailing 3-month policy life expectancy. The latter can reflect more volatility and is more sensitive to seasonality. As of the end of the first quarter 2023, our trailing 12-month total personal auto policy life expectancy decreased 16%, compared to last year. The Agency channel trailing 12-month measure was down 19% and the Direct channel was down 14%. We believe that the decreases in our trailing 12-month policy life expectancy primarily reflects the impact of the rate actions we have taken in prior years. Future rate increases could also adversely impact our retention. Although retention is still down from the prior year, we have seen improvement in our trailing 12-month policy life expectancy over the last several months. Our trailing 3-month policy life expectancy for total personal auto was up 10%, compared to the same period last year.

At the end of the first quarter 2023, our special lines trailing 12-month policy life expectancy increased 3%, Commercial Lines decreased 14%, and Property was flat, compared to the same period last year. The decrease in Commercial Lines was across all BMTs, but was primarily due to a decrease in for-hire transportation BMT demand.

B. Investments

The fair value of our investment portfolio was $56.7 billion at March 31, 2023, compared to $53.5 billion at December 31, 2022. The increase from year-end 2022 reflects solid cash flows from operations and valuation increases in nearly all portfolio sectors.

Our asset allocation strategy is to maintain 0%-25% of our portfolio in Group I securities, with the balance (75%-100%) of our portfolio in Group II securities (the securities allocated to Group I and II are defined below under *Results of Operations – Investments*). At March 31, 2023, 9% of our portfolio was allocated to Group I securities and 91% to Group II securities, compared to 10% and 90%, respectively, at December 31, 2022.

Our recurring investment income generated a pretax book yield of 3.0% for the first quarter 2023, compared to 2.0% for the same period in 2022, due to the increase in interest rates on our floating-rate securities and the investment of cash and maturities at relatively higher interest rates. Our investment portfolio produced a fully taxable equivalent (FTE) total return of 2.3% and (3.8)% for the first quarter 2023 and 2022, respectively. Our fixed-income and common stock portfolios had FTE total returns of 2.0% and 7.3%, respectively, for the first quarter 2023, compared to (3.6)% and (4.9)%, respectively, last year. The increase in the fixed-income return reflected portfolio valuation increases as interest rates declined during first quarter 2023. The common stock return increase reflected general market conditions.

At March 31, 2023, the fixed-income portfolio had a weighted average credit quality of AA and a duration of 3.0 years, compared to AA- and 3.1 years at March 31, 2022, and AA and 2.9 years at December 31, 2022.

The London Interbank Offered Rate (LIBOR) will cease as an official reference rate on June 30, 2023. The Federal Reserve Board identified the Secured Overnight Financing Rate (SOFR) as the recommended replacement to U.S. LIBOR. As of March 31, 2023, we owned 164 unique securities with an aggregate par value of $3.3 billion that are still based on LIBOR, with our other asset-backed securities, mainly collateralized loan obligations, making up the majority of these securities. Due to the provisions in the terms of the securities, which allows a change in the underlying rate if a rate is discontinued, we are expecting a relatively smooth transition to an alternate reference rate.

II. FINANCIAL CONDITION

A. Liquidity and Capital Resources

Progressive's insurance operations create liquidity by collecting and investing premiums from new and renewal business in advance of paying claims. As primarily an auto insurer, our claims liabilities generally have a short-term duration. Operations generated positive cash flows of $2.4 billion and $2.5 billion for the three months ended March 31, 2023 and 2022, respectively. We believe cash flows will remain positive in the reasonably foreseeable future and do not expect we will have a need to raise capital to support our operations in that timeframe, although changes in market or regulatory conditions affecting the insurance industry, or other unforeseen events, may necessitate otherwise.

As of March 31, 2023, we held $29.9 billion in short-term investments and U.S. Treasury securities, which represented 53% of our total portfolio. Based on our portfolio allocation and investment strategies, we believe

that we have sufficient readily available marketable securities to cover our claims payments and short-term obligations in the event our cash flow from operations were to be negative. While U.S. Treasury securities are viewed as having lower risk than many other investment opportunities, the U.S. Treasury announced it had reached its authorized borrowing limit and defaults under government obligations, including payments related to U.S. Treasury securities, could occur as soon as this summer. Although perhaps unlikely, it is possible that the federal government could fail to raise the federal debt ceiling to avoid default. Any such default would likely have a materially adverse impact on our cash flows and the value of our portfolio and our capital position. See *Item 1A, Risk Factors* in our Form 10-K filed with the U.S. Securities and Exchange Commission for the year ended December 31, 2022 for a discussion of certain matters that may affect our portfolio and capital position.

Our total capital (debt plus shareholders' equity) was $23.3 billion, at book value, at March 31, 2023, compared to $23.4 billion at March 31, 2022, and $22.3 billion at December 31, 2022. The increase from December primarily reflected the comprehensive income recognized during the first quarter 2023, primarily driven by the market impact on the valuation of our investment portfolio. Our debt-to-total capital ratio was 27.5% at March 31, 2023, 27.2% at March 31, 2022, and 28.7% at December 31, 2022, and, in each case, consistent with our financial policy of maintaining a ratio of less than 30%.

While our financial policies include a goal of maintaining debt below 30% of total capital at book value, we recognize that various factors, including rising interest rates, widening credits spreads, declines in the equity markets, or erosion in operating results, may result in that ratio exceeding 30% at times. In such a situation, as we did during 2022, we may choose to remain above 30% for some time, dependent upon market conditions and the capital needs of our operating businesses. We will continue to monitor this ratio, market conditions, and our capital needs going forward.

None of the covenants on our outstanding debt securities include rating or credit triggers that would require an adjustment of interest rates or an acceleration of principal payments in the event that our debt securities are downgraded by a rating agency. In April 2023, we amended the unsecured discretionary line of credit (the Line of Credit) with PNC Bank, National Association, and raised the maximum principal amount to $300 million from the previous amount of $250 million, with a new interest rate of 1-month term SOFR plus 1.10%. We did not engage in short-term borrowings, including any borrowings under our Line of Credit, to fund our operations or for liquidity purposes during the reported periods.

During the first three months of 2023, we returned capital to shareholders primarily through common share dividends and common share repurchases. In March 2023, our Board of Directors declared a $0.10 per common share dividend, or $58.5 million in the aggregate, that was paid in April 2023. In January 2023, we also paid common share dividends declared in the fourth quarter 2022, in the aggregate amount of $58.5 million, or $0.10 per share (see *Note 9 – Dividends* for further discussion). In addition to the common share dividends, in March 2023, we paid Series B Preferred Share dividends in the aggregate amount of $13.4 million.

Consistent with our financial policies, we repurchase common shares to neutralize dilution from equity-based compensation granted during the year and opportunistically when we believe our shares are trading below our determination of long-term fair value. During the first quarter 2023, we repurchased 0.2 million common shares, at a total cost of $32.7 million, to satisfy tax withholding obligations in connection with the vesting of equity awards under our equity compensation plans. We will continue to make decisions on returning capital to shareholders based on the strength of our overall capital position, the capital strength of our subsidiaries, and potential capital needs to expand our business operations.

We seek to deploy capital in a prudent manner and use multiple data sources and modeling tools to estimate the frequency, severity, and correlation of identified exposures, including, but not limited to, catastrophic and other insured losses, natural disasters, and other significant business interruptions, to estimate our potential capital needs.

Based upon our capital planning and forecasting efforts, we believe we have sufficient capital resources and cash flows from operations to support our current business, scheduled principal and interest payments on our debt, anticipated quarterly dividends on our common shares and dividends on our Series B Preferred Shares, our contractual obligations, and other expected capital requirements for the foreseeable future. At March 31, 2023, we had $4.1 billion in a consolidated, non-insurance subsidiary of the holding company that can be used to fund corporate obligations and provide additional capital to the insurance subsidiaries to fund potential future growth. As of March 31, 2023, our estimated consolidated statutory surplus was $18.5 billion.

During the first three months of 2023, our contractual obligations and critical accounting policies have not changed materially from those discussed in our 2022 Annual Report to Shareholders. There have not been any material changes in off-balance-sheet leverage, which includes purchase obligations and catastrophe excess of loss reinsurance contracts, from those disclosed in our 2022 Annual Report to Shareholders.

We may decide to raise additional capital to take advantage of attractive terms in the market and provide additional financial flexibility. We have an effective shelf registration with the U.S. Securities and Exchange Commission so that we may periodically offer and sell an indeterminate aggregate amount of senior or subordinated debt securities,

preferred stock, depository shares, common stock, purchase contracts, warrants, and units. The shelf registration enables us to raise funds from the offering of any securities covered by the shelf registration as well as any combination thereof, subject to market conditions.

III. RESULTS OF OPERATIONS – UNDERWRITING

A. Segment Overview

We report our underwriting operations in three segments: Personal Lines, Commercial Lines, and Property. As a component of our Personal Lines segment, we report our Agency and Direct business results to provide further understanding of our products by distribution channel.

The following table shows the composition of our companywide net premiums written, by segment, for the respective periods:

	Three Months Ended March 31,	
	2023	2022
Personal Lines		
Agency	34 %	34 %
Direct	41	40
Total Personal Lines[1]	75	74
Commercial Lines	21	22
Property	4	4
Total underwriting operations	100 %	100 %

[1] Personal auto products accounted for 95% of the total Personal Lines segment net premiums written during the three months ended March 31, 2023 and 2022, and our special lines products accounted for the balance.

Our Personal Lines business writes insurance for personal autos and special lines products (e.g., motorcycles, RVs, watercraft, and snowmobiles). Within Personal Lines, we often refer to our four consumer segments, which we refer to as:

- Sam - inconsistently insured;
- Diane - consistently insured and maybe a renter;
- Wrights - homeowners who do not bundle auto and home; and
- Robinsons - homeowners who bundle auto and home.

While our personal auto policies are primarily written for 6-month terms, we write 12-month auto policies in our Platinum agencies to promote bundled auto and home growth. At March 31, 2023 and 2022, 14% of our Agency auto policies in force were 12-month policies. To the extent our Agency application mix of annual policies grows, the shift in policy term could increase our written premium mix by channel as 12-month policies have about twice the amount of net premiums written compared to 6-month policies. Our special lines products are written for 12-month terms.

Our Commercial Lines business writes auto-related liability and physical damage insurance, business-related general liability and property insurance predominately for small businesses, and workers' compensation insurance primarily for the transportation industry. The majority of our Commercial Lines business is written through the independent agency channel although we continue to focus on growing our direct business. To serve our direct channel customers, we continue to expand our product offerings, including adding states where we offer our business owners policy (BOP) product, as well as adding these product offerings to our digital platform that serves direct small business consumers (BusinessQuote Explorer®). The direct commercial auto business, excluding our TNC business and Protective Insurance Corporation and subsidiaries (Protective Insurance), represented 11% of our commercial auto premiums written for the first quarter 2023, compared to 10% for the first quarter 2022. We write about 90% of Commercial Lines policies for 12-month terms.

Our Property business writes residential property insurance for homeowners, other property owners, renters, and umbrella products. We write the majority of our Property business through the independent agency channel. We continue to expand the direct distribution of our Property product offerings and, for the first quarter 2023, about a quarter of our Property business premiums were written in the direct channel. All of our Property policies are written for 12-month terms.

B. Profitability

Profitability for our underwriting operations is defined by pretax underwriting profit or loss, which is calculated as net premiums earned plus fees and other revenues less losses and loss adjustment expenses, policy acquisition costs, and other underwriting expenses. We also use underwriting margin, which is underwriting profit or loss expressed as a percentage of net premiums earned, to analyze our results. For the respective periods, our underwriting profitability results were as follows:

	Three Months Ended March 31,			
	2023		2022	
	Underwriting Profit (Loss)		Underwriting Profit (Loss)	
($ in millions)	$	Margin	$	Margin
Personal Lines				
Agency	$ 162.6	3.3 %	$ 288.6	6.7 %
Direct	(22.1)	(0.4)	150.4	3.1
Total Personal Lines	140.5	1.3	439.0	4.8
Commercial Lines	37.2	1.6	202.4	9.5
Property[1]	(32.7)	(5.5)	8.3	1.5
Other indemnity[2]	(3.4)	NM	(0.9)	NM
Total underwriting operations	$ 141.6	1.0 %	$ 648.8	5.5 %

[1] For the three months ended March 31, 2023 and 2022, pretax profit (loss) includes $5.0 million and $14.1 million, respectively, of amortization expense associated with acquisition-related intangible assets attributable to our Property segment. The year-over-year decrease in amortization expense reflects intangible assets that were fully amortized during the first quarter 2022.

[2] Underwriting margins for our other indemnity businesses are not meaningful (NM) due to the low level of premiums earned by, and the variability of loss costs in, such businesses.

For the three months ended March 31, 2023, the lower pretax underwriting profit, compared to the same period last year, primarily reflects the impact from unfavorable prior accident years reserve development and catastrophe losses incurred. During the first quarter 2023, we experienced unfavorable prior accident years reserve development of 4.6 points, compared to 1.6 points for the first quarter last year. We have continued to see volatility in our severity trends as inflation continued to influence higher vehicle prices and costs to repair vehicles. Our catastrophe losses reduced our underwriting profitability 1.8 points for the quarter, compared to 1.2 points in the first quarter 2022.

See the *Losses and Loss Adjustment Expenses (LAE)* section below for further discussion of our frequency and severity trends, reserve development and catastrophe losses incurred during the periods.

Further underwriting results for our Personal Lines business, including results by distribution channel, the Commercial Lines business, the Property business, and our underwriting operations in total, were as follows:

	Three Months Ended March 31,		
Underwriting Performance[1]	**2023**	**2022**	**Change**
Personal Lines – Agency			
Loss & loss adjustment expense ratio	78.0	75.1	2.9
Underwriting expense ratio	18.7	18.2	0.5
Combined ratio	96.7	93.3	3.4
Personal Lines – Direct			
Loss & loss adjustment expense ratio	79.7	77.2	2.5
Underwriting expense ratio	20.7	19.7	1.0
Combined ratio	100.4	96.9	3.5
Total Personal Lines			
Loss & loss adjustment expense ratio	79.0	76.2	2.8
Underwriting expense ratio	19.7	19.0	0.7
Combined ratio	98.7	95.2	3.5
Commercial Lines			
Loss & loss adjustment expense ratio	76.3	71.0	5.3
Underwriting expense ratio	22.1	19.5	2.6
Combined ratio	98.4	90.5	7.9
Property			
Loss & loss adjustment expense ratio	75.4	70.6	4.8
Underwriting expense ratio[2]	30.1	27.9	2.2
Combined ratio[2]	105.5	98.5	7.0
Total Underwriting Operations			
Loss & loss adjustment expense ratio	78.4	75.0	3.4
Underwriting expense ratio	20.6	19.5	1.1
Combined ratio	99.0	94.5	4.5
Accident year – Loss & loss adjustment expense ratio[3]	73.8	73.4	0.4

[1] Ratios are expressed as a percentage of net premiums earned. The portion of fees and other revenues related to our loss adjustment activities are netted against loss adjustment expenses and the portion of fees and other revenues related to our underwriting operations are netted against underwriting expenses in the ratio calculations.

[2] Included in the three months ended March 31, 2023 and 2022, are 0.8 points and 2.5 points, respectively, of amortization expense on acquisition-related intangible assets attributable to our Property segment.

[3] The accident year ratios include only the losses that occurred during the period noted. As a result, accident period results will change over time, either favorably or unfavorably, as we revise our estimates of loss costs when payments are made or reserves for that accident period are reviewed.

Losses and Loss Adjustment Expenses (LAE)

(millions)	Three Months Ended March 31, 2023	2022
Change in net loss and LAE reserves	$ 925.2	$ 565.3
Paid losses and LAE	9,698.8	8,293.1
Total incurred losses and LAE	$ 10,624.0	$ 8,858.4

Claims costs, our most significant expense, represent payments made and estimated future payments to be made, to or on behalf of our policyholders, including expenses needed to adjust or settle claims. Claims costs are a function of loss severity and frequency and, for our vehicle businesses, are influenced by inflation and driving patterns, among other factors, some of which are discussed below. In our Property business, severity is primarily a function of construction costs and the age of the structure. Accordingly, anticipated changes in these factors are taken into account when we establish premium rates and loss reserves. Loss reserves are estimates of future costs and our reserves are adjusted as underlying assumptions change and information develops.

Our total loss and LAE ratio increased 3.4 points for the first quarter 2023, compared to the same period last year, primarily due to increased severity, unfavorable prior accident years reserve development, and higher catastrophe losses, in all of our operating segments, partially offset by the higher premium per policy due to rate increases. On an accident year basis, our first quarter loss and LAE ratio was 0.4 points higher than the first quarter 2022.

The following table shows our consolidated catastrophe losses and related combined ratio point impact, excluding loss adjustment expenses, incurred during the periods:

($ in millions)	Three Months Ended March 31, 2023 $	2023 Point[1]	2022 $	2022 Point[1]
Personal Lines	$ 92.1	0.9	$ 44.5	0.5
Commercial Lines	3.5	0.1	2.8	0.1
Property	145.3	24.3	99.3	17.8
Total net catastrophe losses incurred	$ 240.9	1.8	$ 146.6	1.2

[1] Represents catastrophe losses incurred during the period, including the impact of reinsurance, as a percent of net premiums earned for each segment.

In the first quarter 2023, we were affected by 24 catastrophic weather events, compared to 11 events in the first quarter 2022. During the three months ended March 31, 2023, the majority of our catastrophe losses were due to tornadoes, thunderstorms, and hail throughout the United States. Netted against our catastrophe losses for the quarter was about a $40 million, or 0.3 points on a companywide basis, reduction to the loss estimate for Hurricane Ian in our vehicle businesses. There was no change to our estimate of the ultimate loss and allocated loss adjustment expenses (ALAE) from Hurricane Ian for our Property business during the first quarter 2023. We have responded, and plan to continue to respond, promptly to catastrophic events when they occur in order to provide exemplary claims service to our customers.

Changes in our estimate of our ultimate losses on current catastrophes along with potential future catastrophes could have a material impact on our financial condition, cash flows, or results of operations. We reinsure various risks including, but not limited to, catastrophic losses. We do not have catastrophe-specific reinsurance for our Personal Lines or commercial auto businesses, but we reinsure portions of our Property business. The Property business reinsurance programs include catastrophe occurrence excess of loss contracts and aggregate excess of loss contracts. We also purchase non-weather-related catastrophe reinsurance on our Protective Insurance workers' compensation insurance.

We evaluate our reinsurance programs during the renewal process, if not more frequently, to ensure our programs continue to effectively address the company's risk tolerance. During the first quarter 2023, we entered into a new aggregate excess of loss reinsurance contract that has multiple layers of coverage, with the first retention layer threshold ranging from $500 million to $575 million, excluding named tropical storms and hurricanes, and the second retention layer threshold of $600 million, including named tropical storms and hurricanes. The first and second layers provide coverage up to $100 million and $85 million, respectively. While the total coverage limit and per-event retention will evolve to fit the growth of our business, we expect to remain a consistent purchaser of reinsurance coverage. See *Item 1 – Description of Business-Reinsurance* in our Annual Report on Form 10-K for the year ended December 31, 2022, for a discussion of our various reinsurance programs. During the first quarter 2023, we did not exceed the annual retention thresholds under our 2023 catastrophe aggregate excess of loss program.

The following discussion of our severity and frequency trends in our personal auto business excludes comprehensive coverage because of its inherent volatility, as it is typically linked to catastrophic losses generally resulting from adverse weather. For our commercial auto products, the reported frequency and severity trends include comprehensive coverage. Comprehensive coverage

insures against damage to a customer's vehicle due to various causes other than collision, such as windstorm, hail, theft, falling objects, and glass breakage.

Total personal auto incurred severity (i.e., average cost per claim, including both paid losses and the change in case reserves) on a calendar-year basis, over the prior-year period was as follows:

Coverage Type	Growth Over Prior Year Quarter 2023
Bodily injury	10 %
Collision	5
Personal injury protection	3
Property damage	15
Total	10

The year-over-year increase in severity, in part, reflects the impact of inflation, which continues to increase the valuation of used vehicles and total loss, repair, and medical costs.

To address inherent seasonality trends and lessen the effects of month-to-month variability in the commercial auto products, we use a trailing 12-month period in assessing severity. In the first quarter 2023, our commercial auto products' incurred severity, excluding Protective Insurance and our TNC business, increased 5%, compared to the same period last year. Since the loss patterns in the TNC and Protective Insurance businesses are not indicative of our other commercial auto products, disclosing severity and frequency trends excluding those businesses is more representative of our overall experience for the majority of our commercial auto products.

It is a challenge to estimate future severity, but we continue to monitor changes in the underlying costs, such as general inflation, used car prices, vehicle repair costs, medical costs, health care reform, court decisions, and jury verdicts, along with regulatory changes and other factors that may affect severity.

Our personal auto incurred frequency, on a calendar-year basis, over the prior-year period, was as follows:

Coverage Type	Growth Over Prior Year Quarter 2023
Bodily injury	7 %
Collision	(6)
Personal injury protection	5
Property damage	2
Total	0

On a trailing 12-month basis, our commercial auto products' incurred frequency, excluding Protective Insurance and our TNC business, increased 2% during the first quarter 2023, compared to the same period last year.

We closely monitor the changes in frequency, but the degree or direction of near-term frequency change is not something that we are able to predict with any certainty. We will continue to analyze trends to distinguish changes in our experience from other external factors, such as changes in the number of vehicles per household, miles driven, vehicle usage, gasoline prices, advances in vehicle safety, and unemployment rates, versus those resulting from shifts in the mix of our business or changes in driving patterns, to allow us to react quickly to price for these trends and to reserve more accurately for our loss exposures.

The table below presents the actuarial adjustments implemented and the loss reserve development experienced on a companywide basis in the following periods:

($ in millions)	Three Months Ended March 31, 2023	2022
ACTUARIAL ADJUSTMENTS		
Reserve decrease (increase)		
Prior accident years	$ 0.3	$ 15.1
Current accident year	(140.8)	(38.8)
Calendar year actuarial adjustments	$ (140.5)	$ (23.7)
PRIOR ACCIDENT YEARS DEVELOPMENT		
Favorable (unfavorable)		
Actuarial adjustments	$ 0.3	$ 15.1
All other development	(621.5)	(205.9)
Total development	$ (621.2)	$ (190.8)
(Increase) decrease to calendar year combined ratio	(4.6) pts.	(1.6) pts.

Total development consists of both actuarial adjustments and "all other development" on prior accident years. The actuarial adjustments represent the net changes made by our actuarial staff to both current and prior accident year reserves based on regularly scheduled reviews. Through these reviews, our actuaries identify and measure variances in the projected frequency and severity trends, which allow them to adjust the reserves to reflect the current cost trends.

For our Property business, 100% of catastrophe losses are reviewed monthly, and any development on catastrophe reserves are included as part of the actuarial adjustments. For the Personal Lines and Commercial Lines businesses, development for catastrophe losses in the vehicle businesses would be reflected in "all other development," discussed below, to the extent they relate to prior year reserves. We report these actuarial adjustments separately for the current and prior accident years to reflect these adjustments as part of the total prior accident years development.

"All other development" represents claims settling for more or less than reserved, emergence of unrecorded claims at rates different than anticipated in our incurred but not recorded (IBNR) reserves, and changes in reserve estimates on specific claims. Although we believe the development from both the actuarial adjustments and "all other development" generally results from the same factors, we are unable to quantify the portion of the reserve development that might be applicable to any one or more of those underlying factors.

About 70% of the total unfavorable development was in our personal auto products and primarily reflects higher than anticipated severity in auto property and physical damage coverages, higher than anticipated late reported injury claims, and increased loss costs in Florida injury and medical coverages. Part of the changes in Florida losses are due to the impact of recently passed legislation in Florida, which had less than a 1.0 point impact on the combined ratio for the first quarter 2023.

Our Commercial Lines business represented almost 25% of the unfavorable development for the quarter and was mainly due to higher than anticipated severity of injury case reserves and higher than anticipated severity and frequency of late reported injury claims.

The remaining unfavorable development for the first quarter 2023, was primarily in our Property business, and mostly due to higher than anticipated claims expenses and higher than anticipated severity in our homeowner liability peril and umbrella products.

Our objective is to establish case and IBNR reserves that are adequate to cover all loss costs, while incurring minimal variation from the date the reserves are initially established until losses are fully developed. Our ability to meet this objective is impacted by many factors. Changes in case law, particularly in case law related to personal injury protection, can make it difficult to estimate reserves timely and with minimal variation. See *Note 6 – Loss and Loss Adjustment Expense Reserves*, for a more detailed discussion of our prior accident years development and *Critical Accounting Policies* in our 2022 Annual Report to Shareholders for discussion of the application of estimates and assumptions in the establishment of our loss reserves.

Underwriting Expenses

Underwriting expenses include policy acquisition costs and other underwriting expenses. The underwriting expense ratio is our underwriting expenses, net of certain fees and other revenues, expressed as a percentage of net premiums earned. For the first quarter 2023, our underwriting expense ratio was up 1.1 points, compared to the same period last year, primarily reflecting increases in our employee-related costs and advertising spend. In total, our companywide advertising spend increased 23%, or 0.4 points, compared to the first quarter 2022. As we continue to focus on profitability, we monitor advertising spend and will reduce these costs based on performance against our underwriting targets in certain markets and in certain types of advertising.

To analyze underwriting expenses, we also review our non-acquisition expense ratio (NAER), which excludes costs related to policy acquisition, including advertising and agency commissions, from our underwriting expense ratio. During the first quarter 2023, our NAER increased 0.6 points, 2.0 points, and 1.2 points in our Personal Lines, Commercial Lines, and Property businesses, respectively, compared to the same period last year.

C. Growth

For our underwriting operations, we analyze growth in terms of both premiums and policies. Net premiums written represent the premiums from policies written during the period, less any premiums ceded to reinsurers. Net premiums earned, which are a function of the premiums written in the current and prior periods, are earned as revenue over the life of the policy using a daily earnings convention. Policies in force, our preferred measure of growth since it removes the variability due to rate changes or mix shifts, represents all policies under which coverage was in effect as of the end of the period specified.

	Three Months Ended March 31,		
($ in millions)	**2023**	**2022**	**% Growth**
NET PREMIUMS WRITTEN			
Personal Lines			
Agency	$ 5,414.4	$ 4,516.4	20 %
Direct	6,698.8	5,202.5	29
Total Personal Lines	12,113.2	9,718.9	25
Commercial Lines	3,366.9	2,925.7	15
Property	629.4	536.1	17
Other indemnity[1]	0.2	0.3	(33)
Total underwriting operations	$ 16,109.7	$ 13,181.0	22 %
NET PREMIUMS EARNED			
Personal Lines			
Agency	$ 4,860.2	$ 4,323.3	12 %
Direct	5,717.4	4,793.6	19
Total Personal Lines	10,577.6	9,116.9	16
Commercial Lines	2,356.1	2,127.2	11
Property	598.7	558.1	7
Other indemnity[1]	0.7	0.7	0
Total underwriting operations	$ 13,533.1	$ 11,802.9	15 %

[1] Includes other underwriting business and run-off operations.

	March 31,		
(thousands)	**2023**	**2022**	**% Growth**
POLICIES IN FORCE			
Personal Lines			
Agency auto	8,172.9	7,758.4	5 %
Direct auto	10,995.5	9,541.3	15
Total auto	19,168.4	17,299.7	11
Special lines[1]	5,637.3	5,345.9	5
Personal Lines — total	24,805.7	22,645.6	10
Commercial Lines	1,071.2	999.8	7
Property	2,912.6	2,802.2	4
Companywide total	28,789.5	26,447.6	9 %

[1] Includes insurance for motorcycles, watercraft, RVs, and similar items.

To analyze growth, we review new policies, rate levels, and the retention characteristics of our segments. Although new policies are necessary to maintain a growing book of business, we recognize the importance of retaining our current customers as a critical component of our continued growth.

As shown in the tables below, we measure retention by policy life expectancy. We review our customer retention for our personal auto products using both a trailing 3-month and a trailing 12-month period. We believe changes in policy life expectancy using a trailing 12-month period measure is indicative of recent experience, mitigates the effects of month-to-month variability, and addresses seasonality. Although using a trailing 3-month measure is sensitive to seasonality and can reflect more volatility, this measure is more responsive to current experience and generally can be an indicator of how our retention rates are moving.

D. Personal Lines

The following table shows our year-over-year changes for our Personal Lines business:

	Growth Over Prior Year Quarter	
	2023	**2022**
Applications		
New	70 %	(24)%
Renewal	1	5
Written premium per policy - Auto	8	6
Policy life expectancy - Auto		
Trailing 3 months	10	(15)
Trailing 12 months	(16)	(5)

In our Personal Lines business, we experienced significant quote volume and new application growth in the first quarter 2023, which we believe was, in part, driven by competitor rate increases and increased media spend. The increase in new applications during the first quarter 2023 were primarily attributable to our personal auto products although we also had new application growth in our special lines products.

Personal auto policies in force grew between 7% and 12% across all four consumer segments during the first quarter 2023, compared to the same period last year. New business auto application growth was also up significantly across all segments during the quarter.

During the first quarter 2023, on a countrywide basis, we implemented personal auto rate increases in 31 states that, in the aggregate, increased rates about 4%, following rate increases of 13% during 2022. We believe that our prior year rate increases had a negative impact on our renewal business applications and trailing 12-month policy life expectancy. As competitors raised rates, our retention started to lengthen as evidenced by the growth in our trailing 3-month policy life expectancy.

Our written premium per policy increased during the first quarter 2023, primarily due to the rate increases taken in 2022, as previously discussed. Our focus on achieving our target underwriting profitability takes precedence over growth. We will continue to manage growth and profitability in accordance with our long-standing goal of growing as fast as we can, as long as we can provide great customer service, at or below a companywide 96 combined ratio on a calendar-year basis.

We report our Agency and Direct business results separately as components of our Personal Lines segment to provide further understanding of our products by distribution channel. The channel discussions below are focused on personal auto insurance since this product accounted for 95% of the Personal Lines segment net premiums written during the first quarter 2023.

The Agency Business

	Growth Over Prior Year Quarter	
	2023	**2022**
Applications - Auto		
New	68 %	(28)%
Renewal	(3)	1
Written premium per policy - Auto	10	8
Policy life expectancy - Auto		
Trailing 3 months	10	(17)
Trailing 12 months	(19)	(6)

The Agency business includes business written by more than 40,000 independent insurance agencies that represent Progressive, as well as brokerages in New York and California. During the first quarter 2023, 49 states and the District of Columbia generated new Agency auto application growth, including all of our top 10 largest Agency states. During the first quarter 2023, total auto applications increased 8%, due to growth in new applications. During the first quarter, each of our consumer segments experienced a significant increase in new applications year over year. Policies in force grew by single digit percentages in each consumer segment, except Sams who were flat, compared to the same period last year.

During the first quarter 2023, we experienced an increase in Agency auto quote volume of 14% and a 49% increase in the rate of conversion (i.e., converting a quote to a sale), with both increasing in each consumer segment. Written premium per policy for new and renewal Agency auto business increased 13% and 10%, respectively, compared to the first quarter 2022. The decrease in the trailing 12-month policy life expectancy was expected given the rate actions taken over the last year, while the increase in the trailing 3-month policy life expectancy shows what we believe to be our increased competitiveness in the marketplace.

The Direct Business

	Growth Over Prior Year Quarter	
	2023	2022
Applications - Auto		
New	92 %	(25)%
Renewal	4	7
Written premium per policy - Auto	7	5
Policy life expectancy - Auto		
Trailing 3 months	10	(12)
Trailing 12 months	(14)	(4)

The Direct business includes business written directly by Progressive online, through our Progressive mobile app, and over the phone. During the first quarter 2023, 48 states and the District of Columbia generated new auto application growth, including nine of our top 10 largest Direct states. During the first quarter 2023, total auto applications increased 19%, primarily due to growth in new applications. During the first quarter, each of our consumer segments experienced a significant increase in new applications year over year. Policies in force grew between 10% and 20% in each consumer segment, compared to the same period last year.

During the first quarter 2023, Direct auto quote volume increased 73% and conversion increased 13%, compared to the same period last year, with both increasing in each consumer segment. Despite taking rate increases, the increase we experienced in our quote volume primarily reflected competitors raising rates and our increased advertising spend compared to the first quarter 2022.

During the first quarter 2023, written premium per policy for new and renewal Direct auto business increased 7% and 9%, respectively, compared to the same period last year, primarily driven by rate increases. Consistent with our Agency business, the Direct business decrease in policy life expectancy for the trailing 12-months reflects the rate actions taken over the last year and the increase in the trailing 3-month measure shows what we believe to be our increased competitiveness in the marketplace.

E. Commercial Lines

Our Commercial Lines business operates in five traditional business markets, which include business auto, for-hire transportation, contractor, for-hire specialty, and tow markets, primarily written through the agency channel. We also write TNC business, BOP insurance, and, through Protective Insurance, larger fleet and workers' compensation insurance for trucking, along with trucking industry independent contractors, and affinity programs.

The following table and discussion shows our commercial auto product, excluding our TNC, BOP, and Protective Insurance products. Year-over-year changes in our commercial auto product were as follows:

	Growth Over Prior Year Quarter	
	2023	2022
Applications		
New	2 %	8 %
Renewal	7	13
Written premium per policy	1	19
Policy life expectancy		
Trailing 12 months	(14)	7

During the first quarter 2023, commercial auto new application growth was positive in each of our business market targets, except for the for-hire transportation market, which reflects the continued slowdown in the rate of economic activity and deteriorating freight market conditions. During the first quarter 2023, we experienced a 3% increase in quote volume and a decrease of 1% in the rate of conversion, compared to the same period last year.

During the first quarter 2023, written premium per policy for new commercial auto business decreased 7%, while renewal business increased 6%, compared to the same period last year. The increase in written premiums were primarily due to rate increases and were partially offset by shifts in the mix of business. Our policy life expectancy decreased in all business market targets, primarily driven by our for-hire transportation business market. Given the rise in costs to operate a trucking business, many independent owner/operators, who were our core customers in the for-hire transportation business market, have begun to migrate back to leasing with larger motor carriers.

F. Property

The following table shows our year-over-year changes for our Property business:

	Growth Over Prior Year Quarter	
	2023	2022
Applications		
New	12 %	(6)%
Renewal	6	12
Written premium per policy	10	5
Policy life expectancy		
Trailing 12 months	0	(7)

Our Property business writes residential property insurance for homeowners, other property owners, and renters, and umbrella insurance in the agency and direct channels. During the first quarter 2023, the increase in new applications experienced in our Property business was primarily due to underwriting changes made in an effort to promote growth in less volatile weather states and increased advertising spending.

Improving profitability and reducing concentration exposure continued to be the top priority for our Property business during the first quarter 2023. We have concentrated our growth in the Property business in markets that are less susceptible to catastrophes and have lower exposure to coastal and hail-prone states. New applications in these growth-oriented states were up about 30% over the first quarter last year. In regions where our appetite to write new business is limited, we are prioritizing Progressive auto bundles, as well as lower risk properties, such as new construction or homes with newer roofs. New applications were down just over 10% in these more volatile weather states. In addition, we increased rates an average of about 3% in our Property segment during the first quarter 2023.

The increase in our written premium per policy, compared to the first quarter last year, was primarily due to rate increases taken over the last 12 months and providing higher premium coverages to account for inflation. The written premium per policy increase was partially offset by a shift in the mix of business to a larger share of renters policies, which have lower written premiums per policy, and less homeowners growth in volatile states that have higher average premiums. We intend to continue to make targeted rate increases in states where we believe it is necessary to achieve our profitability targets.

G. Income Taxes

At March 31, 2023 and 2022, and December 31, 2022, we had net current income taxes payable of $203.3 million, $201.1 million, and $10.9 million, respectively, which were reported in accounts payable, accrued expenses, and other liabilities in our consolidated balance sheets. The increase in the payable balance at March 31, 2023 and 2022, compared to December 31, 2022, in part reflects that first quarter estimated payments are not due until the second quarter of the year.

A deferred tax asset or liability is a tax benefit or expense, respectively, that is expected to be realized in a future tax return. At March 31, 2023 and 2022, and December 31, 2022, we reported net federal deferred tax assets of $1.1 billion, $0.4 billion, and $1.1 billion, respectively.

We are required to assess our deferred tax assets for recoverability and, based on our analysis, determined that we did not need a valuation allowance on our gross deferred tax assets in each period. Although realization of the gross deferred tax assets is not assured, management believes it is more likely than not that the gross deferred tax assets will be realized based on our expectation we will be able to fully utilize the deductions that are ultimately recognized for tax purposes. We believe our deferred tax assets related to net unrealized losses on fixed-maturity securities will be realized based on the existence of prior year capital gains, current temporary differences related to unrealized gains in our equity portfolio, and other tax planning strategies.

Our effective tax rate for the three months ended March 31, 2023, was 19.2%, compared to 19.6% for the same period last year.

Consistent with prior years, we had no uncertain tax positions. See *Note 5 – Income Taxes* for further information.

IV. RESULTS OF OPERATIONS – INVESTMENTS

A. Investment Results

Our management philosophy governing the portfolio is to evaluate investment results on a total return basis. The fully taxable equivalent (FTE) total return includes recurring investment income, adjusted to a fully taxable amount for certain securities that receive preferential tax treatment (e.g., municipal securities), and total net realized, and changes in total net unrealized, gains (losses) on securities.

The following table summarizes investment results for the periods ended March 31:

	Three Months	
	2023	**2022**
Pretax recurring investment book yield (annualized)	3.0 %	2.0 %
FTE total return:		
Fixed-income securities	2.0	(3.6)
Common stocks	7.3	(4.9)
Total portfolio	2.3	(3.8)

The increase in the book yield, compared to last year, primarily reflected investing new cash from operations and proceeds from maturing bonds at higher interest rates and an increase in interest rates on our floating-rate securities. The increase in the fixed-income total return, compared to last year, reflected the impact of declining interest rates, while the increase in common stocks reflected general market conditions.

A further break-down of our FTE total returns for our fixed-income portfolio for the periods ended March 31, follows:

	Three Months	
	2023	**2022**
Fixed-income securities:		
U.S. Treasury Notes	2.4 %	(4.1)%
Municipal bonds	2.7	(4.9)
Corporate bonds	2.6	(3.6)
Residential mortgage-backed securities	2.0	(0.9)
Commercial mortgage-backed securities	1.0	(4.3)
Other asset-backed securities	1.9	(1.5)
Preferred stocks	(4.1)	(3.1)
Short-term investments	1.1	<0.1

B. Portfolio Allocation

The composition of the investment portfolio was:

($ in millions)		Fair Value	% of Total Portfolio	Duration (years)	Average Rating[1]
March 31, 2023					
U.S. government obligations	$	27,350.1	48.3 %	3.7	AAA
State and local government obligations		2,061.6	3.6	3.4	AA+
Foreign government obligations		15.8	0.1	3.3	AAA
Corporate debt securities		10,681.3	18.8	3.0	BBB
Residential mortgage-backed securities		630.0	1.1	0.4	A
Commercial mortgage-backed securities		4,503.0	7.9	2.5	A
Other asset-backed securities		4,865.8	8.6	1.1	AA
Preferred stocks		1,260.4	2.2	2.5	BBB-
Short-term investments		2,524.1	4.5	<0.1	AA+
Total fixed-income securities		53,892.1	95.1	3.0	AA
Common equities		2,794.3	4.9	na	na
Total portfolio[2]	$	56,686.4	100.0 %	3.0	AA
March 31, 2022					
U.S. government obligations	$	19,528.8	36.7 %	3.9	AAA
State and local government obligations		2,144.2	4.0	3.4	AA+
Foreign government obligations		17.4	0.1	4.3	AAA
Corporate debt securities		11,280.0	21.2	3.1	BBB
Residential mortgage-backed securities		951.1	1.8	0.3	A-
Commercial mortgage-backed securities		6,918.5	13.0	2.7	A+
Other asset-backed securities		5,255.9	9.9	1.2	AA
Preferred stocks		1,748.0	3.3	3.5	BBB-
Short-term investments		529.9	1.0	0.2	A-
Total fixed-income securities		48,373.8	91.0	3.1	AA-
Common equities		4,812.6	9.0	na	na
Total portfolio[2]	$	53,186.4	100.0 %	3.1	AA-
December 31, 2022					
U.S. government obligations	$	25,167.4	47.0 %	3.7	AAA
State and local government obligations		1,977.1	3.7	3.5	AA+
Foreign government obligations		15.5	0.1	3.5	AAA
Corporate debt securities		9,412.7	17.6	2.8	BBB
Residential mortgage-backed securities		666.8	1.2	0.4	A
Commercial mortgage-backed securities		4,663.5	8.7	2.7	A+
Other asset-backed securities		4,564.6	8.5	1.1	AA+
Preferred stocks		1,397.5	2.6	2.8	BBB-
Short-term investments		2,861.7	5.4	0.1	AAA-
Total fixed-income securities		50,726.8	94.8	2.9	AA
Common equities		2,821.5	5.2	na	na
Total portfolio[2]	$	53,548.3	100.0 %	2.9	AA

na = not applicable

[1] Represents ratings at period end. Credit quality ratings are assigned by nationally recognized statistical rating organizations. To calculate the weighted average credit quality ratings, we weight individual securities based on fair value and assign a numeric score of 0-5, with non-investment-grade and non-rated securities assigned a score of 0-1. To the extent the weighted average of the ratings falls between AAA and AA+, we assign an internal rating of AAA-.

[2] At March 31, 2023 and 2022, we had $22.8 million, and $356.0 million, respectively, of net unsettled security purchase transactions included in other liabilities, compared to $34.4 million included in other assets at December 31, 2022.

The total fair value of the portfolio at March 31, 2023 and 2022, and December 31, 2022, included $4.1 billion, $5.1 billion, and $4.4 billion, respectively, of securities held in a consolidated, non-insurance subsidiary of the holding company, net of unsettled security transactions.

Our asset allocation strategy is to maintain 0%-25% of our portfolio in Group I securities, with the balance (75%-100%) of our portfolio in Group II securities.

We define Group I securities to include:
- common equities,
- nonredeemable preferred stocks,
- redeemable preferred stocks, except for 50% of investment-grade redeemable preferred stocks with cumulative dividends, which are included in Group II, and
- all other non-investment-grade fixed-maturity securities.

Group II securities include:
- short-term securities, and
- all other fixed-maturity securities, including 50% of the investment-grade redeemable preferred stocks with cumulative dividends.

We believe this asset allocation strategy allows us to appropriately assess the risks associated with these securities for capital purposes and is in line with the treatment by our regulators.

The following table shows the composition of our Group I and Group II securities:

	March 31, 2023		March 31, 2022		December 31, 2022	
($ in millions)	**Fair Value**	**% of Total Portfolio**	**Fair Value**	**% of Total Portfolio**	**Fair Value**	**% of Total Portfolio**
Group I securities:						
Non-investment-grade fixed maturities	$ 1,019.5	1.8 %	$ 2,265.0	4.3 %	$ 1,249.2	2.3 %
Redeemable preferred stocks[1]	90.8	0.2	110.2	0.2	92.1	0.2
Nonredeemable preferred stocks	1,078.8	1.9	1,527.5	2.9	1,213.2	2.3
Common equities	2,794.3	4.9	4,812.6	9.0	2,821.5	5.2
Total Group I securities	4,983.4	8.8	8,715.3	16.4	5,376.0	10.0
Group II securities:						
Other fixed maturities	49,178.9	86.7	43,941.2	82.6	45,310.6	84.6
Short-term investments	2,524.1	4.5	529.9	1.0	2,861.7	5.4
Total Group II securities	51,703.0	91.2	44,471.1	83.6	48,172.3	90.0
Total portfolio	$ 56,686.4	100.0 %	$ 53,186.4	100.0 %	$ 53,548.3	100.0 %

[1] We did not hold any non-investment-grade redeemable preferred stocks at March 31, 2023 and 2022, or December 31, 2022.

To determine the allocation between Group I and Group II, we use the credit ratings from models provided by the National Association of Insurance Commissioners (NAIC) to classify our residential and commercial mortgage-backed securities, excluding interest-only (IO) securities, and the credit ratings from nationally recognized statistical rating organizations (NRSRO) to classify all other debt securities. NAIC ratings are based on a model that considers the book price of our securities when assessing the probability of future losses in assigning a credit rating. As a result, NAIC ratings can vary from credit ratings issued by NRSROs. Management believes NAIC ratings more accurately reflect our risk profile when determining the asset allocation between Group I and Group II securities.

Unrealized Gains and Losses

During the first quarter 2023, our total net unrealized losses on fixed-maturity securities decreased $0.6 billion, resulting from declining interest rates during the period, compared to an increase in net unrealized losses of $1.4 billion in the first quarter of last year when interest rates were rising. The valuation changes for both periods were primarily in our U.S. government and corporate debt portfolios, with our commercial mortgage-backed securities also declining in value during the first quarter last year. As of March 31, 2023, our fixed-maturity portfolio had total after-tax net unrealized losses, which are recorded as part of accumulated other comprehensive income (loss) on the consolidated balance sheets, of $2.2 billion, compared to $1.4 billion and $2.8 billion at March 31, 2022 and December 31, 2022, respectively.

See *Note 2 – Investments* for a further break-out of our gross unrealized gains (losses).

Holding Period Gains and Losses

The following table provides the balance and activity for both the gross and net holding period gains (losses) for the three months ended March 31, 2023:

(millions)	Gross Holding Period Gains	Gross Holding Period Losses	Net Holding Period Gains (Losses)
Balance at December 31, 2022			
Hybrid fixed-maturity securities	$ 1.3	$ (75.8)	$ (74.5)
Equity securities[1]	2,026.6	(182.2)	1,844.4
Total holding period securities	2,027.9	(258.0)	1,769.9
Current year change in holding period securities			
Hybrid fixed-maturity securities	0.6	13.3	13.9
Equity securities[1]	45.2	45.3	90.5
Total changes in holding period securities	45.8	58.6	104.4
Balance at March 31, 2023			
Hybrid fixed-maturity securities	1.9	(62.5)	(60.6)
Equity securities[1]	2,071.8	(136.9)	1,934.9
Total holding period securities	$ 2,073.7	$ (199.4)	$ 1,874.3

[1]Equity securities include common equities and nonredeemable preferred stocks.

Changes in holding period gains (losses), similar to unrealized gains (losses) in our fixed-maturity portfolio, are the result of changes in market performance as well as sales of securities based on various portfolio management decisions.

Fixed-Income Securities

The fixed-income portfolio is managed internally and includes fixed-maturity securities, short-term investments, and nonredeemable preferred stocks. Following are the primary exposures for our fixed-income portfolio.

Interest Rate Risk Our duration of 3.0 years at March 31, 2023, 3.1 years at March 31, 2022, and 2.9 years at December 31, 2022 fell within our acceptable range of 1.5 to 5 years. The duration distribution of our fixed-income portfolio, excluding short-term investments, represented by the interest rate sensitivity of the comparable benchmark U.S. Treasury Notes, was:

Duration Distribution (excluding short-term securities)	March 31, 2023	March 31, 2022	December 31, 2022
1 year	19.2 %	16.2 %	17.5 %
2 years	14.0	18.5	16.9
3 years	22.5	24.9	21.3
5 years	26.9	20.0	25.1
7 years	12.8	14.8	14.0
10 years	4.6	5.6	5.2
Total fixed-income portfolio	100.0 %	100.0 %	100.0 %

Credit Risk This exposure is managed by maintaining an A+ minimum average portfolio credit quality rating, as defined by NRSROs. At both March 31, 2023 and December 31, 2022, our credit quality rating was AA and at March 31, 2022 it was AA-. The credit quality distribution of the fixed-income portfolio was:

Average Rating[1]	March 31, 2023	March 31, 2022	December 31, 2022
AAA	65.2 %	54.2 %	65.5 %
AA	6.1	8.8	6.4
A	7.5	8.8	7.6
BBB	18.7	22.2	17.2
Non-investment grade/non-rated			
BB	2.0	4.7	2.5
B	0.3	1.0	0.5
CCC and lower	0.1	0.1	0.1
Non-rated	0.1	0.2	0.2
Total fixed-income portfolio	100.0 %	100.0 %	100.0 %

[1] The ratings in the table above are assigned by NRSROs.

Concentration Risk We did not have any investments in a single issuer, either overall or in the context of individual asset classes and sectors, that exceeded our thresholds during the first quarter 2023.

Prepayment and Extension Risk We did not experience significant adverse prepayment or extension of principal relative to our cash flow expectations in the portfolio during the first quarter 2023.

Liquidity Risk Our overall portfolio remains very liquid and we believe that it is sufficient to meet expected near-term liquidity requirements. The short-to-intermediate duration of our portfolio provides a source of liquidity, as we expect approximately $4.3 billion, or 19%, of principal repayment from our fixed-income portfolio, excluding U.S. Treasury Notes and short-term investments, during the remainder of 2023. Cash from interest and dividend payments and our short-term portfolio provide additional sources of recurring liquidity.

The duration of our U.S. government obligations, which are included in the fixed-income portfolio, was comprised of the following at March 31, 2023:

($ in millions)		Fair Value	Duration (years)
U.S. Treasury Notes			
Less than one year	$	1,961.0	0.7
One to two years		4,469.4	1.5
Two to three years		4,065.4	2.5
Three to five years		10,295.7	4.1
Five to seven years		4,495.2	5.6
Seven to ten years		2,063.4	7.8
Total U.S. Treasury Notes	$	27,350.1	3.7

ASSET-BACKED SECURITIES

Included in the fixed-income portfolio are asset-backed securities, which were comprised of the following at the balance sheet dates listed:

($ in millions)	Fair Value	Net Unrealized Gains (Losses)	% of Asset-Backed Securities	Duration (years)	Average Rating (at period end)[1]
March 31, 2023					
Residential mortgage-backed securities	$ 630.0	$ (16.1)	6.3 %	0.4	A
Commercial mortgage-backed securities	4,503.0	(749.6)	45.0	2.5	A
Other asset-backed securities	4,865.8	(220.7)	48.7	1.1	AA
Total asset-backed securities	$ 9,998.8	$ (986.4)	100.0 %	1.7	AA-
March 31, 2022					
Residential mortgage-backed securities	$ 951.1	$ (4.0)	7.3 %	0.3	A-
Commercial mortgage-backed securities	6,918.5	(377.9)	52.7	2.7	A+
Other asset-backed securities	5,255.9	(102.5)	40.0	1.2	AA
Total asset-backed securities	$ 13,125.5	$ (484.4)	100.0 %	1.9	AA-
December 31, 2022					
Residential mortgage-backed securities	$ 666.8	$ (17.2)	6.7 %	0.4	A
Commercial mortgage-backed securities	4,663.5	(782.5)	47.1	2.7	A+
Other asset-backed securities	4,564.6	(259.6)	46.2	1.1	AA+
Total asset-backed securities	$ 9,894.9	$ (1,059.3)	100.0 %	1.8	AA-

[1] The credit quality ratings in the table above are assigned by NRSROs.

Residential Mortgage-Backed Securities (RMBS) The following table details the credit quality rating and fair value of our RMBS, along with the loan classification and a comparison of the fair value at March 31, 2023, to our original investment value (adjusted for returns of principal, amortization, and write-downs):

Residential Mortgage-Backed Securities (at March 31, 2023)

($ in millions) Average Rating[1]	Non-Agency	Government/GSE[2]	Total	% of Total
AAA	$ 115.8	$ 1.1	$ 116.9	18.5 %
AA	25.2	0.4	25.6	4.0
A	370.9	0	370.9	58.9
BBB	108.9	0	108.9	17.3
Non-investment grade/non-rated:				
BB	0.3	0	0.3	0.1
B	0.1	0	0.1	0.1
CCC and lower	1.8	0	1.8	0.2
Non-rated	5.5	0	5.5	0.9
Total fair value	$ 628.5	$ 1.5	$ 630.0	100.0 %
Increase (decrease) in value	(3.8)%	(3.6)%	(3.8)%	

[1] The credit quality ratings are assigned by NRSROs; when we assigned the NAIC ratings for our RMBS, 100% of our non-investment-grade securities were rated investment grade and reported as Group II securities.

[2] The securities in this category are insured by a Government Sponsored Entity (GSE) and/or collateralized by mortgage loans insured by the Federal Housing Administration (FHA) or the U.S.Department of Veteran Affairs (VA).

In the residential mortgage-backed sector, our portfolio consists of deals that are backed by high-credit quality borrowers or have strong structural protections through underlying loan collateralization. During the first quarter 2023, the portfolio decreased as a result of maturities on securities and we did not have any purchase or sales activity.

Commercial Mortgage-Backed Securities (CMBS) The following table details the credit quality rating and fair value of our CMBS, along with a comparison of the fair value at March 31, 2023, to our original investment value (adjusted for returns of principal, amortization, and write-downs):

Commercial Mortgage-Backed Securities (at March 31, 2023)

($ in millions) Average Rating[1]	Multi-Borrower	Single-Borrower	Total	% of Total
AAA	$ 209.9	$ 1,126.3	$ 1,336.2	29.7 %
AA	0	986.9	986.9	21.9
A	0	920.5	920.5	20.4
BBB	0	882.9	882.9	19.6
Non-investment grade/non-rated:				
BB	0	376.4	376.4	8.3
CCC and lower	0.1	0	0.1	0.1
Total fair value	$ 210.0	$ 4,293.0	$ 4,503.0	100.0 %
Increase (decrease) in value	(5.2)%	(14.7)%	(14.3)%	

[1] The credit quality ratings are assigned by NRSROs; when we assigned the NAIC ratings for our CMBS, 30% of our non-investment-grade securities were rated investment grade and reported as Group II securities, with the remainder classified as Group I.

The CMBS portfolio experienced heightened volatility in the first quarter 2023, as commercial real estate has been a focal point of investor concern. In addition to concerns around employees returning to the office, stress in the regional banking sector could translate into less availability of financing for this asset class. New issuance has remained slow in the single-asset single-borrower (SASB) market and liquidity has continued to be challenged. Given continued uncertainty about the future trajectory of the economy and its impact on real estate, we reduced certain positions, during the quarter, that we believed would be sensitive to potential future economic weakness. As of the end of the first quarter 2023, we had no delinquencies in our CMBS portfolio.

With renewed focus on the commercial real estate sector, the following table shows the composition of our CMBS portfolio by maturity year and sector:

Commercial Mortgage-Backed Securities Sector Details (at March 31, 2023)

($ in millions) Maturity[1]	Office	Lab Office	Multi-family	Multi-family IO	Retail	Industrial	Self- Storage	Casino	Defeased	Total	Average Original LTV	Average Current DSCR
2023	$ 103.4	$ 0	$ 0	$ 33.5	$ 0	$ 0	$ 0	$ 0	$ 22.8	$ 159.7	53.7 %	3.7
2024	169.4	24.1	21.7	40.4	36.7	176.0	155.8	0	0	624.1	57.3	2.2
2025	7.7	41.3	0	36.8	63.2	42.6	0	0	0	191.6	67.0	1.8
2026	556.4	79.8	328.4	32.8	0	116.2	76.1	106.4	0	1,296.1	62.0	1.8
2027	432.3	0	51.8	29.6	0	115.4	256.4	0	0	885.5	59.3	1.8
2028	256.6	0	0	22.5	0	0	0	0	0	279.1	51.9	3.2
2029	482.6	0	0	10.7	0	0	0	62.3	0	555.6	57.6	3.0
2030	72.5	54.6	0	3.7	0	0	0	83.3	0	214.1	55.5	3.1
2031	213.1	84.1	0	0	0	0	0	0	0	297.2	66.5	1.9
Total fair value	$ 2,294.0	$ 283.9	$ 401.9	$ 210.0	$ 99.9	$ 450.2	$ 488.3	$ 252.0	$ 22.8	$ 4,503.0		

LTV= loan to value

DSCR= debt service coverage ratio

[1]The floating-rate securities were extended to their full maturity and fixed-rate securities are shown to their anticipated repayment date (if applicable) or otherwise, their maturity date.

We show the average loan to value (LTV) of each maturity year when the loans were originated. The LTV ratio that management uses, which is commonly expressed as a percentage, compares the size of the entire mortgage loan to the appraised value of the underlying property collateralizing the loan at issuance. A LTV ratio less than 100% indicates excess collateral value over the loan amount. LTV ratios greater than 100% indicate that the loan amount exceeds the collateral value. We believe this ratio provides a conservative view of our actual risk of loss, as this number displays the entire mortgage LTV, while our ownership is only a portion of the structure of the mortgage loan-backed security. For many of the mortgage loans in our portfolio, our exposure is in a more senior part of the structure, which means that the LTV on our actual exposure is even lower than the ratios presented.

In addition to the LTV ratio, we also examine the credit of our CMBS portfolio by reviewing the debt service coverage ratio (DSCR) of the securities. The DSCR ratio compares the underlying property's annual net operating income to its annual debt service payments. DSCR ratios less than 1.0 times indicate that property operations do not generate enough income over the debt service payments, while a DSCR ratio greater than 1.0 times indicates that there is an excess of operating income over the debt service payments. A number above 1.0 generally indicates that there would not be an incentive for the borrower to default in light of the borrower's excess income. The DSCR calculation reported in the table is calculated based on the most currently available net operating income and mortgage payments for the borrower, which, for most securities, is full year 2022 data.

Other Asset-Backed Securities (OABS) The following table details the credit quality rating and fair value of our OABS, along with a comparison of the fair value at March 31, 2023, to our original investment value (adjusted for returns of principal, amortization, and write-downs):

Other Asset-Backed Securities (at March 31, 2023)

($ in millions) Average Rating	Automobile	Collateralized Loan Obligations	Student Loan	Whole Business Securitizations	Equipment	Other	Total	% of Total
AAA	$ 1,154.0	$ 1,072.8	$ 39.1	$ 0	$ 533.7	$ 228.9	$ 3,028.5	62.3 %
AA	86.7	576.6	5.1	0	98.2	12.8	779.4	16.0
A	12.0	0	6.6	0	131.6	138.7	288.9	5.9
BBB	6.7	0	0	696.6	0	35.2	738.5	15.2
Non-investment grade/non-rated:								
BB	0	0	0	0	0	30.5	30.5	0.6
Total fair value	$ 1,259.4	$ 1,649.4	$ 50.8	$ 696.6	$ 763.5	$ 446.1	$ 4,865.8	100.0 %
Increase (decrease) in value	(0.9)%	(4.8)%	(10.3)%	(9.6)%	(1.3)%	(7.7)%	(4.4)%	

During the first quarter 2023, we selectively added to our automobile, equipment, and whole business securitization as we viewed spreads, and potential returns, across this sector to be attractive. Our automobile and equipment additions were mainly through new issue purchases, primarily focusing on higher credit tranche securities in the capital structure.

MUNICIPAL SECURITIES

The following table details the credit quality rating of our municipal securities at March 31, 2023, without the benefit of credit or bond insurance:

Municipal Securities (at March 31, 2023)

(millions) Average Rating	General Obligations	Revenue Bonds	Total
AAA	$ 567.7	$ 308.1	$ 875.8
AA	441.3	705.3	1,146.6
A	0	37.2	37.2
BBB	0	1.8	1.8
Non-rated	0	0.2	0.2
Total	$ 1,009.0	$ 1,052.6	$ 2,061.6

Included in revenue bonds were $502.3 million of single-family housing revenue bonds issued by state housing finance agencies, of which $311.0 million were supported by individual mortgages held by the state housing finance agencies and $191.3 million were supported by mortgage-backed securities.

Of the programs supported by mortgage-backed securities, 84% were collateralized by Ginnie Mae mortgages, which are fully guaranteed by the U.S. government; the remaining 16% were collateralized by Fannie Mae and Freddie Mac mortgages. Of the programs supported by individual mortgages held by the state housing finance agencies, the overall credit quality rating was AA+. Most of these mortgages were supported by the Federal Housing Administration, the U.S. Department of Veterans Affairs, or private mortgage insurance providers.

Credit spreads of both tax-exempt and taxable municipal bonds tightened during the first quarter 2023. Our allocation to this sector declined modestly during the quarter.

CORPORATE DEBT SECURITIES

The following table details the credit quality rating of our corporate debt securities at March 31, 2023:

Corporate Securities (at March 31, 2023)

(millions) Average Rating	Consumer	Industrial	Communication	Financial Services	Technology	Basic Materials	Energy	Total
AAA	$ 0	$ 0	$ 0	$ 50.8	$ 0	$ 0	$ 0	$ 50.8
AA	64.1	0	0	443.0	0	0	62.0	569.1
A	392.5	232.4	121.3	1,114.3	68.5	115.1	348.7	2,392.8
BBB	2,615.0	1,337.1	310.8	1,027.9	559.7	12.7	1,079.4	6,942.6
Non-investment grade/non-rated:								
BB	175.0	124.1	105.7	82.2	24.1	0	37.4	548.5
B	147.5	0	0	0	0	25.1	0	172.6
CCC and lower	4.9	0	0	0	0	0	0	4.9
Total fair value	$ 3,399.0	$ 1,693.6	$ 537.8	$ 2,718.2	$ 652.3	$ 152.9	$ 1,527.5	$ 10,681.3

The size of our corporate debt portfolio increased to $10.7 billion at March 31, 2023 from $9.4 billion at December 31, 2022 as we increased our allocation to the investment-grade corporate sector. At the same time, we continued to reduce our exposure to high-yield securities given a less certain macro environment and less attractive risk/reward profile of these securities. At March 31, 2023, our corporate debt securities made up approximately 20% of the fixed-income portfolio, compared to approximately 19% at December 31, 2022.

We slightly lengthened the maturity profile of the corporate debt portfolio during the first quarter 2023. The duration of the corporate portfolio was 3.0 years at March 31, 2023, compared to 2.8 years at December 31, 2022, as our purchases focused on securities with somewhat longer maturities which provided attractive risk reward profiles.

PREFERRED STOCKS – REDEEMABLE AND NONREDEEMABLE

The table below shows the exposure break-down by sector and rating at March 31, 2023:

Preferred Stocks (at March 31, 2023)

	Financial Services						
(millions) Average Rating	U.S. Banks	Foreign Banks	Insurance	Other Financial	Industrials	Utilities	Total
BBB	$ 734.1	$ 30.4	$ 87.5	$ 27.6	$ 132.8	$ 41.9	$ 1,054.3
Non-investment grade/non-rated:							
BB	64.9	20.0	0	0	0	37.4	122.3
Non-rated	0	0	43.8	23.6	16.4	0	83.8
Total fair value	$ 799.0	$ 50.4	$ 131.3	$ 51.2	$ 149.2	$ 79.3	$ 1,260.4

The majority of our preferred securities have fixed-rate dividends until a call date and then, if not called, generally convert to floating-rate dividends. The interest rate duration of our preferred securities is calculated to reflect the call, floor, and floating-rate features. Although a preferred security will remain outstanding if not called, its interest rate duration will reflect the variable nature of the dividend. Our non-investment-grade preferred stocks were all with issuers that maintain investment-grade senior debt ratings.

We also face the risk that dividend payments on our preferred stock holdings could be deferred for one or more periods or skipped entirely. During the quarter, we had exposure to one institution that was put into receivership by the Federal Deposit Insurance Corporation in March 2023. The effect of this action, along with broader weakness in securities issued by financial institutions, drove the majority of the decline in the portfolio's value from $1.4 billion at December 31, 2022 to $1.3 billion at March 31, 2023. Additionally, we had an industrial position that was called during the quarter. Approximately 82% of our preferred stock securities pay dividends that have tax preferential characteristics, while the balance pay dividends that are fully taxable.

Common Equities

Common equities, as reported on the balance sheets, were comprised of the following:

($ in millions)	March 31, 2023		March 31, 2022		December 31, 2022	
Common stocks	$ 2,774.0	99.3 %	$ 4,792.5	99.6 %	$ 2,801.7	99.3 %
Other risk investments[1]	20.3	0.7	20.1	0.4	19.8	0.7
Total common equities	$ 2,794.3	100.0 %	$ 4,812.6	100.0 %	$ 2,821.5	100.0 %

[1]The other risk investments consist of limited partnership interests.

The majority of our common stock portfolio consists of individual holdings selected based on their contribution to the correlation with the Russell 1000 Index. We held 787 out of 1,007, or 78%, of the common stocks comprising the index at March 31, 2023, which made up 95% of the total market capitalization of the index. At March 31, 2023 and 2022, and December 31, 2022, the year-to-date total return, based on GAAP income, was within our targeted tracking error, which is +/- 50 basis points.

During 2022, we sold common equity securities, which were in a realized gain position, as part of our plan to incrementally reduce risk in the portfolio in response to the potential of a more difficult economic environment over the near term.

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 navigate related risks;*
- *how intellectual property rights affect our competitiveness and our business operations;*
- *the performance of our fixed-income and equity investment portfolios;*
- *the impact on our investment returns and strategies from regulations and societal pressures relating to environmental, social, governance and other public policy matters;*
- *the elimination of the London Interbank Offered Rate;*
- *our continued ability to access our cash accounts and/or convert investments into cash on favorable terms;*
- *the impact if one or more parties with which we enter into significant contracts or transact business fail to perform;*
- *legal restrictions on our insurance subsidiaries' ability to pay dividends to The Progressive Corporation;*
- *limitations on our ability to pay dividends on our common shares under the terms of our outstanding preferred shares;*
- *our ability to obtain capital when necessary to support our business and potential growth;*
- *evaluations by credit rating and other rating agencies;*
- *the variable nature of our common share dividend policy;*
- *whether our investments in certain tax-advantaged projects generate the anticipated returns;*
- *the impact from not managing to short-term earnings expectations in light of our goal to maximize the long-term value of the enterprise;*
- *the impacts of epidemics, pandemics or other widespread health risks; and*
- *other matters described from time to time in our releases and publications, and in our periodic reports and other documents filed with the United States Securities and Exchange Commission, including, without limitation, the Risk Factors section of our Annual Report on Form 10-K for the year ending December 31, 2022.*

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

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The duration of the financial instruments held in our portfolio that are subject to interest rate risk was 3.0 years at March 31, 2023, 3.1 years at March 31, 2022, and 2.9 years December 31, 2022. The weighted average beta of the equity portfolio was 1.02 at March 31, 2023, 1.04 at March 31, 2022, and 1.0 at December 31, 2022. We have not experienced a material impact when compared to the tabular presentations of our interest rate and market risk sensitive instruments in our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 4. Controls and Procedures.

We, under the direction of our Chief Executive Officer and our Chief Financial Officer, have established disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. The disclosure controls and procedures are also intended to ensure that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Our Chief Executive Officer and our Chief Financial Officer reviewed and evaluated our disclosure controls and procedures as of the end of the period covered by this report. Based on that review and evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effectively serving the stated purposes as of the end of the period covered by this report.

There have not been any changes in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

For a discussion of legal proceedings see *Note 11 – Litigation* to the consolidated financial statements, which is incorporated herein by reference.

Item 1A. Risk Factors.

There have been no material changes in the risk factors from those discussed in *Item 1A, Risk Factors* included in our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(c) Share Repurchases

ISSUER PURCHASES OF EQUITY SECURITIES

2023 Calendar Month	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet be Purchased Under the Plans or Programs
January	229,106	$ 129.54	800,854	24,199,146
February	19,038	141.51	819,892	24,180,108
March	2,135	143.18	822,027	24,177,973
Total	250,279	$ 130.56		

In May 2022, the Board of Directors approved an authorization for the Company to repurchase up to 25 million of its common shares. This authorization does not have an expiration date. Share repurchases under this authorization may be accomplished through open market purchases, including trading plans entered into with one or more brokerage firms in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934, through privately negotiated transactions, pursuant to our equity incentive awards, or otherwise. During the first quarter 2023, all repurchases were accomplished in conjunction with our equity incentive awards at the then-current market prices; there were no open market purchases during the quarter.

Progressive's financial policies state that we will repurchase shares to neutralize dilution from equity-based compensation in the year of issuance and as an option to effectively use underleveraged capital.

Item 5. Other Information.

- President and CEO Susan Patricia Griffith's quarterly letter to shareholders is included as Exhibit 99 to this Quarterly Report on Form 10-Q.
- On April 28, 2023, The Progressive Corporation entered into an Amendment to Discretionary Line Documents (the Amendment) to its unsecured, discretionary line of credit dated April 28, 2017, as amended (the Line of Credit), between The Progressive Corporation and PNC Bank, National Association (PNC), to renew the Line of Credit. The Amendment increased the Line of Credit to a principal amount of $300 million from $250 million and extended the expiration date to April 30, 2024. Subject to the terms and conditions of the Line of Credit documents, advances under the Line of Credit (if any) will bear interest at a variable rate equal to 1-month term Secured Overnight Financing Rate (SOFR) plus 1.10%. Each advance under the Line of Credit must be repaid on the 30th day after the date of the advance or, if earlier, April 30, 2024, the expiration date of the Line of Credit. Prepayments are permitted without penalty. The Line of Credit is uncommitted and, as such, all advances are subject to PNC's discretion. The Progressive Corporation also entered into an Amended and Restated Discretionary Line of Credit Note (the Note) substantially in the form filed herewith reflecting the increased amount, the new interest rate and other terms and conditions as more fully set forth therein.

  The foregoing description of the Amendment and the Note does not purport to be complete and is qualified in its entirety by reference to the Amendment and the Note, copies of which are filed as Exhibits 4.1 and 4.2 hereto and are incorporated herein by reference.

Item 6. Exhibits.

See exhibit index contained herein beginning on page 57, which is incorporated by reference from information with respect to this item.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE PROGRESSIVE CORPORATION

(Registrant)

Date: May 2, 2023

By: /s/ John P. Sauerland

John P. Sauerland

Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit No. Under Reg. S-K, Item 601	Form 10-Q Exhibit Number	Description of Exhibit	If Incorporated by Reference, Documents with Which Exhibit was Previously Filed with SEC
4	4.1	Amendment to Discretionary Line Documents - Discretionary Line of Credit from PNC Bank, National Association, to The Progressive Corporation (2023 Amendment)	Filed herewith
4	4.2	Form of Amended and Restated Discretionary Line of Credit Note from The Progressive Corporation to PNC Bank, National Association	Filed herewith
10	10.1	Form of Restricted Stock Unit Award Agreement for Time-Based Awards under The Progressive Corporation 2015 Equity Incentive Plan (for 2023)	Filed herewith
10	10.2	Form of Restricted Stock Unit Award Agreement for Performance-Based Awards (Performance Versus Market) Under The Progressive Corporation 2015 Equity Incentive Plan (for 2023)	Filed herewith
10	10.3	Form of Restricted Stock Unit Award Agreement for Performance-Based Awards (Investment Results) under The Progressive Corporation 2015 Equity Incentive Plan (for 2023)	Filed herewith
10	10.4	Form of Restricted Stock Unit Award Agreement for Special Time/Performance-Based Award under The Progressive Corporation 2015 Equity Incentive Plan (for 2023)	Filed herewith
31	31.1	Rule 13a-14(a)/15d-14(a) Certification of the Principal Executive Officer, Susan Patricia Griffith	Filed herewith
31	31.2	Rule 13a-14(a)/15d-14(a) Certification of the Principal Financial Officer, John P. Sauerland	Filed herewith
32	32.1	Section 1350 Certification of the Principal Executive Officer, Susan Patricia Griffith	Furnished herewith
32	32.2	Section 1350 Certification of the Principal Financial Officer, John P. Sauerland	Furnished herewith
99	99	Letter to Shareholders from Susan Patricia Griffith, President and Chief Executive Officer (Regulation FD Disclosure)	Furnished herewith
101	101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	Filed herewith
101	101.SCH	Inline XBRL Taxonomy Extension Schema Document	Filed herewith
101	101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith
101	101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith
101	101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101	101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith
104	104	Cover Page Interactive Data File (the cover page tags are embedded within the Inline XBRL document)	Filed herewith

PNC

Exhibit 4.1

EXECUTION COPY

Amendment to Discretionary Line Documents

THIS AMENDMENT TO DISCRETIONARY LINE DOCUMENTS (this "**Amendment**") is made as of April 28, 2023, by and between **THE PROGRESSIVE CORPORATION** (the "**Company**"), and **PNC BANK, NATIONAL ASSOCIATION** (the "**Bank**").

BACKGROUND

A. The Company has executed and delivered to the Bank a Discretionary Line Note and other documents, which are more fully described on attached Exhibit A, which is made a part of this Amendment (collectively, as amended from time to time, the "**Discretionary Line Documents**") which evidence the indebtedness and other obligations of the Company to the Bank in connection with a discretionary line of credit (as used herein, collectively, together with the Obligations, if and as defined in the Discretionary Line Documents, as used in here the "**Obligations**"). Any initially capitalized terms used in this Amendment without definition shall have the meanings assigned to those terms in the Discretionary Line Documents.

B. The Company and the Bank desire to amend the Discretionary Line Documents s provided for in this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and intending to be legally bound hereby, the parties hereto agree as follows:

1. Certain of the Discretionary Line Documents are amended as set forth in Exhibit A. Any and all references to any Discretionary Line Document shall be deemed to refer to such Discretionary Line Documents as amended by this Amendment. This Amendment is deemed incorporated into each of the Discretionary Line Documents. To the extent that any term or provision of this Amendment is or may be inconsistent with any term or provision in any Discretionary Line Document, the terms and provisions of this Amendment shall control.

2. The Company hereby certifies that: (a) all of its representations and warranties in the Discretionary Line Documents, as amended or amended and restated, as applicable, by this Amendment or the Amended and Restated Discretionary Line of Credit Note of even date herewith, are, except as may otherwise be stated or modified in this Amendment, true and correct in all material respects as of the date of this Amendment as if made on and as of such date (unless such representation or warranty relates to a specific date, in which case such representation or warranty was true and correct in all material respects as of such specific date), (b) no Event of Default or event which, with the passage of time or the giving of notice or both, would constitute an Event of Default, exists under any Discretionary Line Document which will not be cured by the execution and effectiveness of this Amendment, (c) no material consent, approval, order or authorization of, or registration or filing with, any third party is required in connection with the Company's execution, delivery and carrying out of this Amendment or, if required, has been obtained, and (d) this Amendment has been duly authorized, executed and delivered so that it constitutes the legal, valid and binding obligation of the Company, enforceable in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles

(whether enforcement is sought by proceedings in equity or at law) and the implied covenants of good faith and fair dealing. The Company confirms that the Obligations remain outstanding without defense, set off, counterclaim, discount or charge of any kind as of the date of this Amendment. For the avoidance of doubt, as of the date hereof, there are no outstanding advances under the Facility.

3. As a condition precedent to the effectiveness of this Amendment, the Company shall comply with the terms and conditions (if any) specified in Exhibit A.

4. This Amendment may be signed in any number of counterpart copies and by the parties to this Amendment on separate counterparts, but all such copies shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart. Upon written request by the other party (which may be made by electronic mail), any party so executing this Amendment by facsimile or other electronic transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile or other electronic transmission.

5. Notwithstanding any other provision herein or in the other Discretionary Line Documents, the Company agrees that this Amendment, the Discretionary Line Documents, any other amendments thereto and any other information, notice, signature card, agreement or authorization related thereto (each, a "**Communication**") may, at the Bank's option, be in the form of an electronic record. Any Communication may, at the Bank's option, be signed or executed using electronic signatures. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Bank of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format) for transmission, delivery and/or retention. The Company and the Bank acknowledge and agree that the methods for delivering Communications, including notices, under the Discretionary Line Documents include electronic transmittal to any electronic address provided by either party to the other party from time to time.

6. This Amendment will be binding upon and inure to the benefit of the Company and the Bank and their respective heirs, executors, administrators, successors and assigns.

7. This Amendment will be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the State identified in and governing the Discretionary Line Documents that are being amended hereby (the "**State**"), excluding its conflict of laws rules, including without limitation the Electronic Transactions Act (or equivalent) in such State (or, to the extent controlling, the laws of the United States of America, including without limitation the Electronic Signatures in Global and National Commerce Act). This Amendment has been delivered to and accepted by the Bank and will be deemed to be made in the State.

8. Except as amended hereby, the terms and provisions of the Discretionary Line Documents remain unchanged, are and shall remain in full force and effect unless and until modified or amended in writing in accordance with their terms and are hereby ratified and confirmed. Except as expressly provided herein, this Amendment shall not constitute an amendment, waiver, consent or release with respect to any provision of any Discretionary Line

Document, a waiver of any default or Event of Default under any Discretionary Line Document, or a waiver or release of any of the Bank's rights and remedies (all of which are hereby reserved). **The Company expressly ratifies and confirms the dispute resolution, waiver of jury trial or arbitration provisions, as applicable, contained in the Discretionary Line Documents, all of which are incorporated herein by reference.**

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

THE PROGRESSIVE CORPORATION

By: /s/ Patrick S. Brennan
Patrick S. Brennan
Treasurer

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Erin Dewar
Erin Dewar
Director

EXHIBIT A TO
AMENDMENT TO DISCRETIONARY LINE DOCUMENTS
DATED AS OF APRIL 28, 2023
THE PROGRESSIVE CORPORATION

A. **Discretionary Line Documents**. The "Discretionary Line Documents" that are the subject of this Amendment include the following (as each of such documents has been amended, modified or otherwise supplemented previously)

1. Confirmation Letter – Discretionary Line of Credit dated April 28, 2017 between the Company and the Bank (the "**Confirmation Letter**").

2. Discretionary Line of Credit Note dated April 28, 2017 in the principal amount of $250,000,000.00 executed and delivered to the Bank by the Company (the "**Existing Discretionary Line Note**"), which Note is being amended and restated on the date hereof (as so amended and restated, the "**Discretionary Line of Credit Note**") in the principal amount of Three Hundred Million Dollars ($300,000,000.00).

3. Reapproval of Discretionary Line of Credit dated April 3, 2018 Between the Company and the Bank.

4. Reapproval of Discretionary Line of Credit dated April 22, 2019 Between the Company and the Bank.

5. Amendment to Discretionary Line Documents dated as of April 28, 2020 Between the Company and the Bank.

6. Amendment to Discretionary Line Documents dated April 16, 2021 Between the Company and the Bank.

7. Reapproval of Discretionary Line of Credit dated March 31, 2022 Between the Company and the Bank.

8. All other documents, instruments, agreements, and certificates executed and delivered in connection with the Discretionary Line Documents listed in this Section A.

B. **Amendment(s)**. The Discretionary Line Documents are amended as follows:

1. We are pleased to inform you that PNC Bank, National Association (the "Bank") has recently reapproved the discretionary line of credit to The Progressive Corporation (the "Company") and agreed to increase the amount to $300,000,000.00. Effective on the date hereof (a) the Expiration Date set forth in our Confirmation Letter dated April 28, 2017, is extended from April 30, 2023 to April 30, 2024 and (b) the amount of the discretionary line is increased to $300,000,000.00. All other terms and conditions contained in the Discretionary Line of Credit Note, and the Confirmation Letter, remain in full force and effect, including but not limited to the fact that the facility remains discretionary, and the Bank may terminate the line or decline to make advances at any time and for any reason without prior notice.

2. **Even though the Expiration Date has been extended, this is not a committed line of credit. The Company acknowledges and agrees that advances made under this line of credit, if any, shall be made at the sole discretion of the Bank. The Bank may decline to make advances under the line or terminate the line at any time and for any reason without prior notice to the Company.**

C. **Conditions to Effectiveness of Amendment**. The Bank's willingness to agree to the amendments set forth in this Amendment are subject to the satisfaction of the following conditions precedent:

1. Execution by all parties and delivery to the Bank of this Amendment.

2. Execution and delivery to the Bank of the amended and restated Discretionary Line of Credit Note (the "Amended Note"), dated the date hereof, in a form acceptable to the Bank.

3. Execution and delivery to the Bank of a Certificate of the Secretary or other officer of the Borrower dated the date hereof attaching (i) the organizational documents of the Borrower, (ii) resolutions authorizing the execution and delivery of this Amendment and the Amended Note in form and substance reasonably acceptable to the Bank, (iii) a good standing certificate for the Borrower as of a recent date and (iv) an Incumbency Certificate in a form acceptable to the Bank.

4. Payment to the Bank of a renewal fee of $5,000.

Exhibit 4.2

Amended and Restated Discretionary Line of Credit Note

(Daily SOFR)

$_____ _____, 20__

FOR VALUE RECEIVED, THE PROGRESSIVE CORPORATION (the "**Borrower**"), with an address at 6300 Wilson Mills Rd., Mayfield Village, OH 44143, United States of America, promises to pay to PNC BANK, NATIONAL ASSOCIATION (the "**Bank**") or its registered assigns, in lawful money of the United States of America in immediately available funds at its offices located at 1900 East Ninth Street, Cleveland, Ohio 44114, or at such other location as the Bank may designate from time to time, the principal sum of _____DOLLARS ($_____) (the "**Facility**") or, if less, the outstanding principal amount of advances made hereunder to or for the benefit of the Borrower, together with interest accruing on the outstanding principal balance from the date hereof, as provided below.

1. **Rate of Interest**. Each advance outstanding under this Note will bear interest at a rate per annum which is equal to the sum of (A) Daily SOFR (as defined below) plus (B) an unadjusted spread of _____ basis points (_____%) plus (C) a SOFR adjustment of ten basis points (0.10%). Interest will be calculated based on the actual number of days that principal is outstanding over a year of 360 days. In no event will the rate of interest hereunder exceed the Maximum Rate.

2. **Certain Definitions**. If the following terms are used in this Note, such terms shall have the meanings set forth below:

"**Alternate Rate**" means the Base Rate.

"**Base Rate**" means the higher of (A) the Prime Rate, and (B) the sum of the Overnight Bank Funding Rate plus fifty (50) basis points (0.50%); provided, however, if the Base Rate as determined above would be less than zero, then such rate shall be deemed to be zero. If and when the Base Rate as determined above changes, the rate of interest with respect to any amounts hereunder to which the Base Rate applies will change automatically without notice to the Borrower, effective on the date of any such change.

"**Business Day**" means any day other than (A) a Saturday or Sunday or (B) a legal holiday on which commercial banks are authorized or required by law to be closed for business in Pittsburgh, Pennsylvania; provided that, when used in connection with an amount that bears interest at a rate based on SOFR or any direct or indirect calculation or determination involving SOFR, the term "Business Day" means any such day that is also a U.S. Government Securities Business Day.

"**Daily 1M SOFR**" means, for any day, the interest rate per annum determined by the Bank by dividing (the resulting quotient rounded upwards, at the Bank's discretion, to the nearest 1/100th of 1%) (A) the Term SOFR Reference Rate for such day for a one-month period, as published by the Term SOFR Administrator, by (B) a number equal to 1.00 minus the SOFR Reserve Percentage; provided that if Daily 1M SOFR, determined as provided above, would be less than the Floor, then Daily 1M SOFR shall be deemed to be the Floor. The rate of interest will be adjusted automatically as of each Business Day based on changes in Daily 1M SOFR without notice to the Borrower.

"**Daily SOFR**" means Daily 1M SOFR.

"**Default Rate**" means the rate per annum equal to the lesser of (A) the sum of 2% plus the interest rate otherwise in effect from time to time under this Note and (B) the Maximum Rate.

"**Floor**" means a rate of interest per annum equal to zero basis points (0.00%).

"**Maximum Rate**" means the maximum rate of interest allowed by applicable law.

"**NYFRB**" means the Federal Reserve Bank of New York.

"**Overnight Bank Funding Rate**" means, for any day, the rate comprised of both overnight federal funds and overnight Eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the NYFRB, as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Bank for the purpose of displaying such rate); provided, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; provided, further, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Bank at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the Borrower.

"**Prime Rate**" means the rate publicly announced by the Bank from time to time as its prime rate. The Prime Rate is determined from time to time by the Bank as a means of pricing some loans to its borrowers. The Prime Rate is not tied to any external rate of interest or index and does not necessarily reflect the lowest rate of interest actually charged by the Bank to any particular class or category of customers.

"**SOFR**" means a rate equal to the secured overnight financing rate as administered by the NYFRB (or a successor administrator of the secured overnight financing rate).

"**SOFR Reserve Percentage**" means, for any day, the maximum effective percentage in effect on such day, if any, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to SOFR funding.

"**Term SOFR Administrator**" means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Bank in its reasonable discretion).

"**Term SOFR Reference Rate**" means the forward-looking term rate based on SOFR.

"**U.S. Government Securities Business Day**" means any day except for (A) a Saturday or Sunday or (B) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

3. **Discretionary Advances**. **THIS IS NOT A COMMITTED LINE OF CREDIT AND ADVANCES UNDER THIS NOTE, IF ANY, SHALL BE MADE BY THE BANK IN ITS SOLE DISCRETION. NOTHING CONTAINED IN THIS NOTE OR ANY OTHER LOAN DOCUMENTS SHALL DE CONSTRUED TO OBLIGATE THE BANK TO MAKE ANY ADVANCES. THE BANK SHALL HAVE THE RIGHT TO REFUSE TO MAKE ANY ADVANCES AT ANY TIME WITHOUT PRIOR NOTICE TO THE BORROWER.**

The Borrower may request advances, repay and request additional advances hereunder, subject to the terms and conditions of this Note and the Loan Documents (as defined herein). In no event shall the aggregate unpaid principal amount of advances under this Note exceed the face amount of this Note.

4. **Advance Procedures**. A request for advance made by telephone or electronic mail shall be binding upon Borrower and must be promptly confirmed in writing by such method as the Bank may require. The Borrower authorizes the Bank to accept telephonic, e-mail, automated and electronic requests for advances, and the Bank shall be entitled to rely upon the authority of any person providing such instructions. The Borrower hereby indemnifies and holds the Bank harmless from and against any and all damages, losses, liabilities, and reasonable and documented out-of-pocket costs and expenses (including reasonable attorneys' fees and expenses) which may arise or be created by the acceptance of such telephonic, e-mail, automated and electronic requests or by the making of such advances. The Bank will enter on its books and records, which entry when made will be presumed correct, the date and amount of each advance, the interest rate and interest period applicable thereto, as well as the date and amount of each payment made by the Borrower. Advances hereunder shall be in an aggregate amount that is an integral multiple of $1,000,000.00 and not less than $5,000,000.00.

5. **Payment Terms**. The principal amount of each advance shall be due and payable on the earlier of (a) the date which is thirty (30) calendar days after the date of the advance and (b) the Expiration Date (as defined in the Loan Documents). Interest shall be due and payable monthly in arrears on the first day of each month.

If any payment under this Note shall become due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest in connection with such payment. Payments received will be applied to charges, fees and expenses (including reasonable attorneys' fees), accrued interest and principal in any order the Bank may choose, in its sole discretion.

6. **Conforming Changes; Benchmark Replacement Provisions**. The Bank shall have the right to make any technical, administrative or operational changes from time to time that the Bank decides may be appropriate to reflect the adoption and implementation of SOFR or any other Benchmark (as defined below) or to permit the use and administration thereof by the Bank in a manner substantially consistent with market practice or in such other manner as the Bank decides is reasonably necessary. Notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such technical, administrative or operational changes will become effective without any further action or consent of the Borrower. The Bank shall provide to the Borrower a copy of any such amendment reasonably promptly after such amendment becomes effective.

If the applicable rate under this Note is based on a Benchmark and the Bank determines (which determination shall be final and conclusive) that (A) such Benchmark cannot be determined pursuant to its definition other than as a result of a Benchmark Transition Event (as defined below), or (B) any enactment, promulgation or adoption of or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by a governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank with any guideline, request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impracticable for the Bank to make or maintain or fund loans based on that Benchmark, then the Bank shall give notice thereof to the Borrower. Thereafter, until the Bank notifies the Borrower that the circumstances giving rise to such determination no longer exist, the interest rate on all amounts outstanding under this Note shall be the Alternate Rate.

Notwithstanding anything to the contrary herein or in any other Loan Document, if the Bank determines (which determination shall be final and conclusive) that a Benchmark Transition Event has occurred with respect to a Benchmark, the Bank, in consultation with the Borrower, may amend this Note to replace such Benchmark with a Benchmark Replacement (as defined below); and any such amendment shall be in writing, shall specify the date that the Benchmark Replacement is effective and will not require any further action or consent of the Borrower. Until the Benchmark Replacement is effective, amounts bearing interest with reference to a Benchmark will continue to bear interest with reference to such Benchmark as long as such Benchmark is available, and otherwise such amounts automatically will bear interest at the Alternate Rate.

For purposes of this Section, the following terms have the meanings set forth below:

"**Benchmark**" means, at any time, any interest rate index then used in the determination of an interest rate under the terms of this Note. Once a Benchmark Replacement becomes effective under this Note, it is a Benchmark. The initial Benchmark under this Note is Daily SOFR.

"**Benchmark Replacement**" means, for any Benchmark, the sum of (a) an alternate benchmark rate and (b) an adjustment (which may be a positive or negative value or zero), in each case that has been selected by the Bank, in consultation with the Borrower, as the replacement for such Benchmark giving due consideration to any evolving or then-prevailing market convention, including any applicable recommendations made by the official sector or any official sector-sponsored committee or working group, for U.S. dollar-denominated credit facilities at such time; provided that, if the Benchmark Replacement as determined pursuant to the foregoing would be

less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Note and the other Loan Documents.

"**Benchmark Transition Event**" means a public statement or publication by or on behalf of the administrator of a Benchmark, the regulatory supervisor of such administrator, the Board of Governors of the Federal Reserve System, NYFRB, an insolvency official or resolution authority with jurisdiction over the administrator for such Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark, announcing or stating that (a) such administrator has ceased or will cease to provide such Benchmark permanently or indefinitely, provided that at the time of such statement or publication there is no successor administrator that will continue to provide such Benchmark or (b) such Benchmark is or will no longer be representative.

7. **Default Rate**. Upon maturity and, at the Bank's option upon the occurrence of any Event of Default (as hereinafter defined) and during the continuance thereof, each advance outstanding under this Note shall bear interest at the Default Rate. The Default Rate shall continue to apply whether or not judgment shall be entered on this Note. The Default Rate is imposed as liquidated damages for the purpose of defraying the Bank's expenses incident to the handling of delinquent payments, but is in addition to, and not in lieu of, the Bank's exercise of any rights and remedies hereunder, under the other Loan Documents or under applicable law, and any reasonable fees and expenses of any agents or attorneys which the Bank may employ.

8. **Prepayment**. The Borrower shall have the right to prepay any advance hereunder at any time and from time to time, in whole or in part without premium or penalty; provided that each prepayment shall be in an aggregate amount that is an integral multiple of $1,000,000.00 and not less than $5,000,000.00, or, in each case, if less, the entire principal amount then outstanding. Notwithstanding anything herein to the contrary, so long as no Event of Default shall have occurred and be continuing, any such prepayments of principal shall be applied as directed by the Borrower.

9. **Increased Costs; Yield Protection**. On written demand, together with written evidence of the justification therefor, the Borrower agrees to pay the Bank all direct costs incurred, any losses suffered or payments made by the Bank as a result of any Change in Law (hereinafter defined), imposing any reserve, deposit, allocation of capital or similar requirement (including without limitation, Regulation D of the Board of Governors of the Federal Reserve System) on the Bank, its holding company or any of their respective assets relative to the Facility. "**Change in Law**" means the occurrence, after the date of this Note, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any governmental authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any governmental authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

10. **Other Loan Documents**. This Note is issued pursuant to the confirmation letter between the Bank and the Borrower, dated on or before the date hereof, and the other agreements and documents executed and/or delivered in connection therewith or referred to therein, the terms of which are incorporated herein by reference (as amended, modified or renewed from time to time, collectively the "**Loan Documents**").

11. **Events of Default**. The occurrence of any of the following events will be deemed to be an "**Event of Default**" under this Note: (i) the nonpayment of (A) any principal under this Note when due; or (B) any interest or other obligations under this Note when due and such failure to pay (in the case of such interest or obligations other than principal) shall continue unremedied for a period of three (3) Business Days; (ii) Borrower shall default in the observance or performance of any other covenant, condition or provision hereof or any other Loan Document and such default shall continue unremedied for a period of thirty (30) days after the earlier of (x) notice to the Borrower from the Bank and (y) an executive officer of the Borrower becoming aware of such default; (iii) the filing by or against the Borrower of any proceeding in bankruptcy, receivership, insolvency, reorganization, liquidation, conservatorship or similar proceeding (and, in the case of any such proceeding instituted against the Borrower, such proceeding is not dismissed or stayed within 60 days of the commencement thereof); (iv) any assignment by the Borrower for the benefit of creditors, or any levy, garnishment, attachment or similar proceeding is instituted against a substantial part of the property of the Borrower (and, in the case of any such proceeding instituted against the Borrower, such proceeding is not dismissed or stayed within 60 days of the commencement thereof); (v) a default with respect to any other indebtedness of the Borrower for borrowed money in an aggregate amount in excess of $100,000,000, if the effect of such default is to cause or permit the acceleration of such debt; (vi) the entry of one or more final judgments against the Borrower in an aggregate amount in excess of $100,000,000.00 (to the extent not covered by insurance as to which the relevant insurance company has not disputed coverage) and the failure of the Borrower to discharge, vacate, bond or stay pending appeal such judgment or judgments within a period of thirty (30) days of the entry thereof; (vii) the Borrower ceases doing business as a going concern; or (viii) any representation or warranty made by the Borrower to the Bank in any Loan Document shall prove to have been incorrect in any material respect when made or deemed made.

Upon the occurrence and during the continuation of an Event of Default: (a) if an Event of Default specified in clause (iii) or (iv) above shall occur, the outstanding principal balance and accrued interest hereunder together with any additional amounts payable hereunder shall be immediately due and payable without demand or notice of any kind; (b) if any other Event of Default shall occur and be continuing, the outstanding principal balance and accrued interest hereunder together with any additional amounts payable hereunder, at the Bank's option and without demand or notice of any kind, may be accelerated and become immediately due and payable; (c) at the Bank's option, this Note will bear interest at the Default Rate from the date of the occurrence of the Event of Default and during the continuation thereof; and (d) the Bank may exercise from time to time any of the rights and remedies available under the Loan Documents or under applicable law.

12. **Right of Setoff**. If an Event of Default shall have occurred and be continuing, the Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, and without demand, to set off and apply against the Borrower's obligations to the Bank under this

Note all deposits of the Borrower (general or special, time or demand, provisional or final, in whatever currency) at any time held by the Bank or any direct or indirect subsidiary of The PNC Financial Services Group, Inc. (collectively, the "**PNC Group**") and any other obligations (in whatever currency) at any time owing by the Bank or any member of the PNC Group to or for the credit or the account of the Borrower, excluding however, all IRA, Keogh, custodial and trust accounts. The Bank agrees to notify the Borrower promptly after any such setoff and application; provided, that, the failure to give such notice shall not affect the validity of such setoff and application.

13. **Anti-Money Laundering/International Trade Law Compliance**. The Borrower represents, warrants and covenants to the Bank, as of the date hereof, the date of each advance of proceeds under the Facility, the date of any renewal, extension or modification of the Facility, and at all times until the Facility has been terminated and all amounts thereunder have been paid in full, that: (a) no Covered Entity (i) is a Sanctioned Person; (ii) has any of its assets in a Sanctioned Jurisdiction or in the possession, custody or control of a Sanctioned Person; or (iii) does business in or with, or derives any of its operating income from investments in or transactions with, any Sanctioned Jurisdiction or Sanctioned Person; (b) the proceeds of the Facility will not be used to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Jurisdiction or Sanctioned Person; (c) the funds used to repay the Facility are not derived from any unlawful activity; and (d) each Covered Entity is in compliance with, and no Covered Entity engages in any dealings or transactions prohibited by any applicable Anti-Terrorism Laws. The Borrower covenants and agrees that it shall promptly notify the Bank in writing upon the occurrence of a Reportable Compliance Event.

As used herein: "**Anti-Terrorism Laws**" means any laws of the United States relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering, or bribery, all as amended, supplemented or replaced from time to time; "**Compliance Authority**" means the U.S. Treasury Department/Office of Foreign Assets Control; "**Covered Entity**" means the Borrower and its subsidiaries, and solely to the extent of the Borrower's knowledge, their executive officers, directors and brokers or other agents of the Borrower acting in any capacity in connection with the Facility; "**Reportable Compliance Event**" means (1) any Covered Entity becomes a Sanctioned Person, or is indicted, arraigned, investigated or custodially detained in connection with any Anti-Terrorism Law; or (2) any Covered Entity engages in a transaction that, to the knowledge of an executive officer of the Borrower, has caused or may cause the Bank to be in violation of any Anti-Terrorism Laws, including in any event a Covered Entity's use of any proceeds of the Facility to fund any operations in, finance any investments or activities in, or, make any payments to, directly or, to its knowledge, indirectly, a Sanctioned Jurisdiction or Sanctioned Person; "**Sanctioned Jurisdiction**" means a country subject to a sanctions program maintained by any Compliance Authority; and "**Sanctioned Person**" means any individual person, group, regime, entity or thing listed or otherwise recognized as a specially designated, prohibited or sanctioned person or entity, under any order or directive of any Compliance Authority or otherwise subject to, or specially designated under, any sanctions program maintained by any Compliance Authority.

14. **Indemnity**. The Borrower agrees to indemnify each of the Bank, each legal entity, if any, who controls, is controlled by or is under common control with the Bank, and each of their respective directors, officers and employees (the "**Indemnified Parties**"), and to defend and hold

each Indemnified Party harmless from and against any and all claims, damages, losses, liabilities and reasonable and documented out-of-pocket expenses (including all reasonable fees and charges of internal or external counsel with whom any Indemnified Party may consult and all reasonable expenses of litigation and preparation therefor) which any Indemnified Party may incur or which may be asserted against any Indemnified Party by any person, entity or governmental authority (including any person or entity claiming derivatively on behalf of the Borrower), in connection with or arising out of or relating to the matters referred to in this Note or in the other Loan Documents or the use of any advance hereunder, whether (a) arising from or incurred in connection with any breach of a representation, warranty or covenant by the Borrower, or (b) arising out of or resulting from any suit, action, claim, proceeding or governmental investigation, pending or threatened, whether based on statute, regulation or order, or tort, or contract or otherwise, before any court or governmental authority; provided, however, that the foregoing indemnity agreement shall not apply to any claims, damages, losses, liabilities and expenses solely attributable to an Indemnified Party's gross negligence or willful misconduct. The indemnity agreement contained in this Section shall survive the termination of this Note, payment of any advance hereunder and the assignment of any rights hereunder. The Borrower may participate at its expense in the defense of any such action or claim.

15. **Miscellaneous**. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder ("**Notices**") must be in writing (except as may be agreed otherwise above with respect to borrowing requests) and will be effective upon receipt. Notices may be given in any manner to which the parties may separately agree, including electronic mail. Without limiting the foregoing, first-class mail, postage prepaid, facsimile transmission and commercial courier service are hereby agreed to as acceptable methods for giving Notices. Regardless of the manner in which provided, Notices may be sent to a party's address as set forth above or to such other address as any party may give to the other for such purpose in accordance with this paragraph. No delay or omission on the Bank's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will the Bank's action or inaction impair any such right or power. The Bank's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which the Bank may have under other agreements, at law or in equity. No modification, amendment or waiver of, or consent to any departure by the Borrower from, any provision of this Note will be effective unless made in a writing signed by the Bank and, in the case of an amendment or modification, the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. The Borrower agrees to pay on demand, to the extent permitted by law, all reasonable and documented out-of-pocket costs and expenses incurred by the Bank in the enforcement of its rights in this Note, including without limitation reasonable fees and expenses of the Bank's counsel. If any provision of this Note is found to be invalid by a court, all the other provisions of this Note will remain in full force and effect. The Borrower and all other makers and indorsers of this Note hereby forever waive presentment, protest, notice of dishonor and notice of non-payment. This Note shall bind the Borrower and its heirs, executors, administrators, successors and assigns, and the benefits hereof shall inure to the benefit of the Bank and its successors and assigns; provided, however, that the Borrower may not assign this Note in whole or in part without the Bank's written consent, and the Bank at any time may assign this Note in whole or in part to any other direct or indirect subsidiary of The PNC Financial Services Group, Inc., but to no other party without the Borrower's written consent.

16. **Governing Law and Venue**. This Note has been delivered to and accepted by the Bank and will be deemed to be made in the State where the Bank's office indicated above is located (the "**State**"). **THIS NOTE WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE BANK AND THE BORROWER DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE EXCLUDING ITS CONFLICT OF LAWS RULES, INCLUDING WITHOUT LIMITATION THE ELECTRONIC TRANSACTIONS ACT (OR EQUIVALENT) IN EFFECT IN THE STATE (OR, TO THE EXTENT CONTROLLING, THE LAWS OF THE UNITED STATES OF AMERICA, INCLUDING WITHOUT LIMITATION THE ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT).** The Borrower hereby irrevocably consents to the exclusive jurisdiction of any state or federal court in the county or judicial district where the Bank's office indicated above is located; provided that nothing contained in this Note will prevent the Bank from bringing any action, enforcing any award or judgment or exercising any rights against the Borrower individually, or against any property of the Borrower within any other county, state or other foreign or domestic jurisdiction. The Borrower acknowledges and agrees that the venue provided above is the most convenient forum for both the Bank and the Borrower. The Borrower waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Note.

17. **Commercial Purpose**. The Borrower represents that the indebtedness evidenced by this Note is being incurred by the Borrower solely for the purpose of acquiring or carrying on a business, professional or commercial activity, and not for personal, family or household purposes.

18. **USA Patriot Act Notice**. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each Borrower that opens an account. What this means: when the Borrower opens an account, the Bank will ask for the business name, business address, taxpayer identifying number and other information that will allow the Bank to identify the Borrower, such as organizational documents. For some businesses and organizations, the Bank may also need to ask for identifying information and documentation relating to certain individuals associated with the business or organization.

19. **Counterparts; Electronic Signatures and Records**. This Note and any other Loan Document may be signed in any number of counterpart copies and by the parties hereto on separate counterparts, but all such copies shall constitute one and the same instrument. Notwithstanding any other provision herein, the Borrower agrees that this Note, the Loan Documents, any amendments thereto, and any other information, notice, signature card, agreement or authorization related thereto (each, a "**Communication**") may, at the Bank's option, be in the form of an electronic record. Any Communication may, at the Bank's option, be signed or executed using electronic signatures. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Bank of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format) for transmission, delivery and/or retention.

20. **Amendment and Restatement**. This Note amends and restates, and is in substitution for, that certain Discretionary Line of Credit Note in the original principal amount of

$250,000,000 payable to the order of the Bank and dated April 28, 2017 (the "**Existing Note**"). However, without duplication, this Note shall in no way extinguish, cancel or satisfy Borrower's unconditional obligation to repay all indebtedness evidenced by the Existing Note or constitute a novation of the Existing Note. Notwithstanding anything to the contrary herein, if any amount outstanding as of the date hereof under the Existing Note bears interest based on a rate that is reset at the end of a specified interest period, and such interest period commenced prior to the date hereof, such amount shall continue to bear interest based on such rate, and the terms of the Existing Note applicable to amounts bearing interest based on such rate shall continue to apply to such amount, until the end of the then-current interest period, after which the interest rate (and related provisions) as stated in this Note shall apply. For the avoidance of doubt, as of the date hereof, there are no outstanding advances under the Existing Note.

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21. **WAIVER OF JURY TRIAL. THE BORROWER IRREVOCABLY WAIVES ANY AND ALL RIGHTS THE BORROWER MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS NOTE, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS NOTE OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE BORROWER ACKNOWLEDGES THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.**

The Borrower acknowledges that it has read and understands all the provisions of this Note, including the waiver of jury trial, and has been advised by counsel as necessary or appropriate.

IN WITNESS WHEREOF, the Borrower caused this Note to be duly executed by its authorized officer as of the day and year first above written.

THE PROGRESSIVE CORPORATION

By: _____
Print Name: _____
Title: _____

Exhibit 10.1

RESTRICTED STOCK UNIT AWARD AGREEMENT
(2023 Time-Based Award)

This Agreement ("Agreement") is made this <Grant Date> ("Grant Date") by and between <Participant Name> ("Participant") and The Progressive Corporation (the "Company").

1. Definitions. Unless otherwise defined or expressly given a different meaning in this Agreement, each capitalized term in this Agreement shall have the meaning given to it in The Progressive Corporation 2015 Equity Incentive Plan (the "Plan").

2. Award of Restricted Stock Units. The Company grants to Participant an award (the "Award") consisting of <# of Units> restricted stock units (the "Restricted Stock Units" or "Units"), pursuant to, and subject to, the terms of the Plan.

3. Condition to Participant's Rights under this Agreement. This Agreement shall not become effective, and Participant shall have no rights with respect to the Award or any Restricted Stock Units, unless and until Participant has fully executed this Agreement and delivered it to the Company. In the Company's sole discretion, such execution and delivery may be accomplished through electronic means. If this Agreement has not been executed and delivered by Participant by 11:59 p.m., Mayfield Village, Ohio time on the last day of the month immediately following the month in which the Grant Date occurs, then this Award shall be forfeited in its entirety.

4. Restrictions; Vesting. Subject to the terms and conditions of the Plan and this Agreement, including the provisions of Paragraph 8 below, Participant's rights in and to the Units shall vest, if at all, according to the following schedule (with such modifications as may be necessary or appropriate, in the Company's sole discretion, to eliminate or minimize fractional Units from the following vesting schedule):

(a) One-third of the Units shall vest on January 20, 2026;
(b) One-third of the Units shall vest on January 19, 2027; and
(c) One-third of the Units shall vest on January 18, 2028;

provided, however, that if any such date is not a business day then the vesting date for that Award Installment shall be the next business day following such date. The Restricted Stock Units awarded under this Agreement shall vest in accordance with the schedule set forth above unless, prior to the vesting date set forth above, the Award and the applicable Units are forfeited or have become subject to accelerated vesting under the terms and conditions of the Plan or this Agreement.

5. Dividend Equivalents. Subject to this Paragraph 5, with respect to dividends for which a record date occurs during the Restriction Period applicable to any Units, Participant shall be credited with a Dividend Equivalent with respect to each outstanding Restricted Stock Unit, with respect to each vested but not yet distributed Restricted Stock Unit (as contemplated by Paragraphs 8(b) and 8(c)), and with respect to any Dividend Equivalent Unit (defined below) resulting from prior reinvestments of Dividend Equivalents as provided in this Paragraph. All Dividend Equivalents so credited will be deemed to be reinvested in Restricted Stock Units on the date that the applicable dividend or distribution is made to the Company's shareholders, in the number of Dividend Equivalent Units determined by dividing the aggregate value of the Dividend Equivalents by the Fair Market Value of the Stock on such date (rounded to the nearest thousandth of a whole Unit or as otherwise reasonably determined by the Company); provided, however, that if Dividend Equivalents cannot be reinvested in Units due to the operation of Section 3(a) of the Plan, such Dividend Equivalents will be credited to Participant as a cash value, which cash value shall be held by the Company (without interest) subject to this Agreement. Any Units resulting from the deemed reinvestment of dividends in accordance with this Paragraph 5 are referred to herein as "Dividend Equivalent Units." Dividend Equivalents shall be subject to the same terms and conditions, and shall vest or be forfeited (as applicable) at the same time, as the Restricted Stock Units to which they relate; provided, however, that (x) if the Restriction Period for any Restricted Stock Unit ends after the record date for, but before the payment date of, a dividend, then any Dividend Equivalents related to such dividend and to Units for which the Restriction Period is ending will be paid in cash or in Stock, in the sole discretion of the Company, as soon as practicable following the payment

date for such dividend, and (y) if Paragraph 8(b) or 8(c) below is applicable and a record date for any dividend occurs after the applicable vesting date but before the applicable Delivery Date (as defined in Paragraph 8(d)(i) below), then any Dividend Equivalents related to such dividend will be paid in cash or in Stock, in the sole discretion of the Company, on or as soon as practicable following the Delivery Date.

6. Units Non-Transferable. No Restricted Stock Units (and no Dividend Equivalents) shall be transferable by Participant other than by will or by the laws of descent and distribution. In the event all or any portion of the Award is transferred or assigned pursuant to a court order, such transfer or assignment shall be without liability to the Company, and the Company shall have the right to offset against the Award any expenses (including attorneys' fees) incurred by the Company, or any of its Subsidiaries or Affiliates, in connection with such attempted transfer or assignment.

7. Executive Deferred Compensation Plan. If Participant is eligible, and has made the appropriate election, to defer the Award into The Progressive Corporation Executive Deferred Compensation Plan (the "Deferral Plan"), and the Award is eligible for deferral under the Deferral Plan, then at the time of vesting, the Restricted Stock Units that would otherwise vest under this Agreement (but not any Dividend Equivalents, which shall be delivered to Participant in accordance with Paragraph 9), instead of being delivered to Participant shall be credited to Participant's account under the Deferral Plan, subject to and in accordance with the terms and conditions of the Deferral Plan and any related deferral agreement.

8. Termination of Employment; Disability Separation.

(a) Except as otherwise provided in the Plan or in this Paragraph 8, or as otherwise determined by the Committee, if Participant's employment with the Company or any Subsidiary or Affiliate terminates for any reason, the Award and all Restricted Stock Units (and any related Dividend Equivalents) held by Participant that are unvested or subject to restriction at the time of such termination shall be forfeited automatically immediately after such termination.

(b) Notwithstanding Paragraph 8(a) above, (x) if Participant's employment terminates on or after January 1, 2024 as a result of Participant's death, or (y) if Participant experiences a Disability Separation (defined below) on or after January 1, 2024, then one hundred percent (100%) of each Award Installment (and any related Dividend Equivalents) that is unvested on such termination date or separation date, as applicable, will vest immediately after such death or the date of such Disability Separation. The Company will process any vesting pursuant to the terms of the immediately preceding sentence within 30 days following, as applicable, (x) its receipt of notice of Participant's death or (y) the date of the Disability Separation; provided, however, in the event of a Disability Separation, if Participant is a "specified employee" within the meaning of Section 409A (as determined in accordance with the methodology established by the Company), then the distribution of Stock deliverable upon such vesting shall not occur until the Delivery Date.

(c) Notwithstanding Paragraph 8(a) above, if Participant's employment terminates on or after January 1, 2024 as a result of Participant's Qualified Retirement (defined below), then one hundred percent (100%) of each Award Installment (and any related Dividend Equivalents) that is unvested on the Participant's Qualified Retirement Date will vest immediately after such Qualified Retirement; provided, however, in the event that Participant is a "specified employee" within the meaning of Section 409A (as determined in accordance with the methodology established by the Company), then the distribution of Stock deliverable upon such vesting shall not occur until the Delivery Date.

(d) For purposes of this Paragraph 8:

(i) "Delivery Date" shall mean the date that is six (6) months plus one (1) day after the Participant's Qualified Retirement Date or the date of Participant's Disability Separation, as applicable, or such earlier date as may be permitted by Section 409A.

(ii) "Disability Separation" shall mean a "separation of service," within the meaning of Section 409A, by Participant's employer as a result of Participant's disability, in accordance

with the Company's policies and procedures as the same are in effect at the time of such separation.

(iii) "Qualified Retirement" shall mean any termination of Participant's employment with the Company or its Subsidiaries or Affiliates for any reason (excluding death, a Disability Separation and any involuntary termination for Cause) that (x) qualifies as a "separation from service" within the meaning of Section 409A, and (y) occurs on or after the first day of the calendar month in which either of the following conditions are scheduled to be satisfied:

A. the Participant is 55 years of age or older and has completed at least fifteen (15) years of service as an employee of the Company or one or more of its Subsidiaries or Affiliates; or

B. the Participant is 60 years of age or older and has completed at least ten (10) years of service as an employee of the Company or one or more of its Subsidiaries or Affiliates.

(iv) "Qualified Retirement Date" means the date as of which Participant's employment with the Company or its Subsidiaries or Affiliates terminates pursuant to a Qualified Retirement as defined in Paragraph 8(d)(iii) above.

(e) Nothing in this Paragraph 8 will be interpreted as altering in any way the provisions of Section 11 of the Plan.

9. Delivery at Vesting. Subject to the provisions of the Plan and this Agreement (including Paragraphs 8(b) and 8(c)), upon vesting of all or part of the Award, the Company shall deliver to Participant one share of Stock in exchange for each such vested Restricted Stock Unit and for each Dividend Equivalent Unit related thereto and cash in the amount of any other related Dividend Equivalents, and the applicable Restricted Stock Units (and any related Dividend Equivalents) shall be cancelled. Unless determined otherwise by the Company at any time prior to the applicable delivery, each fractional Restricted Stock Unit (and related Dividend Equivalent Unit) shall vest and be settled in an equal fraction of a share of Stock.

10. Disqualifying Activity. Subject to Paragraph 15(c) below, and notwithstanding any other provision of this Agreement, if the Committee determines that Participant is engaging in, or has engaged in, a Disqualifying Activity, the provisions of Section 10(b) of the Plan will apply. A violation by Participant of Paragraph 12, 13 or 14 below, and any violation by Participant of any other non-competition agreement between Participant and the Company or any of its Subsidiaries or Affiliates, shall constitute a "material violation" of an "agreement between Participant and the Company" within the meaning of clause (iii) of the definition of Disqualifying Activity, and may also constitute a Disqualifying Activity within the meaning of one or more of the other clauses defining Disqualifying Activity under the Plan.

11. Taxes. No later than the date as of which Taxes become due, Participant shall pay to the Company, or make arrangements satisfactory to the Committee regarding the payment of, any Taxes and other items of any kind required by law to be withheld with respect to such amount. The obligations of the Company under the Plan and this Agreement shall be conditioned on such payment or arrangements and the Company and its Subsidiaries and Affiliates, to the extent permitted by law, shall have the right to deduct any such Taxes from any payment of any kind otherwise due to Participant. At vesting (or Delivery Date, if applicable) of any Award Installment, Restricted Stock Units and any related Dividend Equivalent Units vesting on such vesting date (or being distributed on such Delivery Date) will be valued at the Fair Market Value of the Company's Stock on such date.

Unless otherwise determined by the Committee, Participant must satisfy the minimum statutory tax withholding obligations resulting from the vesting of Restricted Stock Units and related Dividend Equivalents ("Minimum Withholding Obligations") either (a) by surrendering to the Company Restricted Stock Units that are then vesting or being distributed (or shares of Stock issuable upon such event) with a value sufficient to satisfy the Minimum Withholding Obligations, or (b) by paying to the Company the appropriate amount in cash or, if acceptable to the Company, by check or other instrument. Unless Participant advises the Company of

Participant's election to use an alternative payment method, Participant shall be deemed to have elected to surrender to the Company Restricted Stock Units that are then vesting or being distributed (or shares of Stock issuable upon such event) with a value sufficient to satisfy the Minimum Withholding Obligations.

Under no circumstances will Participant be entitled to satisfy any Minimum Withholding Obligations by surrendering Restricted Stock Units that are not then vesting (or being distributed on such Delivery Date) or any Restricted Stock Units that Participant has elected to defer under Paragraph 7 above. Any request by Participant to satisfy Minimum Withholding Obligations by surrendering shares of Stock owned by Participant prior to the date of such satisfaction must be specifically approved in advance by the Committee. All payments and surrenders of Units or shares of Stock and any requests for approval of alternative payment arrangements must be made by Participant in accordance with such procedures as may be adopted by the Company in connection therewith, and subject to such rules as have been or may be adopted by the Committee.

12. Non-Solicitation. In consideration of the Award made to Participant under this Agreement, and in further consideration of the continuation of Participant's at-will employment with the Company or one of its Subsidiaries or Affiliates (collectively, "Progressive"), starting on the Grant Date and ending on the date that is exactly twelve (12) months after Participant's Separation Date (defined below), Participant shall not directly or indirectly recruit or solicit for hire, or assist in any manner in the recruitment or solicitation for hire, of any employee or officer of Progressive, in each case involving employment by any individual, business or entity other than Progressive, or in any way induce any such employee or officer to terminate employment with Progressive. For purposes of this Agreement, "Separation Date" means the date on which Participant's employment with Progressive terminates for any reason.

13. Non-Competition. In consideration of the Award made to Participant under this Agreement, and in further consideration of the continuation of Participant's at-will employment with Progressive, starting on the Grant Date and ending on the date that is exactly twelve (12) months after Participant's Separation Date, Participant shall not, directly or indirectly, on Participant's own account or on account of any other person or entity (except in the authorized course of Participant's employment with Progressive), engage in any Competitive Activity.

(a) *Definitions*. For purposes of this Agreement:

(i) "Competitive Activity" means engaging in any activity or providing any products or services that are the same as or similar to, or that may be directed in whole or part to replacing, the actual or proposed activities, products, or services of Progressive's Core Business (as defined below):

A. with respect to which Participant had knowledge of, or access to, Confidential Information (as defined below) during Participant's employment with Progressive; and

B. where, as to any applicable geographic territory, the activities engaged in by Participant, the products or services provided by Participant, or the duties assigned to Participant reasonably could require Participant, in whole or in part, to rely on, use, or disclose Confidential Information of which Participant had knowledge, or to which Participant had access, during Participant's employment with Progressive.

(ii) "Confidential Information" means confidential and/or proprietary information and/or trade secrets which are the property of Progressive, or which Progressive is under an obligation not to disclose, including but not necessarily limited to the following: information regarding Progressive's processes and products, including information relating to research and development, agent or customer data, and/or technologies; product features and/or specifications, tests or investigations; business plans, marketing plans and financials, reports, data, figures, margins, profits, statistics, analyses and other related information; any information that Participant has agreed not to disclose and/or use other than in the course of Participant's employment with Progressive; and any other confidential information of whatever nature which gives Progressive an opportunity to obtain a competitive advantage over its competitors. Confidential Information does not include information that is generally available to the public other than as a result of a breach of a contractual or other duty of confidentiality.

(iii) "Core Business" means activities, products, or services that are related, in whole or in part, to the business of property and casualty insurance or to any other actual or proposed insurance-related activities, products, or services of Progressive.

(b) *Reasonableness of Restriction*. Participant acknowledges and agrees that the covenants contained in this Paragraph 13 are not intended to prevent Participant from earning a living, but rather to protect Progressive's legitimate business interests in its Confidential Information and do not unreasonably interfere with Participant's ability to secure gainful employment following the termination of Participant's employment with Progressive. Participant further acknowledges that in the event Participant's employment with Progressive ends, Participant's knowledge, experience and capabilities are such that Participant can obtain employment in business activities which are of a different and non-competing nature than those performed in the course of Participant's employment with Progressive and that the enforcement of a remedy hereunder by way of injunction will not prevent Participant from earning a reasonable livelihood.

(c) *Tolling of Covenants*. Participant acknowledges and agrees that in the event the Company brings an action for injunctive or other relief against Participant, the Company shall not, as a result of the time involved in obtaining such relief, be deprived of the benefit of the full period of the restrictive covenant. Accordingly, it is hereby further agreed that the restrictive covenants contained in this Paragraph 13 shall be deemed to have the duration specified herein, as computed from the date relief is granted but reduced by the time between the period when the restriction(s) began to run and the date of the first violation of the restrictive covenant(s) by Participant.

14. Non-Disclosure of Confidential Information.

(a) During the course of Participant's employment, Participant may be given access to, help develop, or learn of Confidential Information (as defined above). Participant acknowledges and agrees that Participant has an obligation to maintain the confidentiality of Confidential Information, including any records containing Confidential Information, except as otherwise authorized by law; and Participant's obligation continues at all times during and after Participant's employment. Participant acknowledges that Confidential Information does not become any less confidential or proprietary to Progressive because Participant may commit records to memory or because Participant may otherwise maintain records outside of Progressive's offices, computer systems or data storage repositories.

(b) During the course of Participant's employment, Participant may be given access to confidential information and/or trade secrets of third parties, subject to Progressive's duty to maintain confidentiality of such information and use it only for certain purposes. Participant will not disclose to any person, corporation or entity, and not use for Participant's benefit or the benefit of any other person, corporation or entity, any such third party's confidential information, except as necessary in carrying on work for Progressive consistent with Progressive's agreement with the third party.

(c) Participant will use Participant's best efforts and the utmost diligence to guard and protect Progressive's Confidential Information, and Participant will not, during or after the period of Participant's employment by Progressive, use or disclose, directly or indirectly, any of Progressive's Confidential Information which Participant may develop, obtain or learn about during or as a result of Participant's employment by Progressive, except in the ordinary course of performing duties on behalf of Progressive and/or except as previously authorized by Progressive in writing. Participant acknowledges that the Confidential Information is owned and shall continue to be owned by Progressive and that misuse, misappropriation or unauthorized disclosure of this information will cause irreparable harm and/or other damage to Progressive both during and after the term of Participant's employment.

(d) Notwithstanding anything in this Agreement to the contrary, Participant and the Company acknowledge that Participant shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made (x) in

confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (y) solely for the purpose of reporting or investigating a suspected violation of law. In addition, Participant shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Furthermore, in the event Participant files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Participant may disclose the trade secret to Participant's attorney and use the trade secret information in the court proceeding, if Participant files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

15. Additional Terms Applicable to Non-Solicitation, Non-Competition and/or Non-Disclosure Provisions.

(a) *Remedies for Breach.* Participant acknowledges and agrees that the damages which may arise from a breach or threatened breach of any of the covenants contained in Paragraph 12, 13 or 14 of this Agreement are irreparable and difficult to measure and that money damages alone would be an inadequate remedy for any such breach. Accordingly, if Participant breaches or threatens to breach any portion of the covenants contained in Paragraph 12, 13 or 14 of this Agreement, the Company shall be entitled, in addition to all other remedies that it may have, to an injunction or other appropriate equitable relief to restrain any such breach or threatened breach without showing or proving any actual damage. In the event Participant violates and/or breaches any of the covenants contained in Paragraph 12, 13 or 14, the Company also shall be entitled to an accounting and repayment of all lost profits, compensation, commissions, remuneration or benefits that Participant directly or indirectly has realized or may realize as a result of any such violation or breach; and the Company shall be entitled to recover for all lost sales, profits, commissions, trade secrets, Confidential Information, good will and customers caused by Participant's improper acts, in addition to and not in limitation of any injunctive relief or other rights or remedies that the Company is or may be entitled to at law or in equity or under this Agreement.

(b) *Applicability of Covenants*. Subject to Paragraph 15(g) below:

(i) If, on the Grant Date, Participant is employed or resides in a jurisdiction in which any term or provision of Paragraph 12, 13 or 14 of this Agreement, or part thereof, would be unlawful, void, or otherwise unenforceable as a matter of law, then such term or provision, or part thereof, shall not apply to Participant;

(ii) If Participant is licensed actively as an attorney-at-law in any U.S. state, nothing in Paragraphs 12, 13 or 14 of this Agreement shall prevent Participant from practicing as an attorney-at-law, subject to Participant's compliance with applicable ethical rules governing such practice; and

(iii) The restrictions in Paragraph 13 shall apply to Participant only if, on the Grant Date, Participant's assigned salary grade level is 50 through 53, GNG, ENG or CNG.

(c) *Violation as Disqualifying Activity*. Participant acknowledges and agrees that the remedies identified in Paragraph 15(a) above for a breach of Paragraph 12, 13 or 14 of this Agreement shall be in addition to, and not in lieu of, the consequences of Participant's engagement in a Disqualifying Activity as provided in Paragraph 10 of this Agreement and Section 10(b) of the Plan.

(d) *Attorney's Fees.* If the Company brings a legal action to enforce any covenant contained in Paragraph 12, 13 or 14 of this Agreement, and if the Company is awarded any damages and/or any full or partial injunction due to Participant's acts, then the Company shall be entitled to recover its reasonable costs incurred in conducting the action including, but not limited to, reasonable attorneys' fees and expenses.

(e) *Effect on Other Agreements*. The provisions of Paragraphs 12, 13, and 14 of this Agreement shall be in addition to, and shall not supersede or replace, the provisions of any employment or other agreement between Participant and Progressive that contains similar or additional restrictions on Participant, including but not limited to any such provisions contained in a prior agreement relating to an award of restricted stock units.

(f) *Forum; Jurisdiction*.

(i) Subject to Paragraph 15(f)(ii) below:

A. All claims, actions or proceedings brought in a court of law that arise out of, require the interpretation of, and/or that are in any way related to the subject matter covered in this Agreement shall be brought and litigated exclusively in the state or federal courts located in Cuyahoga County of the State of Ohio, to which courts the parties consent to both personal jurisdiction and service of process in a manner consistent with Ohio law. The only exception to this choice of venue/forum is litigation to enforce any order or judgment rendered by such Ohio state or federal court, in which case such enforcement proceeding may be litigated in another jurisdiction. This consent to personal jurisdiction and choice of venue/forum are intended by the Company and Participant to be mandatory and not permissive in nature. Progressive and Participant hereby waive any right to assert the doctrine of *forum non conveniens* or similar doctrine or to object to venue or jurisdiction with respect to any action or proceeding brought in accordance herewith.

B. The Company and Participant irrevocably consent and agree that the state and federal courts located in Cuyahoga County of the State of Ohio shall have personal jurisdiction over the Company and Participant for the purpose of litigating in court any dispute, controversy, or proceeding with respect to matters described in this Agreement, and each consents to service of process in a manner consistent with Ohio law.

(ii) The provisions of this Agreement, including but not limited to Paragraph 15(f)(i) above and Paragraphs 16 and 18 below, do not and shall not be interpreted to modify, supersede, or replace the terms of any agreement between Participant and Progressive requiring either party to bring claims against the other in binding arbitration. To the extent that Participant and Progressive enter or have entered into an agreement to arbitrate that covers claims that arise out of, require the interpretation of, and/or that are in any way related to the subject matter covered in this Agreement, the terms of such agreement to arbitrate shall remain in full force and effect notwithstanding any other provision of this Agreement.

(g) Participant is encouraged to consult with an attorney before executing this Agreement.

(h) *Severability.* If for any reason any term or provision of Paragraphs 12, 13 or 14 of this Agreement, or part thereof, is held to be unlawful, void, or otherwise unenforceable as a matter of law, unless such invalidity or unenforceability can be cured by reformation or modification of the offending term or provision, or part thereof, including but not limited to as set forth below, all other valid and enforceable terms and provisions, or parts thereof, herein shall remain in full force and effect, and all of the invalid terms or provisions, or parts thereof, of this Agreement shall be deemed to be severable in nature. If for any reason any term or provision of Paragraphs 12, 13 or 14 of this Agreement, or part thereof, is invalid or unenforceable because it is held to cover an area or to be for a length of time or otherwise have a scope that is unreasonable or is otherwise construed to be too broad, such term or provision, or part thereof, shall be reformed and/or modified to provide for a restriction having the maximum enforceable area, time period and/or other scope (not greater than those contained herein) as shall be valid and enforceable under applicable law.

16. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to this Award, and, except as provided in Paragraphs 12, 13, 14, and 15, supersedes and cancels any other agreement, representation or communication, whether oral or in writing, between the parties relating to the Award, provided that the Agreement shall be at all times subject to the Plan.

17. Amendment. The Committee may amend the terms of this Award to the fullest extent permitted by Section 12 of the Plan.

18. Choice of Law. This Agreement shall be deemed to be made and executed in Ohio and shall be governed, construed, and interpreted under, and in accordance with, the laws of the State of Ohio, without regard to conflict of law provisions.

19. Acknowledgments. Participant: (x) acknowledges receiving a copy of the Plan description relating to the Plan, and represents that Participant is familiar with all of the material provisions of the Plan, as set forth in such Plan description; (y) accepts this Agreement and the Award subject to all provisions of the Plan and this Agreement; and (z) agrees to accept as binding, conclusive and final all decisions and interpretations of the Committee relating to the Plan, this Agreement or the Award.

Participant evidences agreement with the terms and conditions of this Agreement, and intention to be bound by this Agreement, by electronically accepting the Award pursuant to the procedures adopted by the Company. **Upon such acceptance by Participant, this Agreement will be immediately binding and enforceable against Participant and the Company.**

THE PROGRESSIVE CORPORATION

By: _____
Vice President & Secretary

Exhibit 10.2

RESTRICTED STOCK UNIT AWARD AGREEMENT
(2023 Performance-Based Award – Performance versus Market)

This Agreement ("Agreement") is made this <Grant Date> ("Grant Date") by and between <Participant Name> ("Participant") and The Progressive Corporation (the "Company").

1. Definitions. Unless otherwise defined or expressly given a different meaning in this Agreement, each capitalized term in this Agreement shall have the meaning given to it in The Progressive Corporation 2015 Equity Incentive Plan (the "Plan"). Financial and operational terms used in this Agreement (e.g., references to business lines, units or segments) are used consistently with the use of those terms in the Company's Form 10-K (including exhibits and other documents incorporated therein) for the fiscal year ended December 31, 2022 (the "Form 10-K"). It is understood that references herein to any performance results of the Company mean the applicable consolidated operating results of the Company and its Subsidiaries and Affiliates.

2. Award of Restricted Stock Units. The Company grants to Participant an award (the "Award") of performance-based restricted stock units ("Restricted Stock Units" or "Units"), pursuant to, and subject to, the terms of the Plan. The Award is based on a target award value of <# of Units> Units (the "Target Award Units"). The number of Restricted Stock Units that are ultimately earned pursuant to the Award (if any) will be determined based on the Target Award Units and the procedures and calculations set forth in this Agreement. Under the calculations set forth below, the maximum potential Award is a number of Units equal to two and one-half (2.5) times the sum of Target Award Units plus any related Dividend Equivalent Units (defined below) (the "Maximum Award Units"). The Award is not intended to qualify as "performance-based compensation" under Section 162(m)(4)(C) of the Code as was in effect during November 2017.

3. Condition to Participant's Rights under this Agreement. This Agreement shall not become effective, and Participant shall have no rights with respect to the Award or any Restricted Stock Units, unless and until Participant has fully executed this Agreement and delivered it to the Company. In the Company's sole discretion, such execution and delivery may be accomplished through electronic means. If this Agreement has not been executed and delivered by Participant by 11:59 p.m., Mayfield Village, Ohio time on the last day of the month immediately following the month in which the Grant Date occurs, then this Award shall be forfeited in its entirety.

4. Restrictions; Vesting.

(a) *Growth Evaluation Period; Certification.* Subject to the terms and conditions of the Plan and this Agreement, including the provisions of Paragraph 9 below, Participant's rights in and to Restricted Stock Units shall vest, if at all, as follows:

(i) The "Growth Evaluation Period" shall be the three-year period comprised of the years 2023, 2024 and 2025.

(ii) The Award shall vest (if at all) only if, to the extent, and when the Committee certifies:

A. the extent to which the Company's performance results have satisfied the performance criteria set forth in both Paragraphs 4(b) and 4(c) below; and

B. the Performance Factor (defined below) to be multiplied by the Target Award Units (and any related Dividend Equivalent Units) to determine the number of Restricted Stock Units (if any) that have vested as a result of such performance.

Such certification shall occur (x) at the first opportunity to certify results (as defined in Paragraph 9(e)(iii)), or (y) if, at the first opportunity to certify results, the Performance Factor is higher than zero but the Profitability Requirement (as defined in Paragraph 4(b)) has not been satisfied, as soon as practicable after the end of the first month thereafter in which the Profitability Requirement is satisfied (the date of such certification, the "Certification Date"), but in any event must occur (if at all) on or before January 31, 2028 (the "Expiration Date"). If the Committee

certifies the vesting of a number of Units that is less than the Maximum Award Units, then with respect to all other Units that could have been earned under this Agreement, the Award will terminate and be forfeited automatically.

(b) *Profitability Requirement*. The Award shall not vest unless the Company has achieved a combined ratio of 96 or less, calculated by reference to the Company's financial results, prepared in accordance with generally accepted accounting principles applicable in the United States ("GAAP"), for the twelve (12) fiscal month period immediately preceding the date of the certification described in Paragraph 4(a) above (the "Profitability Requirement"). This section is qualified by the provisions of Paragraph 4(d) below. If the Profitability Requirement has not been satisfied with respect to the Award prior to the Expiration Date, none of the Award shall vest, and the Award shall be forfeited in its entirety.

(c) *Number of Units Vesting*. Provided that the Profitability Requirement has been satisfied, the number of Restricted Stock Units (if any) that vest in connection with the Award will be determined as follows:

(i) Performance scores reflecting the Company's compounded annual rate of growth in Earned Premiums (defined below) for the Growth Evaluation Period ("Company Growth Rate") for each of the Company's (x) Private Passenger Auto and (y) Commercial Auto businesses (each a "Business Line" and, collectively, the "Business Lines") will be compared to the compounded annual rate of growth for the Growth Evaluation Period (the "Market Growth Rate") of the market for the applicable Business Line, in each case determined as provided below.

The performance score for each of Private Passenger Auto and Commercial Auto will be determined by the following calculation:

If the Company Growth Rate for the Business Line exceeds the Market Growth Rate by the Maximum Measure for that Business Line or more	2.50 (i.e., the Maximum Performance Score)
If the Company Growth Rate for the Business Line exceeds the Market Growth Rate by more than the Target Measure for that Business Line but less than the Maximum Measure for that Business Line	1 + (Company Growth Rate – Market Growth Rate – 2.00) Example: Private Passenger Auto Company Growth Rate = 2.50%; Private Passenger Auto Market Growth Rate = 0.10%; Performance Score = 1 + (2.50 - 0.10 - 2.00) = 1.40
If the Company Growth Rate for the Business Line exceeds the Market Growth Rate by exactly the Target Measure for that Business Line	1.00 (i.e., Target Performance Score)
If the Company Growth Rate for the Business Line exceeds the Market Growth Rate by less than the Target Measure for that Business Line	(Company Growth Rate – Market Growth Rate) / Target Measure for that Business Line Example: Private Passenger Auto Company Growth Rate = 1.05%; Private Passenger Auto Market Growth Rate = 0.10%; Performance Score = ((1.05 - 0.10) / 2.00) = 0.48
If the Company Growth Rate for the Business Line is equal to or less than the Market Growth Rate for that Business Line	Zero

(ii) The Target Measure and Maximum Measure for each Business Line is as follows:

Business Line	Target Measure	Maximum Measure
Private Passenger Auto	2 percentage points	3.5 percentage points
Commercial Auto	2 percentage points	3.5 percentage points

(iii) The resulting performance score for each of the Business Lines will then be multiplied by a weighting factor, which shall be a fraction or decimal equivalent, determined by dividing the Earned Premiums generated by such Business Line during the Growth Period by the Earned Premiums generated by all of the Business Lines in the aggregate during the Growth Period to produce a weighted performance score. Subject to Paragraph 4(e), the sum of these weighted performance scores will be the performance factor (the "Performance Factor"). The number of Restricted Stock Units vesting will be determined by multiplying the Target Award Units (and any Dividend Equivalent Units) by the Performance Factor. In no event will the Performance Factor be more than 2.50. If the Performance Factor is zero, none of the Award shall vest, and the Award shall be forfeited in its entirety.

(iv) For purposes of these determinations:

A. Subject to the provisions of Paragraphs 4(c)(iv)B., 4(c)(iv)C. and 4(c)(iv)D. below:

1. "Earned Premiums" shall mean Direct Premiums Earned, as that term is used in the A.M. Best annual report currently known as the "A2 Report;" and

2. The Company Growth Rate for each Business Line will be the compounded annual rate of growth in Earned Premiums for such Business Line during the Growth Evaluation Period, determined by comparing (a) the annual aggregate Earned Premiums of the Company for such Business Line for 2025, as reported by A.M. Best in its initial annual report currently known as the "A2 Report," with (b) such Earned Premiums of the Company for such Business Line for 2022 as reported in A.M. Best's A2 Report; and

3. The Market Growth Rate for Private Passenger Auto or Commercial Auto, as applicable, will be the compounded annual rate of growth in Earned Premiums during the Growth Evaluation Period, determined by comparing (a) the aggregate Earned Premiums of the U.S. Private Passenger Auto market or the Commercial Auto market, as applicable, for 2025, as reported in A.M. Best's A2 Report, with (b) such Earned Premiums for 2022 as reported in A.M. Best's A2 Report, but excluding (in each case) the applicable Earned Premiums of the Company for the applicable Business Line; and

B. If either 2022 or 2025 is a 53-week year under the Company's fiscal calendar, then in determining the Company Growth Rate as set forth in subparagraph A. above, the aggregate Earned Premiums for such year will be reduced by an amount equal to twenty percent (20%) of the Earned Premiums of the Company for such product(s) in fiscal December 2022 or 2025, as applicable, in its Private Passenger Auto and/or Commercial Auto, as applicable; and

C. In making the calculations required under this Agreement, (x) Company Growth Rate for each Business Line, Market Growth Rate and the performance score for each Business Line shall each be rounded to the nearest thousandth of a whole percentage point, (y) the Performance Factor will be rounded to the nearest one-hundredth, and (z) if applicable, the number of Restricted Stock Units vesting shall be rounded to the nearest thousandth of a whole Unit (or, in each case, as otherwise reasonably determined by the Company); and

D. In the event that A.M. Best ceases to publish the A2 Report, or modifies the A2 Report in such a way as to render the comparisons required by this Agreement to be not meaningful, in the Committee's sole judgment, the determinations required above shall be made using such comparable Company and industrywide data as may be then available from A.M. Best in any successor or replacement report or publication, or such comparable data as may be available from another nationally recognized provider of insurance industry data, in each case as the Committee may approve in its sole discretion.

(d) *Exclusions*. For purposes of determining whether the Profitability Requirement is satisfied, to the extent permitted under Section 162(m), as the same was in effect during November 2017, the following items will be excluded from, to the extent that any such item would otherwise be included in, the calculation of the Company's combined ratio: (1) the financial results (if such results can be separately determined) attributable to the operations of an entity, business, product line or product that (x) is acquired or disposed of by the Company, or any of its Subsidiaries or Affiliates, during the Performance Period and (y) is not a part of the Company's Earned Premiums for any business line for which premiums are reflected in Private Passenger Auto or Commercial Auto in the A.M. Best A2 Report; and (2) all other items of gain, loss or expense determined to be extraordinary or unusual in nature under GAAP that are recognized or incurred during the period over which the Profitability Requirement is being calculated.

(e) *Committee Discretion*. Notwithstanding anything to the contrary contained in this Agreement, at or prior to the time of vesting, the Committee, in its sole discretion, may reduce the number of Restricted Stock Units that otherwise would vest according to this Agreement, or eliminate the Award in full. The Committee, in its sole discretion, may treat Participant differently than other individuals for these purposes. Any such determination by the Committee shall be final and binding on Participant. Under no circumstances shall the Committee have discretion to increase the award to Participant in excess of the number of Units that would have been awarded at vesting based on this Paragraph 4 (excluding adjustments required by Section 3(c) and/or Section 11 of the Plan).

(f) *Exceptions.* The Award shall vest in accordance with and subject to the foregoing except to the extent that, prior to the Certification Date, the Award has terminated or been forfeited or has been subject to accelerated vesting under the terms and conditions of the Plan or this Agreement.

5. Expiration of Award. Notwithstanding anything to the contrary in this Agreement, if Participant's rights in and to the Award have not vested in accordance with Paragraph 4 of this Agreement on or before the Expiration Date, this Award shall expire at 11:59 p.m. Mayfield Village, Ohio time, on the Expiration Date. Upon such expiration, the Award shall terminate automatically, and Participant shall have no further rights with respect to the Award.

6. Dividend Equivalents. Subject to this Paragraph 6, with respect to dividends for which a record date occurs during the Restriction Period applicable to any Units, Participant shall be credited with a Dividend Equivalent with respect to each outstanding Restricted Stock Unit, with respect to each vested but not yet distributed Restricted Stock Unit (as contemplated by Paragraph 9(b)(i)) and with respect to any Dividend Equivalent Unit (defined below) resulting from prior reinvestments of Dividend Equivalents as provided in this Paragraph. All Dividend Equivalents so credited will be deemed to be reinvested in Restricted Stock Units on the date that the applicable dividend or distribution is made to the Company's shareholders, based on the Target Award Units and any Dividend Equivalent Units resulting from prior reinvestments of Dividend Equivalents, in the number of Units determined by dividing the aggregate value of the Dividend Equivalents by the Fair Market Value of the Stock on such date (rounded to the nearest thousandth of a whole Unit or as otherwise reasonably determined by the Company); provided, however, that if Dividend Equivalents cannot be reinvested in Units due to the operation of Section 3(a) of the Plan, such Dividend Equivalents will be credited to Participant as a cash value based on the Target Award Units and any Dividend Equivalent Units resulting from prior reinvestments of Dividend Equivalents, which cash value shall be held by the Company (without interest) subject to this Agreement. Any Units resulting from the deemed reinvestment of dividends in accordance with this Paragraph 6 are referred to herein as "Dividend Equivalent Units." Dividend Equivalents shall be subject to the same terms

and conditions, and shall vest or be forfeited (as applicable) at the same time, upon the same conditions, and in the same proportion, as the Target Award Units set forth in this Award; provided, however, that (x) if the Award vests after the record date for, but before the payment date of, a dividend, then the Dividend Equivalents related to such dividend and to Units vesting on the vesting date will be paid in cash or in Stock, in the sole discretion of the Company, as soon as practicable following the payment date for such dividend, and (y) if Paragraph 9(b)(i) is applicable and a record date for any dividend occurs after the applicable vesting date but before the applicable Delivery Date (as defined in Paragraph 9(e)(i) below), then any Dividend Equivalents related to such dividend will be paid in cash or in Stock, in the sole discretion of the Company, on or as soon as practicable following the Delivery Date.

7. Units Non-Transferable. No Restricted Stock Units (and no Dividend Equivalents) shall be transferable by Participant other than by will or by the laws of descent and distribution. In the event all or any portion of the Award is transferred or assigned pursuant to a court order, such transfer or assignment shall be without liability to the Company, and the Company shall have the right to offset against the Award any expenses (including attorneys' fees) incurred by the Company, or any of its Subsidiaries or Affiliates, in connection with such attempted transfer or assignment.

8. Executive Deferred Compensation Plan. If Participant is eligible, and has made the appropriate election, to defer the Award into The Progressive Corporation Executive Deferred Compensation Plan (the "Deferral Plan"), and the Award is eligible for deferral under the Deferral Plan, then at the time of vesting, the Restricted Stock Units that would otherwise vest under this Agreement (but not any Dividend Equivalents, which shall be delivered to Participant in accordance with Paragraph 11), instead of being delivered to Participant shall be credited to Participant's account under the Deferral Plan, subject to and in accordance with the terms and conditions of the Deferral Plan and any related deferral agreement.

9. Termination of Employment; Disability Separation.

(a) Except as otherwise provided in the Plan, or in this Paragraph 9, or as otherwise determined by the Committee, if Participant's employment with the Company or any Subsidiary or Affiliate terminates for any reason, the Award and all Restricted Stock Units (and any related Dividend Equivalents) held by Participant that are unvested or subject to restriction at the time of such termination shall be forfeited automatically immediately after such termination.

(b) Notwithstanding Paragraph 9(a), if Participant's employment terminates on or after January 1, 2024 as a result of Participant's death, or if Participant experiences a Disability Separation on or after January 1, 2024, then:

(i) if the termination or separation, as applicable, occurs prior to the end of the Growth Evaluation Period, then one hundred percent (100%) of the Target Award Units (and any related Dividend Equivalent Units) shall vest immediately after such termination or separation, the Performance Factor shall be deemed to be 1.0, and the remainder of the Units that otherwise could have vested under this Agreement shall be forfeited. The Company will process any vesting pursuant to the terms of the immediately preceding sentence within 30 days following, as applicable, (x) its receipt of notice of Participant's death or (y) the date of the Disability Separation; provided, however, in the event of a Disability Separation, if Participant is a "specified employee" within the meaning of Section 409A (as determined in accordance with the methodology established by the Company), then the distribution of Stock deliverable upon such vesting shall not occur until the Delivery Date; and

(ii) if the termination or separation, as applicable, occurs after the end of the Growth Evaluation Period, then the provisions of Paragraph 9(d) will apply.

(c) Notwithstanding Paragraph 9(a), if Participant's termination of employment occurs after the end of the Growth Evaluation Period, but prior to the first opportunity to certify results, for any reason other than (x) as a result of Participant's death, Qualified Retirement or termination for Cause, or (y) Participant having experienced a Disability Separation, then Participant shall be eligible to participate in the vesting of Restricted Stock Units (and any related Dividend Equivalents) under this Agreement only to the extent certified by the Committee at the time of

such first opportunity to certify results, but if certification does not occur upon such first opportunity to certify results, the Award shall be forfeited automatically.

(d) Notwithstanding Paragraph 9(a), (x) if Participant's termination of employment occurs as a result of Participant's Qualified Retirement on or after January 1, 2024, or death after the end of the Growth Evaluation Period, or (y) Participant experiences a Disability Separation after the end of the Growth Evaluation Period, then the Award shall remain in effect and shall vest upon the Committee's certification of the achievement of the performance measures identified in Paragraph 4 to the extent provided in Paragraph 4 (unless such performance measures are not achieved prior to the Expiration Date, in which event the Award will terminate, and the Award will be forfeited, as of such Expiration Date),

(e) For purposes of this Paragraph 9:

(i) "Delivery Date" shall mean the date that is six (6) months plus one (1) day after the date of Participant's Disability Separation, or such earlier date as may be permitted by Section 409A.

(ii) "Disability Separation" shall mean a "separation of service," within the meaning of Section 409A, by Participant's employer as a result of Participant's disability, in accordance with the Company's policies and procedures as the same are in effect at the time of such separation.

(iii) the phrase "first opportunity to certify results" means the date which is the earlier to occur of: (A) the last day of the calendar month immediately following the month in which A.M. Best publishes the A2 Report (or, if applicable, the calendar month immediately following the month in which the successor or replacement report or data described in Paragraph 4(c)(iv)(D. above is published) for the third year of the Growth Evaluation Period, or (B) the date on which a meeting of the Compensation Committee is held at which such report or data is reviewed (whether or not a certification occurs) or a written action is executed by the Committee in lieu of such a meeting.

(iv) the term "Qualified Retirement" means any termination of a Participant's employment with the Company or its Subsidiaries or Affiliates for any reason (excluding death, a Disability Separation and any involuntary termination for Cause) that (x) qualifies as a "separation from service" within the meaning of Section 409A, and (y) occurs on or after the first day of the calendar month in which either of the following conditions are scheduled to be satisfied:

A. the Participant is 55 years of age or older and has completed at least fifteen (15) years of service as an employee of the Company or one or more of its Subsidiaries or Affiliates; or

B. the Participant is 60 years of age or older and has completed at least ten (10) years of service as an employee of the Company or one or more of its Subsidiaries or Affiliates.

(f) Nothing in this Paragraph 9 will be interpreted as altering in any way the provisions of Section 11 of the Plan.

10. Disqualifying Activity. Subject to Paragraph 16(c) below, and notwithstanding any other provision of this Agreement, if the Committee determines that Participant is engaging in, or has engaged in, a Disqualifying Activity, the provisions of Section 10(b) of the Plan will apply. A violation by Participant of Paragraph 13, 14 or 15 below, and any violation by Participant of any other non-competition agreement between Participant and the Company or any of its subsidiaries or Affiliates, shall constitute a "material violation" of an "agreement between Participant and the Company" within the meaning of clause (iii) of the definition of Disqualifying Activity, and may also constitute a Disqualifying Activity within the meaning of one or more of the other clauses defining Disqualifying Activity under the Plan.

11. Delivery at Vesting. Subject to the provisions of the Plan and this Agreement (including Paragraph 9(b)(i)), upon vesting of all or part of the Award, the Company shall deliver to Participant one share of Stock in exchange for each such vested Restricted Stock Unit and for each Dividend Equivalent Unit related thereto and cash in the amount of any other related Dividend Equivalents, and all Restricted Stock Units and Dividend Equivalents shall be cancelled. Unless determined otherwise by the Company at any time prior to the applicable delivery, each fractional Restricted Stock Unit (and related Dividend Equivalent Unit) shall vest and be settled in an equal fraction of a share of Stock. The delivery of such shares of Stock shall be on or as soon as practicable following the Certification Date, but in no event later than March 15 of the calendar year following the year in which the Restricted Stock Units vest under Paragraph 4.

12. Taxes. No later than the date as of which Taxes become due, Participant shall pay to the Company, or make arrangements satisfactory to the Committee regarding the payment of, any Taxes and other items of any kind required by law to be withheld with respect to such amount. The obligations of the Company under the Plan and this Agreement shall be conditioned on such payment or arrangements and the Company and its Subsidiaries and Affiliates, to the extent permitted by law, shall have the right to deduct any such Taxes from any payment of any kind otherwise due to Participant. At vesting (or Delivery Date, if applicable), Restricted Stock Units and related Dividend Equivalent Units vesting on such date (or being distributed on such Delivery Date) will be valued at the Fair Market Value of the Company's Stock on such date.

Unless otherwise determined by the Committee, Participant must satisfy the minimum statutory tax withholding obligations resulting from the vesting of Restricted Stock Units and related Dividend Equivalents ("Minimum Withholding Obligations") by surrendering to the Company Restricted Stock Units and/or Dividend Equivalents that are then vesting (or shares of Stock issuable as a result of the vesting) with a value sufficient to satisfy the Minimum Withholding Obligations.

Under no circumstances will Participant be entitled to satisfy any Minimum Withholding Obligations by surrendering Restricted Stock Units that are not then vesting (or being distributed on such Delivery Date) or any Restricted Stock Units that Participant has elected to defer under Paragraph 8 above. Any request by Participant to satisfy Minimum Withholding Obligations by surrendering shares of Stock owned by Participant prior to the date of such satisfaction must be specifically approved in advance by the Committee. All payments and surrenders of Units or shares of Stock and any requests for approval of alternative payment arrangements must be made by Participant in accordance with such procedures as may be adopted by the Company in connection therewith, and subject to such rules as have been or may be adopted by the Committee.

13. Non-Solicitation. In consideration of the Award made to Participant under this Agreement, and in further consideration of the continuation of Participant's at-will employment with the Company or one of its Subsidiaries or Affiliates (collectively, "Progressive"), starting on the Grant Date and ending on the date that is exactly twelve (12) months after Participant's Separation Date (defined below), Participant shall not directly or indirectly recruit or solicit for hire, or assist in any manner in the recruitment or solicitation for hire, of any employee or officer of Progressive, in each case involving employment by any individual, business or entity other than Progressive, or in any way induce any such employee or officer to terminate employment with Progressive. For purposes of this Agreement, "Separation Date" means the date on which Participant's employment with Progressive terminates for any reason.

14. Non-Competition. In consideration of the Award made to Participant under this Agreement, and in further consideration of the continuation of Participant's at-will employment with Progressive, starting on the Grant Date and ending on the date that is exactly twelve (12) months after Participant's Separation Date, Participant shall not, directly or indirectly, on Participant's own account or on account of any other person or entity (except in the authorized course of Participant's employment with Progressive), engage in any Competitive Activity.

(a) *Definitions*. For purposes of this Agreement:

(i) "Competitive Activity" means engaging in any activity or providing any products or services that are the same as or similar to, or that may be directed in whole or part to replacing, the actual or proposed activities, products, or services of Progressive's Core Business (as defined below):

A. with respect to which Participant had knowledge of, or access to, Confidential Information (as defined below) during Participant's employment with Progressive; and

B. where, as to any applicable geographic territory, the activities engaged in by Participant, the products or services provided by Participant, or the duties assigned to Participant reasonably could require Participant, in whole or in part, to rely on, use, or disclose Confidential Information of which Participant had knowledge, or to which Participant had access, during Participant's employment with Progressive.

(ii) "Confidential Information" means confidential and/or proprietary information and/or trade secrets which are the property of Progressive, or which Progressive is under an obligation not to disclose, including but not necessarily limited to the following: information regarding Progressive's processes and products, including information relating to research and development, agent or customer data, and/or technologies; product features and/or specifications, tests or investigations; business plans, marketing plans and financials, reports, data, figures, margins, profits, statistics, analyses and other related information; any information that Participant has agreed not to disclose and/or use other than in the course of Participant's employment with Progressive; and any other confidential information of whatever nature which gives Progressive an opportunity to obtain a competitive advantage over its competitors. Confidential Information does not include information that is generally available to the public other than as a result of a breach of a contractual or other duty of confidentiality.

(iii) "Core Business" means activities, products, or services that are related, in whole or in part, to the business of property and casualty insurance or to any other actual or proposed insurance-related activities, products, or services of Progressive.

(b) *Reasonableness of Restriction*. Participant acknowledges and agrees that the covenants contained in this Paragraph 14 are not intended to prevent Participant from earning a living, but rather to protect Progressive's legitimate business interests in its Confidential Information and do not unreasonably interfere with Participant's ability to secure gainful employment following the termination of Participant's employment with Progressive. Participant further acknowledges that in the event Participant's employment with Progressive ends, Participant's knowledge, experience and capabilities are such that Participant can obtain employment in business activities which are of a different and non-competing nature than those performed in the course of Participant's employment with Progressive and that the enforcement of a remedy hereunder by way of injunction will not prevent Participant from earning a reasonable livelihood.

(c) *Tolling of Covenants*. Participant acknowledges and agrees that in the event the Company brings an action for injunctive or other relief against Participant, the Company shall not, as a result of the time involved in obtaining such relief, be deprived of the benefit of the full period of the restrictive covenant. Accordingly, it is hereby further agreed that the restrictive covenants contained in this Paragraph 14 shall be deemed to have the duration specified herein, as computed from the date relief is granted but reduced by the time between the period when the restriction(s) began to run and the date of the first violation of the restrictive covenant(s) by Participant.

15. Non-Disclosure of Confidential Information.

(a) During the course of Participant's employment, Participant may be given access to, help develop, or learn of Confidential Information (as defined above). Participant acknowledges and agrees that Participant has an obligation to maintain the confidentiality of Confidential Information, including any records containing Confidential Information, except as otherwise authorized by law; and Participant's obligation continues at all times during and after Participant's employment. Participant acknowledges that Confidential Information does not become any less confidential or proprietary to Progressive because Participant may commit records to memory or because Participant may otherwise maintain records outside of Progressive's offices, computer systems or data storage repositories.

(b) During the course of Participant's employment, Participant may be given access to confidential information and/or trade secrets of third parties, subject to Progressive's duty to maintain confidentiality of such information and use it only for certain purposes. Participant will not disclose to any person, corporation or entity, and not use for Participant's benefit or the benefit of any other person, corporation or entity, any such third party's confidential information, except as necessary in carrying on work for Progressive consistent with Progressive's agreement with the third party.

(c) Participant will use Participant's best efforts and the utmost diligence to guard and protect Progressive's Confidential Information, and Participant will not, during or after the period of Participant's employment by Progressive, use or disclose, directly or indirectly, any of Progressive's Confidential Information which Participant may develop, obtain or learn about during or as a result of Participant's employment by Progressive, except in the ordinary course of performing duties on behalf of Progressive and/or except as previously authorized by Progressive in writing. Participant acknowledges that the Confidential Information is owned and shall continue to be owned by Progressive and that misuse, misappropriation or unauthorized disclosure of this information will cause irreparable harm and/or other damage to Progressive both during and after the term of Participant's employment.

(d) Notwithstanding anything in this Agreement to the contrary, Participant and the Company acknowledge that Participant shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law. In addition, Participant shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Furthermore, in the event Participant files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Participant may disclose the trade secret to Participant's attorney and use the trade secret information in the court proceeding, if Participant files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

16. Additional Terms Applicable to Non-Solicitation, Non-Competition and/or Non-Disclosure Provisions.

(a) *Remedies for Breach*. Participant acknowledges and agrees that the damages which may arise from a breach or threatened breach of any of the covenants contained in Paragraph 13, 14 or 15 of this Agreement are irreparable and difficult to measure and that money damages alone would be an inadequate remedy for any such breach. Accordingly, if Participant breaches or threatens to breach any portion of the covenants contained in Paragraph 13, 14 or 15 of this Agreement, the Company shall be entitled, in addition to all other remedies that it may have, to an injunction or other appropriate equitable relief to restrain any such breach or threatened breach without showing or proving any actual damage. In the event Participant violates and/or breaches any of the covenants contained in Paragraph 13, 14 or 15, the Company also shall be entitled to an accounting and repayment of all lost profits, compensation, commissions, remuneration or benefits that Participant directly or indirectly has realized or may realize as a result of any such violation or breach; and the Company shall be entitled to recover for all lost sales, profits, commissions, trade secrets, Confidential Information, good will and customers caused by Participant's improper acts, in addition to and not in limitation of any injunctive relief or other rights or remedies that the Company is or may be entitled to at law or in equity or under this Agreement.

(b) *Applicability of Covenants*. Subject to Paragraph 16(g) below:

(i) If, on the Grant Date, Participant is employed or resides in a jurisdiction in which any term or provision of Paragraph 13, 14 or 15 of this Agreement, or part thereof, would

be unlawful, void, or otherwise unenforceable as a matter of law, then such term or provision, or part thereof, shall not apply to Participant;

(ii) If Participant is licensed actively as an attorney-at-law in any U.S. state, nothing in Paragraphs 13, 14 or 15 of this Agreement shall prevent Participant from practicing as an attorney-at-law, subject to Participant's compliance with applicable ethical rules governing such practice; and

(iii) The restrictions in Paragraph 14 shall apply to Participant only if, on the Grant Date, Participant's assigned salary grade level is 50 through 53, GNG, ENG or CNG.

(c) *Violation as Disqualifying Activity*. Participant acknowledges and agrees that the remedies identified in Paragraph 16(a) above for a breach of Paragraph 13, 14 or 15 of this Agreement shall be in addition to, and not in lieu of, the consequences of Participant's engagement in a Disqualifying Activity as provided in Paragraph 10 of this Agreement and Section 10(b) of the Plan.

(d) *Attorney's Fees*. If the Company brings a legal action to enforce any covenant contained in Paragraph 13, 14 or 15 of this Agreement, and if the Company is awarded any damages and/or any full or partial injunction due to Participant's acts, then the Company shall be entitled to recover its reasonable costs incurred in conducting the action including, but not limited to, reasonable attorneys' fees and expenses.

(e) *Effect on Other Agreements*. The provisions of Paragraphs 13, 14, and 15 of this Agreement shall be in addition to, and shall not supersede or replace, the provisions of any employment or other agreement between Participant and Progressive that contains similar or additional restrictions on Participant, including but not limited to any such provisions contained in a prior agreement relating to an award of restricted stock units.

(f) *Forum; Jurisdiction*.

(i) Subject to Paragraph 16(f)(ii) below:

A. All claims, actions or proceedings brought in a court of law that arise out of, require the interpretation of, and/or that are in any way related to the subject matter covered in this Agreement shall be brought and litigated exclusively in the state or federal courts located in Cuyahoga County of the State of Ohio, to which courts the parties consent to both personal jurisdiction and service of process in a manner consistent with Ohio law. The only exception to this choice of venue/forum is litigation to enforce any order or judgment rendered by such Ohio state or federal court, in which case such enforcement proceeding may be litigated in another jurisdiction. This consent to personal jurisdiction and choice of venue/forum are intended by the Company and Participant to be mandatory and not permissive in nature. Progressive and Participant hereby waive any right to assert the doctrine of *forum non conveniens* or similar doctrine or to object to venue or jurisdiction with respect to any action or proceeding brought in accordance herewith.

B. The Company and Participant irrevocably consent and agree that the state and federal courts located in Cuyahoga County of the State of Ohio shall have personal jurisdiction over the Company and Participant for the purpose of litigating in court any dispute, controversy, or proceeding with respect to matters described in this Agreement, and each consents to service of process in a manner consistent with Ohio law.

(ii) The provisions of this Agreement, including but not limited to Paragraph 16(f)(i) above and Paragraphs 18 and 19 below, do not and shall not be interpreted to modify, supersede, or replace the terms of any agreement between Participant and Progressive requiring either party to bring claims against the other in binding arbitration. To the extent that Participant and Progressive enter or have entered into an agreement to arbitrate that covers

claims that arise out of, require the interpretation of, and/or that are in any way related to the subject matter covered in this Agreement, the terms of such agreement to arbitrate shall remain in full force and effect notwithstanding any other provision of this Agreement.

(g) Participant is encouraged to consult with an attorney before executing this Agreement.

(h) *Severability*. If for any reason any term or provision of Paragraphs 13, 14 or 15 of this Agreement, or part thereof, is held to be unlawful, void, or otherwise unenforceable as a matter of law, unless such invalidity or unenforceability can be cured by reformation or modification of the offending term or provision, or part thereof, including but not limited to as set forth below, all other valid and enforceable terms and provisions, or parts thereof, herein shall remain in full force and effect, and all of the invalid terms or provisions, or parts thereof, of this Agreement shall be deemed to be severable in nature. If for any reason any term or provision of Paragraphs 13, 14 or 15 of this Agreement, or part thereof, is invalid or unenforceable because it is held to cover an area or to be for a length of time or otherwise have a scope that is unreasonable or is otherwise construed to be too broad, such term or provision, or part thereof, shall be reformed and/or modified to provide for a restriction having the maximum enforceable area, time period and/or other scope (not greater than those contained herein) as shall be valid and enforceable under applicable law.

17. Recoupment. If the Securities and Exchange Commission adopts final rules under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that require, as a condition to the Company's continued listing on a national securities exchange ("Exchange"), that the Company develop and implement a policy requiring the recovery of erroneously awarded compensation, and such regulations are applicable to Participant and the Award granted pursuant to this Agreement, then the Award shall be subject to recoupment pursuant to the terms of the rules of the Securities and Exchange Commission and any applicable Exchange and any policy of the Company adopted in response to such rules. The provisions of this Paragraph 17 are in addition to the rights of the Company as set forth in Section 14(h) of the Plan.

18. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the Award and, except as provided in Paragraphs 13, 14, 15 and 16, supersedes and cancels any other agreement, representation or communication, whether oral or in writing, between the parties relating to the Award, provided that the Agreement shall be at all times subject to the Plan.

19. Choice of Law. This Agreement shall be deemed to be made and executed in Ohio and shall be governed, construed and interpreted under, and in accordance with, the laws of the State of Ohio, without regard to conflict of law provisions.

20. Amendment. The Committee may amend the terms of this Award to the fullest extent permitted by Section 12 of the Plan.

21. Acknowledgments. Participant: (x) acknowledges receiving a copy of the Plan description relating to the Plan, and represents that Participant is familiar with all of the material provisions of the Plan, as set forth in such Plan description; (y) accepts this Agreement and the Award subject to all provisions of the Plan and this Agreement; and (z) agrees to accept as binding, conclusive and final all decisions and interpretations of the Committee relating to the Plan, this Agreement or the Award.

Participant evidences agreement with the terms and conditions of this Agreement, and intention to be bound by this Agreement, by electronically accepting the Award pursuant to the procedures adopted by the Company. **Upon such acceptance by Participant, this Agreement will be immediately binding and enforceable against Participant and the Company.**

THE PROGRESSIVE CORPORATION

By: _____
Vice President & Secretary

Exhibit 10.3

RESTRICTED STOCK UNIT AWARD AGREEMENT
(2023 Performance-Based Award – Investment Results)

This Agreement ("Agreement") is made this <Grant Date> ("Grant Date") by and between <Participant Name> ("Participant") and The Progressive Corporation (the "Company").

1. Definitions. Unless otherwise defined or expressly given a different meaning in this Agreement, each capitalized term in this Agreement shall have the meaning given to it in The Progressive Corporation 2015 Equity Incentive Plan (the "Plan"). References herein to performance results of the Company mean the applicable results achieved by the Subsidiaries and mutual company and other affiliates of the Company in the portfolio(s) to the extent actively managed by Progressive Capital Management Corp. ("PCM") during the Evaluation Period ("Managed Portfolios").

2. Award of Restricted Stock Units. The Company grants to Participant an award (the "Award") of performance-based restricted stock units ("Restricted Stock Units" or "Units"), pursuant to, and subject to, the terms of the Plan. The Award is based on a target award value of <# of Units> Units (the "Target Award Units"). The number of Restricted Stock Units that are ultimately earned pursuant to the Award (if any) will be determined based on the Target Award Units and the procedures and calculations set forth in this Agreement. Under the calculations set forth below, the maximum potential Award is a number of Units equal to two (2.0) times the sum of Target Award Units plus any related Dividend Equivalent Units (defined below) (the "Maximum Award Units"). The Award is not intended to qualify as "performance-based compensation" under Section 162(m)(4)(C) of the Code as was in effect during November 2017.

3. Condition to Participant's Rights under this Agreement. This Agreement shall not become effective, and Participant shall have no rights with respect to the Award or any Restricted Stock Units, unless and until Participant has fully executed this Agreement and delivered it to the Company. In the Company's sole discretion, such execution and delivery may be accomplished through electronic means. If this Agreement has not been executed and delivered by Participant by 11:59 p.m., Mayfield Village, Ohio time on the last day of the month immediately following the month in which the Grant Date occurs, then this Award shall be forfeited in its entirety.

4. Restrictions; Vesting.

(a) *Evaluation Period; Certification.* Subject to the terms and conditions of the Plan and this Agreement, including the provisions of Paragraph 8 below, Participant's rights in and to Restricted Stock Units shall vest, if at all, as follows:

(i) The "Evaluation Period" shall be the three-year period comprised of the calendar years 2023, 2024 and 2025.

(ii) The Award shall vest (if at all) only if, to the extent, and when the Committee certifies:

A. the Performance Ranking of the Company's Fixed-Income Portfolio (as each of those terms are defined in Paragraph 4(b) below); and

B. the Performance Factor (determined as described below and rounded to the nearest one-hundredth) to be multiplied by the Target Award Units (and any related Dividend Equivalent Units) to determine the number of Restricted Stock Units (if any) that have vested as a result of such performance.

Such certification shall occur as soon as practicable after the end of the Evaluation Period (the date of such certification, the "Certification Date"). If the Committee certifies the vesting of a number of Units that is less than the Maximum Award Units, then with respect to all other Units that could have been earned under this Agreement, the Award will terminate and be forfeited automatically.

(b) *Number of Units Vesting*. The number of Restricted Stock Units (if any) that vest in connection with the Award will be determined by application of the following formula:

Number of Units Vesting = Target Award Units (plus related Dividend Equivalent Units) x Performance Factor

(i) The Performance Factor will be determined by the Committee after the expiration of the Evaluation Period based on the fully taxable equivalent total return of the segment(s) of the Company's fixed-income investment portfolio that constitute(s) Managed Portfolios (the "Fixed-Income Portfolio" or "Portfolio"), in comparison to the total returns of the group of comparable investment firms identified by the Independent Data Source (the "Investment Benchmark"), each calculated for the three calendar years comprising the Evaluation Period. For purposes of this Agreement, the "Independent Data Source" shall be a third party independent data source determined by the Committee and, initially and until further action of the Committee, shall be Investment Metrics. After the end of the Evaluation Period, the Independent Data Source will determine the firms that are included in the Investment Benchmark in accordance with the criteria specified on Exhibit I hereto. The Independent Data Source will also provide to the Company the monthly total return data for each of the Investment Benchmark firms for the three-year period ending on the last day of the Evaluation Period.

Investment results for the Fixed-Income Portfolio will be marked to market, including 50% of the benefit of any state premium tax abatements for municipal securities held in the Portfolio that are realized by the Company during the Evaluation Period, in order to calculate the Portfolio's fully taxable equivalent total return, compounded on a monthly basis, for the Evaluation Period. The investment performance achieved by the Fixed-Income Portfolio for the Evaluation Period will then be compared against the total returns of the firms included in the Investment Benchmark for the same period, also compounded on a monthly basis, as determined by the Company from the monthly performance data supplied by the Independent Data Source for each firm in the Investment Benchmark, to determine where the Fixed-Income Portfolio's performance falls on a percentile basis when compared to the firms in the Investment Benchmark, as further described in Exhibit II hereto ("Performance Ranking").

The Portfolio's Performance Ranking will be used to determine a performance score of between 0.00 and 2.00 for the Evaluation Period, based on the following schedule:

Score = 0.00 **Rank at or below**	**Score = 1.00** **Rank equal to**	**Score = 2.00** **Rank at or above**
25th Percentile	50th Percentile	75th Percentile

A Performance Ranking between the values identified in the schedule will be interpolated on a straight-line basis to generate the Performance Factor, as further described on Exhibit II.

(ii) The Company will work with the Independent Data Source to ensure, to the extent practicable, that the list of firms comprising the Investment Benchmark and all data necessary to calculate the Performance Ranking and the Performance Factor are received by March 1st of the year immediately following the Evaluation Period. In all events, distributions under this Agreement must be made on or before March 15th of the year immediately following the Evaluation Period.

(iii) In the event that the Independent Data Source (or its successors or assigns) ceases to provide or publish the information required to calculate the Performance Factor, or modifies the information in such a way as to render the comparisons required by this Agreement to be not meaningful, in the Committee's sole judgment, the determinations required above shall be made using such investment return data for comparable firms as may be available from another recognized provider of investment industry data as the Committee may approve in its sole discretion.

(iv) Notwithstanding any other provision of this Agreement, the Managed Portfolios and Fixed-Income Portfolio shall not include any portfolio managed by, or any investment made at the direction of, any business unit or area other than PCM.

(c) *Committee Discretion.* Notwithstanding anything to the contrary contained in this Agreement, at or prior to the time of vesting, the Committee, in its sole discretion, may reduce the number of Restricted Stock Units that otherwise would vest according to this Agreement, or eliminate the Award in full. The Committee, in its sole discretion, may treat Participant differently than other individuals for these purposes. Any such determination by the Committee shall be final and binding on Participant. Under no circumstances shall the Committee have discretion to increase the award to Participant in excess of the number of Units that would have been awarded at vesting based on this Paragraph 4 (excluding adjustments required by Section 3(c) and/or Section 11 of the Plan).

(d) *Exceptions.* The Award shall vest in accordance with and subject to the foregoing except to the extent that, prior to the Certification Date, the Award has been forfeited or has been subject to accelerated vesting under the terms and conditions of the Plan or this Agreement.

5. Dividend Equivalents. Subject to this Paragraph 5, with respect to dividends for which a record date occurs during the Restriction Period applicable to any Units, Participant shall be credited with a Dividend Equivalent with respect to each outstanding Restricted Stock Unit, with respect to each vested but not yet distributed Restricted Stock Unit (as contemplated by Paragraph 8(b)(i)) and with respect to any Dividend Equivalent Unit (defined below) resulting from prior reinvestments of Dividend Equivalents as provided in this Paragraph. All Dividend Equivalents so credited will be deemed to be reinvested in Restricted Stock Units on the date that the applicable dividend or distribution is made to the Company's shareholders, based on the Target Award Units and any Dividend Equivalent Units resulting from prior reinvestments of Dividend Equivalents, in the number of Units determined by dividing the aggregate value of the Dividend Equivalents by the Fair Market Value of the Stock on such date (rounded to the nearest thousandth of a whole Unit or as otherwise reasonably determined by the Company); provided, however, that if Dividend Equivalents cannot be reinvested in Units due to the operation of Section 3(a) of the Plan, such Dividend Equivalents will be credited to Participant as a cash value based on the Target Award Units and any Dividend Equivalent Units resulting from prior reinvestments of Dividend Equivalents, which cash value shall be held by the Company (without interest) subject to this Agreement. Any Units resulting from the deemed reinvestment of dividends in accordance with this Paragraph 5 are referred to herein as "Dividend Equivalent Units." Dividend Equivalents shall be subject to the same terms and conditions, and shall vest or be forfeited (as applicable) at the same time, upon the same conditions, and in the same proportion, as the Target Award Units set forth in this Award; provided, however, that (x) if the Award vests after the record date for, but before the payment date of, a dividend, then the Dividend Equivalents related to such dividend and to Units vesting on the vesting date will be paid in cash or in Stock, in the sole discretion of the Company, as soon as practicable following the payment date for such dividend, and (y) if Paragraph 8(b)(i) is applicable and a record date for any dividend occurs after the applicable vesting date but before the applicable Delivery Date (as defined in Paragraph 8(d)(i) below), then any Dividend Equivalents related to such dividend will be paid in cash or in Stock, in the sole discretion of the Company, on or as soon as practicable following the Delivery Date.

6. Units Non-Transferable. No Restricted Stock Units (and no Dividend Equivalents) shall be transferable by Participant other than by will or by the laws of descent and distribution. In the event all or any portion of the Award is transferred or assigned pursuant to a court order, such transfer or assignment shall be without liability to the Company, and the Company shall have the right to offset against the Award any expenses (including attorneys' fees) incurred by the Company, or any of its Subsidiaries or Affiliates, in connection with such attempted transfer or assignment.

7. Executive Deferred Compensation Plan. If Participant is eligible, and has made the appropriate election, to defer the Award into The Progressive Corporation Executive Deferred Compensation Plan (the "Deferral Plan"), and the Award is eligible for deferral under the Deferral Plan, then at the time of vesting, the Restricted Stock Units that would otherwise vest under this Agreement (but not any Dividend Equivalents, which shall be delivered to Participant in accordance with Paragraph 10), instead of being delivered to Participant shall be credited to Participant's account under the Deferral Plan, subject to and in accordance with the terms and conditions of the Deferral Plan and any related deferral agreement.

8. Termination of Employment; Disability Separation.

(a) Except as otherwise provided in the Plan, or in this Paragraph 8, or as otherwise determined by the Committee, if Participant's employment with the Company or any Subsidiary or Affiliate terminates for any reason, the Award and all Restricted Stock Units (and any related Dividend Equivalents) held by Participant that are unvested or subject to restriction at the time of such termination shall be forfeited automatically immediately after such termination.

(b) Notwithstanding Paragraph 8(a), if Participant's employment terminates on or after January 1, 2024 as a result of Participant's death, or if Participant experiences a Disability Separation on or after January 1, 2024, then:

(i) if the termination or separation, as applicable, occurs prior to the end of the Evaluation Period, then one hundred percent (100%) of the Target Award Units (and any related Dividend Equivalent Units) shall vest immediately after such termination or separation, the Performance Factor shall be deemed to be 1.0, and the remainder of the Units that otherwise could have vested under this Agreement shall be forfeited. The Company will process any vesting pursuant to the terms of the immediately preceding sentence within 30 days following, as applicable, (x) its receipt of notice of Participant's death or (y) the date of the Disability Separation; provided, however, in the event of a Disability Separation, if Participant is a "specified employee" within the meaning of Section 409A (as determined in accordance with the methodology established by the Company), then the distribution of Stock deliverable upon such vesting shall not occur until the Delivery Date; and

(ii) if the termination or separation, as applicable, occurs after the end of the Evaluation Period, then the provisions of Paragraph 8(c) will apply.

(c) Notwithstanding Paragraph 8(a), (x) if Participant's termination of employment occurs as a result of Participant's Qualified Retirement on or after January 1, 2024, or (y) if Participant's termination of employment occurs after the end of the Evaluation Period (including as a result of death but excluding a termination for Cause), or (z) Participant experiences a Disability Separation after the end of the Evaluation Period, then the Award shall remain in effect and shall vest upon the Committee's certification of the achievement of the performance measures identified in Paragraph 4 to the extent provided in Paragraph 4.

(d) For purposes of this Paragraph 8:

(i) "Delivery Date" shall mean the date that is six (6) months plus one (1) day after the date of Participant's Disability Separation or such earlier date as may be permitted by Section 409A.

(ii) "Disability Separation" shall mean a "separation of service," within the meaning of Section 409A, by Participant's employer as a result of Participant's disability, in accordance with the Company's policies and procedures as the same are in effect at the time of such separation.

(iii) the term "Qualified Retirement" means any termination of a Participant's employment with the Company or its Subsidiaries or Affiliates for any reason (excluding death, a Disability Separation and any involuntary termination for Cause) that (x) qualifies as a "separation from service" within the meaning of Section 409A, and (y) occurs on or after the first day of the calendar month in which either of the following conditions are scheduled to be satisfied:

A. the Participant is 55 years of age or older and has completed at least fifteen (15) years of service as an employee of the Company or one or more of its Subsidiaries or Affiliates; or

B. the Participant is 60 years of age or older and has completed at least ten (10) years of service as an employee of the Company or one or more of its Subsidiaries or Affiliates.

(e) Nothing in this Paragraph 8 will be interpreted as altering in any way the provisions of Section 11 of the Plan.

9. Disqualifying Activity. Subject to Paragraph 15(c) below, and notwithstanding any other provision of this Agreement, if the Committee determines that Participant is engaging in, or has engaged in, a Disqualifying Activity, the provisions of Section 10(b) of the Plan will apply. A violation by Participant of Paragraph 12, 13 or 14 below, and any violation by Participant of any other non-competition agreement between Participant and the Company or any of its subsidiaries or Affiliates, shall constitute a "material violation" of an "agreement between Participant and the Company" within the meaning of clause (iii) of the definition of Disqualifying Activity, and may also constitute a Disqualifying Activity within the meaning of one or more of the other clauses defining Disqualifying Activity under the Plan.

10. Delivery at Vesting. Subject to the provisions of the Plan and this Agreement (including Paragraph 8(b)(i)), upon vesting of all or part of the Award, the Company shall deliver to Participant one share of Stock in exchange for each such vested Restricted Stock Unit and for each Dividend Equivalent Unit related thereto and cash in the amount of any other related Dividend Equivalents, and all Restricted Stock Units and Dividend Equivalents) shall be cancelled. Unless determined otherwise by the Company at any time prior to the applicable delivery, each fractional Restricted Stock Unit (and related Dividend Equivalent Unit) shall vest and be settled in an equal fraction of a share of Stock. The delivery of such shares of Stock shall be on or as soon as practicable following the Certification Date, but, as provided by Paragraph 4(b)(ii) in no event later than March 15 of the calendar year following the year in which the Restricted Stock Units vest under Paragraph 4.

11. Taxes. No later than the date as of which Taxes become due, Participant shall pay to the Company, or make arrangements satisfactory to the Committee regarding the payment of, any Taxes and other items of any kind required by law to be withheld with respect to such amount. The obligations of the Company under the Plan and this Agreement shall be conditioned on such payment or arrangements and the Company and its Subsidiaries and Affiliates, to the extent permitted by law, shall have the right to deduct any such Taxes from any payment of any kind otherwise due to Participant. At vesting (or Delivery Date, if applicable), Restricted Stock Units and related Dividend Equivalent Units vesting on such date (or being distributed on such Delivery Date) will be valued at the Fair Market Value of the Company's Stock on such date.

Unless otherwise determined by the Committee, Participant must satisfy the minimum statutory tax withholding obligations resulting from the vesting of Restricted Stock Units and related Dividend Equivalents ("Minimum Withholding Obligations") by surrendering to the Company Restricted Stock Units and/or Dividend Equivalents that are then vesting (or shares of Stock issuable as a result of the vesting) with a value sufficient to satisfy the Minimum Withholding Obligations.

Under no circumstances will Participant be entitled to satisfy any Minimum Withholding Obligations by surrendering Restricted Stock Units that are not then vesting (or being delivered on such Delivery Date) or any Restricted Stock Units that Participant has elected to defer under Paragraph 7 above. Any request by Participant to satisfy Minimum Withholding Obligations by surrendering shares of Stock owned by Participant prior to the date of such satisfaction must be specifically approved in advance by the Committee. All payments and surrenders of Units or shares of Stock and any requests for approval of alternative payment arrangements must be made by Participant in accordance with such procedures as may be adopted by the Company in connection therewith, and subject to such rules as have been or may be adopted by the Committee.

12. Non-Solicitation. In consideration of the Award made to Participant under this Agreement, and in further consideration of the continuation of Participant's at-will employment with the Company or one of its Subsidiaries or Affiliates (collectively, "Progressive"), starting on the Grant Date and ending on the date that is exactly twelve (12) months after Participant's Separation Date (defined below), Participant shall not directly or indirectly recruit or solicit for hire, or assist in any manner in the recruitment or solicitation for hire, of any employee or officer of Progressive, in each case involving employment by any individual, business or entity other than Progressive, or in any way induce any such employee or officer to terminate employment with Progressive. For purposes of this Agreement, "Separation Date" means the date on which Participant's employment with Progressive terminates for any reason.

13. Non-Competition. In consideration of the Award made to Participant under this Agreement, and in further consideration of the continuation of Participant's at-will employment with Progressive, starting on the Grant Date and ending on the date that is exactly twelve (12) months after Participant's Separation Date, Participant shall not, directly or indirectly, on Participant's own account or on account of any other person or entity (except in the authorized course of Participant's employment with Progressive), engage in any Competitive Activity.

(a) *Definitions*. For purposes of this Agreement:

(i) "Competitive Activity" means engaging in any activity or providing any products or services that are the same as or similar to, or that may be directed in whole or part to replacing, the actual or proposed activities, products, or services of Progressive's Core Business (as defined below):

A. with respect to which Participant had knowledge of, or access to, Confidential Information (as defined below) during Participant's employment with Progressive; and

B. where, as to any applicable geographic territory, the activities engaged in by Participant, the products or services provided by Participant, or the duties assigned to Participant reasonably could require Participant, in whole or in part, to rely on, use, or disclose Confidential Information of which Participant had knowledge, or to which Participant had access, during Participant's employment with Progressive.

(ii) "Confidential Information" means confidential and/or proprietary information and/or trade secrets which are the property of Progressive, or which Progressive is under an obligation not to disclose, including but not necessarily limited to the following: information regarding Progressive's processes and products, including information relating to research and development, agent or customer data, and/or technologies; product features and/or specifications, tests or investigations; business plans, marketing plans and financials, reports, data, figures, margins, profits, statistics, analyses and other related information; any information that Participant has agreed not to disclose and/or use other than in the course of Participant's employment with Progressive; and any other confidential information of whatever nature which gives Progressive an opportunity to obtain a competitive advantage over its competitors. Confidential Information does not include information that is generally available to the public other than as a result of a breach of a contractual or other duty of confidentiality.

(iii) "Core Business" means activities, products, or services that are related, in whole or in part, to the business of property and casualty insurance or to any other actual or proposed insurance-related activities, products, or services of Progressive.

(b) *Reasonableness of Restriction*. Participant acknowledges and agrees that the covenants contained in this Paragraph 13 are not intended to prevent Participant from earning a living, but rather to protect Progressive's legitimate business interests in its Confidential Information and do not unreasonably interfere with Participant's ability to secure gainful employment following the termination of Participant's employment with Progressive. Participant further acknowledges that in the event Participant's employment with Progressive ends, Participant's knowledge, experience and capabilities are such that Participant can obtain employment in business activities which are of a different and non-competing nature than those performed in the course of Participant's employment with Progressive and that the enforcement of a remedy hereunder by way of injunction will not prevent Participant from earning a reasonable livelihood.

(c) *Tolling of Covenants*. Participant acknowledges and agrees that in the event the Company brings an action for injunctive or other relief against Participant, the Company shall not, as a result of the time involved in obtaining such relief, be deprived of the benefit of the full period of the restrictive covenant. Accordingly, it is hereby further agreed that the restrictive covenants contained in this Paragraph 13 shall be deemed to have the duration specified herein, as computed from the date relief is granted but reduced by the time between the period when the restriction(s) began to run and the date of the first violation of the restrictive covenant(s) by Participant.

14. Non-Disclosure of Confidential Information.

(a) During the course of Participant's employment, Participant may be given access to, help develop, or learn of Confidential Information (as defined above). Participant acknowledges and agrees that Participant has an obligation to maintain the confidentiality of Confidential Information, including any records containing Confidential Information, except as otherwise authorized by law; and Participant's obligation continues at all times during and after Participant's employment. Participant acknowledges that Confidential Information does not become any less confidential or proprietary to Progressive because Participant may commit records to memory or because Participant may otherwise maintain records outside of Progressive's offices, computer systems or data storage repositories.

(b) During the course of Participant's employment, Participant may be given access to confidential information and/or trade secrets of third parties, subject to Progressive's duty to maintain confidentiality of such information and use it only for certain purposes. Participant will not disclose to any person, corporation or entity, and not use for Participant's benefit or the benefit of any other person, corporation or entity, any such third party's confidential information, except as necessary in carrying on work for Progressive consistent with Progressive's agreement with the third party.

(c) Participant will use Participant's best efforts and the utmost diligence to guard and protect Progressive's Confidential Information, and Participant will not, during or after the period of Participant's employment by Progressive, use or disclose, directly or indirectly, any of Progressive's Confidential Information which Participant may develop, obtain or learn about during or as a result of Participant's employment by Progressive, except in the ordinary course of performing duties on behalf of Progressive and/or except as previously authorized by Progressive in writing. Participant acknowledges that the Confidential Information is owned and shall continue to be owned by Progressive and that misuse, misappropriation or unauthorized disclosure of this information will cause irreparable harm and/or other damage to Progressive both during and after the term of Participant's employment.

(d) Notwithstanding anything in this Agreement to the contrary, Participant and the Company acknowledge that Participant shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made (x) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (y) solely for the purpose of reporting or investigating a suspected violation of law. In addition, Participant shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Furthermore, in the event Participant files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Participant may disclose the trade secret to Participant's attorney and use the trade secret information in the court proceeding, if Participant files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

15. Additional Terms Applicable to Non-Solicitation, Non-Competition and/or Non-Disclosure Provisions.

(a) *Remedies for Breach*. Participant acknowledges and agrees that the damages which may arise from a breach or threatened breach of any of the covenants contained in Paragraph 12, 13 or 14 of this Agreement are irreparable and difficult to measure and that money damages alone would be an inadequate remedy for any such breach. Accordingly, if Participant breaches or threatens to breach any portion of the covenants contained in Paragraph 12, 13 or 14 of this Agreement, the Company shall be entitled, in addition to all other remedies that it may have, to an injunction or other appropriate equitable relief to restrain any such breach or threatened breach without showing or proving any actual damage. In the event Participant violates and/or breaches any of the covenants contained in Paragraph 12, 13 or 14, the Company also shall be entitled to an accounting and repayment of all lost profits, compensation, commissions, remuneration or benefits that Participant directly or indirectly has realized or may realize as a result of any such violation or breach; and the Company shall be entitled to recover for all lost sales, profits, commissions, trade secrets, Confidential Information, good will and customers caused by Participant's improper acts, in addition to and not in limitation of any injunctive relief or other rights or remedies that the Company is or may be entitled to at law or in equity or under this Agreement.

(b) *Applicability of Covenants*. Subject to Paragraph 15(g) below:

(i) If, on the Grant Date, Participant is employed or resides in a jurisdiction in which any term or provision of Paragraph 12, 13 or 14 of this Agreement, or part thereof, would be unlawful, void, or otherwise unenforceable as a matter of law, then such term or provision, or part thereof, shall not apply to Participant;

(ii) If Participant is licensed actively as an attorney-at-law in any U.S. state, nothing in Paragraphs 12, 13 or 14 of this Agreement shall prevent Participant from practicing as an attorney-at-law, subject to Participant's compliance with applicable ethical rules governing such practice; and

(iii) The restrictions in Paragraph 13 shall apply to Participant only if, on the Grant Date, Participant's assigned salary grade level is 50 through 53, GNG, ENG or CNG.

(c) *Violation as Disqualifying Activity*. Participant acknowledges and agrees that the remedies identified in Paragraph 15(a) above for a breach of Paragraph 12, 13 or 14 of this Agreement shall be in addition to, and not in lieu of, the consequences of Participant's engagement in a Disqualifying Activity as provided in Paragraph 9 of this Agreement and Section 10(b) of the Plan.

(d) *Attorney's Fees*. If the Company brings a legal action to enforce any covenant contained in Paragraph 12, 13 or 14 of this Agreement, and if the Company is awarded any damages and/or any full or partial injunction due to Participant's acts, then the Company shall be entitled to recover its reasonable costs incurred in conducting the action including, but not limited to, reasonable attorneys' fees and expenses.

(e) *Effect on Other Agreements*. The provisions of Paragraphs 12, 13, and 14 of this Agreement shall be in addition to, and shall not supersede or replace, the provisions of any employment or other agreement between Participant and Progressive that contains similar or additional restrictions on Participant, including but not limited to any such provisions contained in a prior agreement relating to an award of restricted stock units.

(f) *Forum; Jurisdiction*.

(i) Subject to Paragraph 15(f)(ii) below:

A. All claims, actions or proceedings brought in a court of law that arise out of, require the interpretation of, and/or that are in any way related to the subject matter covered in this Agreement shall be brought and litigated exclusively in the state or federal courts located in Cuyahoga County of the State of Ohio, to which courts the parties consent to both personal jurisdiction and service of process in a manner consistent with Ohio law. The only exception to this choice of venue/forum is litigation to enforce any order or judgment rendered by such Ohio state or federal court, in which case such enforcement proceeding may be litigated in another jurisdiction. This consent to personal jurisdiction and choice of venue/forum are intended by the Company and Participant to be mandatory and not permissive in nature. Progressive and Participant hereby waive any right to assert the doctrine of *forum non conveniens* or similar doctrine or to object to venue or jurisdiction with respect to any action or proceeding brought in accordance herewith.

B. The Company and Participant irrevocably consent and agree that the state and federal courts located in Cuyahoga County of the State of Ohio shall have personal jurisdiction over the Company and Participant for the purpose of litigating in court any dispute, controversy, or proceeding with respect to matters described in this Agreement, and each consents to service of process in a manner consistent with Ohio law.

(ii) The provisions of this Agreement, including but not limited to Paragraph 15(f)(i) above and Paragraphs 17 and 18 below, do not and shall not be interpreted to modify, supersede, or replace the terms of any agreement between Participant and Progressive requiring either party to bring claims against the other in binding arbitration. To the extent that Participant and Progressive enter or have entered into an agreement to arbitrate that covers claims that arise out of, require the interpretation of, and/or that are in any way related to the subject matter covered in this Agreement, the terms of such agreement to arbitrate shall remain in full force and effect notwithstanding any other provision of this Agreement.

(g) Participant is encouraged to consult with an attorney before executing this Agreement.

(h) *Severability*. If for any reason any term or provision of Paragraphs 12, 13 or 14 of this Agreement, or part thereof, is held to be unlawful, void, or otherwise unenforceable as a matter of law, unless such invalidity or unenforceability can be cured by reformation or modification of the offending term or provision, or part thereof, including but not limited to as set forth below, all other valid and enforceable terms and provisions, or parts thereof, herein shall remain in full force and effect, and all of the invalid terms or provisions, or parts thereof, of this Agreement shall be deemed to be severable in nature. If for any reason any term or provision of Paragraphs 12, 13 or 14 of this Agreement, or part thereof, is invalid or unenforceable because it is held to cover an area or to be for a length of time or otherwise have a scope that is unreasonable or is otherwise construed to be too broad, such term or provision, or part thereof, shall be reformed and/or modified to provide for a restriction having the maximum enforceable area, time period and/or other scope (not greater than those contained herein) as shall be valid and enforceable under applicable law.

16. Recoupment. If the Securities and Exchange Commission adopts final rules under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that require, as a condition to the Company's continued listing on a national securities exchange ("Exchange"), that the Company develop and implement a policy requiring the recovery of erroneously awarded compensation, and such regulations are applicable to Participant and the Award granted pursuant to this Agreement, then the Award shall be subject to recoupment pursuant to the terms of the rules of the Securities and Exchange Commission and any applicable Exchange and any policy of the Company adopted in response to such rules. The provisions of this Paragraph 16 are in addition to the rights of the Company as set forth in Section 14(h) of the Plan.

17. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the Award and, except as provided in Paragraphs 12, 13, 14 and 15, supersedes and cancels any other

agreement, representation or communication, whether oral or in writing, between the parties relating to the Award, provided that the Agreement shall be at all times subject to the Plan.

18. Choice of Law. This Agreement shall be deemed to be made and executed in Ohio and shall be governed, construed and interpreted under, and in accordance with, the laws of the State of Ohio, without regard to conflict of law provisions.

19. Amendment. The Committee may amend the terms of this Award to the fullest extent permitted by Section 12 of the Plan.

20. Acknowledgments. Participant: (x) acknowledges receiving a copy of the Plan description relating to the Plan, and represents that Participant is familiar with all of the material provisions of the Plan, as set forth in such Plan description; (y) accepts this Agreement and the Award subject to all provisions of the Plan and this Agreement; and (z) agrees to accept as binding, conclusive and final all decisions and interpretations of the Committee relating to the Plan, this Agreement or the Award.

Participant evidences agreement with the terms and conditions of this Agreement, and intention to be bound by this Agreement, by electronically accepting the Award pursuant to the procedures adopted by the Company. **Upon such acceptance by Participant, this Agreement will be immediately binding and enforceable against Participant and the Company.**

THE PROGRESSIVE CORPORATION

By: _____
Vice President & Secretary

EXHIBIT I

INVESTMENT BENCHMARK CRITERIA

After the end of the Evaluation Period, the Independent Data Source will determine the firms comprising the Investment Benchmark for each applicable Plan year from its records and will supply to the Company the monthly total returns and any other relevant data for each of those firms for the Evaluation Period.

A firm will be included in the Investment Benchmark if the Independent Data Source is able to determine from its records that:

1. The firm has provided monthly data regarding its holdings and investment return, as necessary to determine or calculate such firm's monthly total return, and to evaluate such firm's compliance with each of the criteria set forth below, for the entire Evaluation Period; and

2. At all times during the Evaluation Period, the information provided by the firm shows, or the Independent Data Source is able to calculate, that such firm's investment portfolio satisfies each of the following criteria:

Duration:	Effective Duration between 1.5 years and 5.0 years
Credit Quality Average	= A, or = AA, or = AAA, or = AAA+
Convexity (%)	>= -1
Sector Allocation:	U.S. High-Yield Corporate Debt <= 10%
Sector Allocation:	Mortgages <= 60%
Sector Allocation:	U.S. Investment-Grade Corporate Debt <= 60%
Sector Allocation:	CMBS <= 60%
Sector Allocation:	ABS <= 60%
Sector Allocation:	Emerging Markets Debt <= 5%

3. The Company will have no discretion to alter the Investment Benchmark list after it is finalized by the Independent Data Source.

EXHIBIT II

DETERMINATION OF PERFORMANCE RANKING AND PERFORMANCE FACTOR

Once all the total returns are calculated, the data is sorted in descending order from highest to lowest total return. From here, the process to compute the Performance Factor is as follows:

INTERPOLATED VALUES FOR SETTING TOP AND BOTTOM 25% LEVELS
The top 25% and bottom 25% total return rankings are computed based on the total number of firms in the Investment Benchmark, excluding the PCM Fixed-Income Portfolio return. For example, if there were 279 participants, the return required to earn a 2.00 portfolio performance factor would be determined by interpolating between the sixty-ninth and seventieth firm's returns, since 25% of 279 = 69.75. The same procedure would be used to determine the 0.00 portfolio performance factor.

The total returns, computed by Investment Accounting, for the interpolated positions are calculated as follows (continuing to use an example of 279 survey firms):

Interpolated Value = Firm 69 return – ((Firm 69 Return - Firm 70 Return)*0.75)
Firm 69 = 18.35%
Firm 70 = 18.23%

Firm 69.75 (Interpolated Value) = 18.35% - ((18.35%-18.23%)*0.75) = 18.26%.

In this case, the PCM Performance Factor will equal 2.00 if its total return equals the interpolated value for Firm 69.75 or 18.26%. A similar calculation is then used to determine the bottom 25% group and interpolated value for a 0.00 performance score.

Once the two groups are computed, top and bottom 25%, the remainder of the performance scores are calculated as follows:

Performance score variance = (2.00) / Number of positions from first participant after the top 25% ranking to the 1st participant in the bottom 25% ranking. In the case of 279 participants, the number of positions to divide the 2.00 performance factors by would be 142.

The calculation for the performance score variance from 2.00 – 0.00 would be:

2.00 / 142 = .014085 per position for 279 firms

In the case of a tie in total returns between firms, each firm will have the same performance score, one step under the next higher position. The next lowest position would then be stepped down by a factor based on the number of participants who tie. In the case of a tie between two firms, the step down will be twice the performance score variance to maintain the proper stepping to the 0.00 performance score level.

Example: If firms 70 and 71 each had the same total return in the 279 firm example, then firms 70 and 71 would each have a Performance Factor of 1.985915, which is 2.00 - .014085. The number 72 position in this example would have a performance score of 1.957746, which is the required step down from 70 to 72.

In addition, if the returns are tied between the interpolated value set for the 2.00 performance score and any position below the 2.00 level, those lower positions will also be set to a 2.00 performance score. The step down factor in the performance score will work similarly as noted in the example above. For the last 25% group, all firms with total returns equaling the last interpolated total return value would have the same performance score as the last interpolated value (.014085), and all others in the last 25% group would have a 0.00 Portfolio Performance Factor.

Once all the performance scores have been created, from 2.00 to 0.00, PCM's return is compared to the rankings to determine its Performance Factor. If the PCM return is not in the top or bottom 25% and does not match the

return of any participant, then PCM's Performance Factor is an interpolated value between the firms with the next highest and next lowest returns.

The interpolation computation for the Performance Factor based on PCM's return is as follows:

Performance score of firm below PCM return + (PCM's Return – Return below PCM) / (Return above PCM – Return below PCM) * (Performance score of firm above PCM – Performance score of firm below PCM)

Assuming the following data, using the 279 firm example:

Firm	Performance score	Total return
Firm above PCM	.90	13.61
PCM		13.39
Firm below PCM	.89	13.34

The calculation of PCM's Performance Factor is:

0.89 + (13.39-13.34) / (13.61-13.34) * (0.90-0.89) = 0.89

The performance scores and the final Performance Factor are rounded to the nearest one-hundredth, if necessary.

Exhibit 10.4

RESTRICTED STOCK UNIT AWARD AGREEMENT
(2023 Special [Time/Performance]-Based Award)

This Agreement ("Agreement") is made this <Grant Date> ("Grant Date") by and between <Participant Name> ("Participant") and The Progressive Corporation (the "Company").

1. Definitions. Unless otherwise defined or expressly given a different meaning in this Agreement, each capitalized term in this Agreement shall have the meaning given to it in The Progressive Corporation 2015 Equity Incentive Plan (the "Plan"). [INCLUDE IF AWARD IS PERFORMANCE-BASED AND THE FOLLOWING IS APPLICABLE: Financial and operational terms used in this Agreement (e.g., references to business lines, units or segments) are used consistently with the use of those terms in the Company's Form 10-K (including exhibits and other documents incorporated therein) for the fiscal year ended December 31, 2022 (the "Form 10-K"). It is understood that references herein to any performance results of the Company mean the applicable consolidated operating results of the Company and its Subsidiaries and Affiliates.]

2. Award of Restricted Stock Units. The Company grants to Participant an award (the "Award") consisting of <# of Units> restricted stock units (the "Restricted Stock Units" or "Units"), pursuant to, and subject to, the terms of the Plan. [INCLUDE IF AWARD IS PERFORMANCE-BASED AND THE FOLLOWING IS APPLICABLE: The Award is based on a target award value of <# of Units> Units (the "Target Award Units"). The number of Restricted Stock Units that are ultimately earned pursuant to the Award (if any) will be determined based on the Target Award Units and the procedures and calculations set forth in this Agreement. Under the calculations set forth below, the maximum potential Award is a number of Units equal to _____ (___) times the sum of Target Award Units plus any related Dividend Equivalent Units (the "Maximum Award Units").] [INCLUDE IF AWARD IS PERFORMANCE-BASED: The Award is not intended to qualify as "performance-based compensation" under Section 162(m)(4)(C) of the Code as was in effect during November 2017.]

3. Condition to Participant's Rights under this Agreement. This Agreement shall not become effective, and Participant shall have no rights with respect to the Award or any Restricted Stock Units, unless and until Participant has fully executed this Agreement and delivered it to the Company. In the Company's sole discretion, such execution and delivery may be accomplished through electronic means. [INCLUDE IF APPLICABLE: If this Agreement has not been executed and delivered by Participant by 11:59 p.m., Mayfield Village, Ohio time on [DATE TBD], then this Award shall be forfeited in its entirety.]

4. Restrictions; Vesting.

(a) Subject to the terms and conditions of the Plan and this Agreement, including the provisions of Paragraph __ below [SECTION REGARDING TERMINATION OF EMPLOYMENT], Participant's rights in and to the Units shall vest, if at all, [on _____/according to the following schedule]:

[IF AWARD IS TIME-BASED, INCLUDE VESTING SCHEDULE, INCLUDING ANY VESTING UPON SATISFACTION OF QUALIFIED RETIREMENT ELIGIBILITY REQUIREMENTS, ALSO NOTE THE SCHEDULE MAY BE MODIFIED AS NECESSARY OR APPROPRIATE IN THE COMPANY'S SOLE DISCRETION TO ELIMINATE OR MINIMIZE FRACTIONAL UNITS FROM THE VESTING SCHEDULE]

[IF AWARD IS PERFORMANCE-BASED, INCLUDE PERFORMANCE OBJECTIVES THAT ARE PERMITTED BY THE PLAN, PROVISIONS PROVIDING FOR VESTING UPON CERTIFICATION BY THE COMPENSATION COMMITTEE THAT THE OBJECTIVES HAVE BEEN ACHIEVED, PROVISIONS FOR NEGATIVE COMMITTEE DISCRETION, AND RELEVANT CALCULATIONS (AND EXCLUSIONS PERMITTED BY THE PLAN) TO DETERMINE PERFORMANCE AND RELATED FACTORS, IF APPLICABLE]

[INCLUDE IF AWARD IS TIME-BASED: The Restricted Stock Units awarded under this Agreement shall vest in accordance with the provisions set forth above unless, prior to the vesting date set forth or determined in the manner described above, the Award and the applicable Units are forfeited or has been subject to accelerated vesting under the terms and conditions of the Plan or this Agreement.][INCLUDE IF AWARD IS PERFORMANCE-BASED: The Award shall vest in accordance with and subject to the foregoing except to the extent that, prior to the Certification Date, the Award has been forfeited or has been subject to accelerated vesting under the terms and conditions of the Plan or this Agreement.]

__. [INCLUDE IF AWARD IS PERFORMANCE-BASED AND THE LANGUAGE IS APPLICABLE: Expiration of Award. Notwithstanding anything to the contrary in this Agreement, if Participant's rights in and to the Award have not vested in accordance with Paragraph 4 of this Agreement on or before 11:59 p.m., Mayfield Village, Ohio time, on _____ (the "Expiration Date"), this Award shall expire at 11:59 p.m. on the Expiration Date. Upon such expiration, the Award shall terminate automatically, and Participant shall have no further rights with respect to the Award.]

__. [INCLUDE IF AWARD IS TIME-BASED AND DIVIDEND EQUIVALENTS ARE INCLUDED: Dividend Equivalents. Subject to this Paragraph __, with respect to dividends for which a record date occurs during the Restriction Period applicable to any Units, Participant shall be credited with a Dividend Equivalent with respect to each outstanding Restricted Stock Unit, [with respect to each vested but not yet distributed Restricted Stock Unit (as contemplated by [PARAGRAPH ADDRESSING 6 MONTH DELAY REQUIRED BY 409A])], and with respect to any Dividend Equivalent Unit (defined below) resulting from prior reinvestments of Dividend Equivalents as provided in this Paragraph. All Dividend Equivalents so credited will be deemed to be reinvested in Restricted Stock Units on the date that the applicable dividend or distribution is made to the Company's shareholders, in the number of Dividend Equivalent Units determined by dividing the aggregate value of the Dividend Equivalents by the Fair Market Value of the Stock on such date (rounded to the nearest thousandth of a whole Unit or as otherwise reasonably determined by the Company); provided, however, that if Dividend Equivalents cannot be reinvested in Units due to the operation of Section 3(a) of the Plan, such Dividend Equivalents will be credited to Participant as a cash value, which cash value shall be held by the Company (without interest) subject to this Agreement. Any Units resulting from the deemed reinvestment of dividends in accordance with this Paragraph __ are referred to herein as "Dividend Equivalent Units." Dividend Equivalents shall be subject to the same terms and conditions, and shall vest or be forfeited (as applicable) at the same time, as the Restricted Stock Units to which they relate; provided, however, that [(x)] if the Restriction Period for any Restricted Stock Unit ends after the record date for, but before the payment date of, a dividend, then any Dividend Equivalents related to such dividend and to Units for which the Restriction Period is ending will be paid in cash or in Stock, in the sole discretion of the Company, as soon as practicable following the payment date for such dividend[, and (y) if [ANY PARAGRAPH ADDRESSING 6 MONTH DELAY REQUIRED BY 409A] below is applicable and a record date for any dividend occurs after the applicable vesting date but before the applicable Delivery Date (as defined in Paragraph 8(d)(i) below), then any Dividend Equivalents related to such dividend will be paid in cash or in Stock, in the sole discretion of the Company, on or as soon as practicable following the Delivery Date].

__. [INCLUDE IF AWARD IS PERFORMANCE-BASED AND DIVIDEND EQUIVALENTS ARE INCLUDED: Dividend Equivalents. Subject to this Paragraph __, with respect to dividends for which a record date occurs during the Restriction Period applicable to any Units, Participant shall be credited with a Dividend Equivalent with respect to each outstanding Restricted Stock Unit, [with respect to each vested but not yet distributed Restricted Stock Unit (as contemplated by [SECTION REFERRING TO A POTENTIAL 6 MONTH DELAY IN DISTRIBUTION)]] and with respect to any Dividend Equivalent Unit (defined below) resulting from prior reinvestments of Dividend Equivalents as provided in this Paragraph. All Dividend Equivalents so credited will be deemed to be reinvested in Restricted Stock Units on the date that the applicable dividend or distribution is made to the Company's shareholders, based on the Target Award Units and any Dividend Equivalent Units resulting from prior reinvestments of Dividend Equivalents, in the number of Units determined by dividing the aggregate value of the Dividend Equivalents by the Fair Market Value of the Stock on such date (rounded to the nearest thousandth of a whole Unit or as otherwise reasonably determined by the Company); provided, however, that if Dividend Equivalents cannot be reinvested in Units due to the operation of Section 3(a) of the Plan, such Dividend Equivalents will be credited to Participant as a cash value based on the Target

Award Units and any Dividend Equivalent Units resulting from prior reinvestments of Dividend Equivalents, which cash value shall be held by the Company (without interest) subject to this Agreement. Any Units resulting from the deemed reinvestment of dividends in accordance with this Paragraph __ are referred to herein as "Dividend Equivalent Units." Dividend Equivalents shall be subject to the same terms and conditions, and shall vest or be forfeited (as applicable) at the same time, upon the same conditions, and in the same proportion, as the Target Award Units set forth in this Award; provided, however, that [(x)] if the Award vests after the record date for, but before the payment date of, a dividend, then the Dividend Equivalents related to such dividend and to Units vesting on the vesting date will be paid in cash or in Stock, in the sole discretion of the Company, as soon as practicable following the payment date for such dividend [and (y) if [SECTION REFERRING TO A POTENTIAL 6 MONTH DELAY IN DISTRIBUTION] is applicable and a record date for any dividend occurs after the applicable vesting date but before the applicable Delivery Date (as defined in [APPLICABLE SECTION] below), then any Dividend Equivalents related to such dividend will be paid in cash or in Stock, in the sole discretion of the Company, on or as soon as practicable following the Delivery Date].]

__. Units Non-Transferable. No Restricted Stock Units (and no Dividend Equivalents) shall be transferable by Participant other than by will or by the laws of descent and distribution. In the event all or any portion of the Award is transferred or assigned pursuant to a court order, such transfer or assignment shall be without liability to the Company, and the Company shall have the right to offset against the Award any expenses (including attorneys' fees) incurred by the Company, or any of its Subsidiaries or Affiliates, in connection with such attempted transfer or assignment.

__. Termination of Employment. Except as otherwise provided in the Plan or in this Paragraph __, or as otherwise determined by the Committee, if Participant's employment with the Company or any Subsidiary or Affiliate terminates for any reason, the Award and all Restricted Stock Units (and any related Dividend Equivalents) held by Participant that are unvested or subject to restriction at the time of such termination shall be forfeited automatically immediately after such termination. [DESCRIBE ANY EXCEPTIONS, INCLUDING THOSE RESULTING FROM DEATH, DISABILITY OR RETIREMENT.] Nothing in this Paragraph __ will be interpreted as altering in any way the provisions of Section 11 of the Plan.

__. Delivery at Vesting. Subject to the provisions of the Plan and this Agreement [including, without limitation, [ANY SECTION REFERRING TO A POTENTIAL 6 MONTH DELAY], upon vesting of all or part of the Award, the Company shall deliver to Participant one share of Stock in exchange for each such vested Restricted Stock Unit and for each Dividend Equivalent Unit related thereto and cash in the amount of any other related Dividend Equivalents, and the applicable Restricted Stock Units (and any related Dividend Equivalents) shall be cancelled. Unless determined otherwise by the Company at any time prior to the applicable delivery, each fractional Restricted Stock Unit (and related Dividend Equivalent Unit) shall vest and be settled in an equal fraction of a share of Stock. [INCLUDE THE FOLLOWING SENTENCE IF THE AWARD IS TIME-BASED: Notwithstanding the foregoing, as to any Participant who is a "specified employee" as defined in Section 409A of the Code, any delivery of Common Shares will be delayed for six (6) months plus one (1) day after the vesting date if, and to the extent, that such delay is required by Section 409A.] [INCLUDE THE FOLLOWING SENTENCE IF THE AWARD IS PERFORMANCE-BASED: The delivery of such shares of Stock shall be on or as soon as practicable following the Certification Date, but in no event later than March 15 of the calendar year following the year in which the Certification Date occurred.]

__. Disqualifying Activity. Notwithstanding any other provision of this Agreement, if the Committee determines that Participant is engaging in, or has engaged in, a Disqualifying Activity, the provisions of Section 10(b) of the Plan will apply. A violation of Paragraph __ and any violation of any non-competition agreement between Participant and the Company or any of its subsidiaries or Affiliates, by Participant shall constitute a "material violation" of an "agreement between the Participant and the Company" within the meaning of clause (iii) of the definition of Disqualifying Activity. [NOTE: MODIFY SECTION AS NECESSARY TO ADDRESS INTERPLAY WITH ANY RESTRICTIVE COVENANTS INCLUDED ELSEWHERE IN THE AGREEMENT.]

__. Taxes. No later than the date as of which [Taxes become due], Participant shall pay to the Company, or make arrangements satisfactory to the Committee regarding the payment of, any Taxes and other items of any kind required by law to be withheld with respect to such amount. The obligations of the

Company under the Plan and this Agreement shall be conditioned on such payment or arrangements and the Company and its Subsidiaries and Affiliates, to the extent permitted by law, shall have the right to deduct any such Taxes from any payment of any kind otherwise due to Participant. At vesting [(or Delivery Date, if applicable)] of any Award Installment, Restricted Stock Units and any related Dividend Equivalent Units vesting on such vesting date [(or being distributed on such Delivery Date)] will be valued at the Fair Market Value of the Company's Stock on such date.

[INCLUDE IF THE AWARD IS PERFORMANCE-BASED: Unless otherwise determined by the Committee, Participant must satisfy the minimum statutory tax withholding obligations resulting from the vesting of Restricted Stock Units and related Dividend Equivalents ("Minimum Withholding Obligations") by surrendering to the Company Restricted Stock Units and/or Dividend Equivalents that are then vesting (or shares of Stock issuable as a result of the vesting) with a value sufficient to satisfy the Minimum Withholding Obligations.]

[INCLUDE IF THE AWARD IS TIME-BASED: Unless otherwise determined by the Committee, Participant must satisfy the minimum statutory tax withholding obligations resulting from the vesting of Restricted Stock Units and related Dividend Equivalents ("Minimum Withholding Obligations") either (a) by surrendering to the Company Restricted Stock Units that are then vesting or being distributed (or shares of Stock issuable upon [such event/vesting]) with a value sufficient to satisfy the Minimum Withholding Obligations, or (b) by paying to the Company the appropriate amount in cash or, if acceptable to the Company, by check or other instrument. Unless Participant advises the Company of Participant's election to use an alternative payment method, Participant shall be deemed to have elected to surrender to the Company Restricted Stock Units that are then vesting or being distributed (or shares of Stock issuable upon [such event/vesting]) with a value sufficient to satisfy the Minimum Withholding Obligations.]

Under no circumstances will Participant be entitled to satisfy any Minimum Withholding Obligations by surrendering Restricted Stock Units that are not then vesting [or being distributed on such Delivery Date/or any Restricted Stock Units that Participant has elected to defer under Paragraph _ above]. Any request by Participant to satisfy Minimum Withholding Obligations by surrendering shares of Stock owned by Participant prior to the date of such satisfaction must be specifically approved in advance by the Committee. All payments and surrenders of Units or shares of Stock and any requests for approval of alternative payment arrangements must be made by Participant in accordance with such procedures as may be adopted by the Company in connection therewith, and subject to such rules as have been or may be adopted by the Committee.

__. [INCLUDE THE FOLLOWING IF AWARD IS PERFORMANCE-BASED: Recoupment. If the Securities and Exchange Commission adopts final rules under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that require, as a condition to the Company's continued listing on a national securities exchange ("Exchange"), that the Company develop and implement a policy requiring the recovery of erroneously awarded compensation, and such regulations are applicable to Participant and the Award granted pursuant to this Agreement, then the Award shall be subject to recoupment pursuant to the terms of the rules of the Securities and Exchange Commission and any applicable Exchange, and any policy of the Company adopted in response to such rules. The provisions of this Paragraph __ are in addition to the rights of the Company as set forth in Section 14(h) of the Plan.]

[ANY ADDITIONAL OR MODIFIED TERMS, NOT INCONSISTENT WITH THE PLAN, INCLUDING PROVISIONS ADDRESSING NON-SOLICITATION, NON-COMPETITION AND NON-DISCLOSURE OF INFORMATION.]

__. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the Award, and supersedes and cancels any other agreement, representation or communication, whether oral or in writing, between the parties relating to the Award, provided that the Agreement shall be at all times subject to the Plan. [NOTE: ALTER AS NECESSARY TO EXCLUDE OTHER AWARD, AGREEMENTS AND PROVISIONS NOT INTENDED TO BE SUPERSEDED.]

__. Amendment. The Committee may amend the terms of this Award to the fullest extent permitted by Section 12 of the Plan.

__. Choice of Law. This Agreement shall be deemed to be made and executed in Ohio and shall be governed, construed, and interpreted under, and in accordance with, the laws of the State of Ohio, without regard to conflict of law provisions.

__. Acknowledgments. Participant: (i) acknowledges receiving a copy of the Plan description relating to the Plan, and represents that Participant is familiar with all of the material provisions of the Plan, as set forth in such Plan description; (ii) accepts this Agreement and the Award subject to all provisions of the Plan and this Agreement; and (iii) agrees to accept as binding, conclusive and final all decisions and interpretations of the Committee relating to the Plan, this Agreement or the Award.

Participant evidences agreement with the terms and conditions of this Agreement, and intention to be bound by this Agreement, by electronically accepting the Award pursuant to the procedures adopted by the Company. **Upon such acceptance by Participant, this Agreement will be immediately binding and enforceable against Participant and the Company.**

THE PROGRESSIVE CORPORATION

By: _____
Vice President & Secretary

Exhibit 31.1

CERTIFICATION

I, Susan Patricia Griffith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Progressive Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2023

/s/ Susan Patricia Griffith
Susan Patricia Griffith
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, John P. Sauerland, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Progressive Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2023

/s/ John P. Sauerland
John P. Sauerland
Vice President and Chief Financial Officer

Exhibit 32.1

SECTION 1350 CERTIFICATION

I, Susan Patricia Griffith, President and Chief Executive Officer of The Progressive Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2023 (the "Report"), which this certification accompanies, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Susan Patricia Griffith
Susan Patricia Griffith
President and Chief Executive Officer
May 2, 2023

Exhibit 32.2

SECTION 1350 CERTIFICATION

I, John P. Sauerland, Chief Financial Officer of The Progressive Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2023 (the "Report"), which this certification accompanies, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John P. Sauerland
John P. Sauerland
Vice President and Chief Financial Officer
May 2, 2023

Exhibit 99

Letter to Shareholders
First Quarter 2023

Towards the end of my recent 2022 annual letter to shareholders, I said the following:

"Notes like this, and reflecting on these past three years, I can't tell you how enthusiastic I am to dive into 2023. We believe we are well prepared and positioned. This is what we do – execute on deliberate and cogent plans with room for flexibility as the ***unknowns inevitably occur."***

Well, the last three words are ringing true during this first quarter of 2023. While I'll get into the details below, suffice it to say that the unknowns did occur, and for the first quarter we did not achieve our calendar year goal of a 96 combined ratio (CR). Rest assured that we have plans to get us back on track toward our goal this year and I will share some of them with you in this letter.

The good news is that our companywide net premiums written (NPW) growth was 22% and our policies in force growth was a solid 9%. On the other hand, our first quarter 2023 CR was a 99.0, with March posting a CR of 106.2. As we have said many times, profit, as one of our Core Values, comes before growth. We currently believe we are taking appropriate actions to achieve both growth and profitability, specifically profitability that aligns with our operational goals of a calendar year 96 CR.

While not where we'd like to have started the year, there were a lot of factors that contributed to our underwriting results. During the first quarter, we experienced continued elevated loss costs due, in part, to our inflationary environment, reserving development, additional weather-related losses, and recent law changes in Florida that impacted loss estimates and prompted increases to our reserves. Loss costs emerged higher than we anticipated and prior accident year reserves developed unfavorably 4.6 points on the companywide CR. The majority of the unfavorable development related to fixing cars (property damage, collision, and comprehensive coverages) as the cost to fix vehicles continued to increase. Loss severity was up nearly 10% for the quarter, compared to the first quarter 2022, and similar to the year-over-year increase we experienced in the fourth quarter 2022, while frequency was relatively flat. In addition, catastrophe losses contributed 1.8 points to our first quarter 2023 companywide CR, compared to 1.2 points for the same period last year. In the first quarter 2023, we were affected by 24 catastrophic weather events, compared to 11 events in the first quarter of 2022, with the majority of the losses due to March storms. In response to the Florida tort reform that was signed into law in March 2023, we increased both our current and prior accident year loss reserves, which had less than a 1-point impact on our first quarter CR. As always, we will continue to evaluate and respond to our loss reserve adequacy.

During the first quarter 2023, our Personal Lines business experienced strong growth but fell short of our profitability target with a CR of 98.7 for the quarter. NPW grew a very healthy 25% with policies in force growth of 10%. Our growth in new applications reflected a combination of increased quotes from continued shopping in the marketplace and an increase in conversion. We also saw an increase in Personal Lines renewal applications, which contributed to policy growth. In addition to unit growth, our Personal Lines written premium growth reflected rate actions taken in both 2022 and 2023. We increased personal auto rates over 13% in 2022 and an additional 4% in the first quarter of 2023.

The companywide advertising spend in the first quarter 2023 was 23% greater than the first quarter last year and higher than each of the last three quarters, which is consistent with historical patterns and aligns with peak shopping months. Since advertising dollars are expensed as incurred and premiums are earned over the policy term, there is a timing element that results in upward pressure to our calendar year expense ratio, while still meeting our lifetime CR target. This was especially true in the first quarter this year, where new business application growth was significant.

Considering our first quarter profitability results, and the fact that inflation has not abated, we are re-evaluating our rate plans and intend to be aggressive with raising rates over the remainder of the year. Of course, some of these rate increases will be subject to regulatory approval and any change in circumstances could lead us to determine if more or less rate is needed in order to achieve our calendar year CR goal. In addition to rate actions, we will continue to evaluate our planned investment in policy acquisition costs, such as advertising spend, in both the Agency and Direct channels to ensure we work towards our overall profit objective for the calendar year. And, finally, we plan to continue to assess other areas, including underwriting, bill plan offerings, and overall operational discipline on expense management.

Commercial Lines grew NPW 15% with a CR of 98.4, which was also above our companywide calendar year profit goal of 96. The premium increase in the first quarter 2023 was attributable to the renewal of certain transportation network company (TNC) policies that reflected increased miles driven (the basis for TNC premiums), rate changes, and the addition of three new states. Excluding the TNC business, NPW was basically flat for the quarter in Commercial Lines. Reduced demand, arising from the continued slowdown in the rate of economic activity and deteriorating freight market conditions, impacted growth in our for-hire transportation business market target (BMT). Premium growth in our other BMTs nearly offset the drop in for-hire transportation premiums, with the most significant growth in our business auto and contractor BMTs.

Our Commercial Lines product management teams are actively managing rate level and taking action to respond to rising loss costs consistent with the actions we are taking in Personal Lines. We believe we recognized the increase in loss costs ahead of the market and increased countrywide rate levels 6% in 2022 and have plans in place to file for increased rate level during 2023 where necessary. Consistent with personal auto, some of the commercial auto rate increases will be subject to regulatory approval, and we will continue to monitor changes in the marketplace that would require us to make different decisions on our rate level changes. Since the majority of our commercial auto policies are written for an annual term, rate increases will take more time than personal auto rate increases to earn in. Historically, we believe our early recognition of changes in loss cost trends has positioned us well for continued growth as our competitors followed suit and we expect that to be the case as the commercial auto insurance market responds to the current environment.

In addition to planned rate increases, we are taking non-rate actions to slow down growth and to meet our profitability target in 2023. We have increased our underwriting efforts with the goal of being adequately priced on new and renewal Commercial Lines business. We are also restricting new business in certain geographies and segments until rate increases are in place.

Our Property business continued to experience both policy and premium growth during the first quarter 2023. Policies in force are up 4% over last March and we ended the first quarter with $629 million in NPW, a 17% increase over the same period last year. Premium growth was partially driven by a 12% increase in new business applications year over year. Property growth is also benefiting from the personal auto growth as we are seeing growth in the Robinsons consumer segment (i.e., customers bundling their auto and home).

Our primary goal for Property continues to be to attain profitability and reduce the year-to-year volatility of results. To achieve this objective, we have concentrated our growth efforts in markets that are less susceptible to catastrophes and have lower exposure to coastal and hail-prone states. In regions where our appetite to write new business is limited, we are prioritizing Progressive auto bundles, as well as lower risk properties, such as new construction or homes with newer roofs. In addition to our focus on shifting our mix, we continued to adjust rates to address profitability concerns. In the first quarter 2023, we increased rates by about 3% across all Property product lines bringing the trailing four quarters to aggregate rate increases of about 20%.

In terms of our capital position, and as mentioned in the annual letter to shareholders, we believe it is appropriate to have a conservative approach to capital management, especially during volatile times. While the investing and operating environments remain challenging, we have seen our debt-to-total capital ratio move down from 28.7% at the end of 2022 to 27.5% at the end of the first quarter 2023. We continue to believe that all our stakeholders will benefit from our thoughtful approach to capital management, including with respect to our approach to dividends and share repurchases.

The first quarter total return on our investment portfolio was 2.3%, as we saw positive performance from both our fixed-income and equity portfolios. Our fixed-income portfolio returned 2.0% in the first quarter as interest rates declined during the period. Our equity portfolio returned 7.3% in the first quarter 2023. Over the course of the last twelve months, we have adjusted our portfolio to a relatively more conservative posture. This has meant a greater allocation to cash and Treasuries, and lower allocations to equities and other credit-related areas of the fixed-income portfolio.

I’ll finish with the same quote from the annual letter to shareholders that I started this letter with, but with an emphasis on how eager and ready my team and I are to face these headwinds.

"Notes like this, and reflecting on these past three years, ***I can't tell you how enthusiastic I am to dive into 2023.*** *We believe we are well prepared and positioned. This is what we do – execute on deliberate and cogent plans with room for flexibility as the unknowns inevitably occur."*

Is it an enjoyable way to start the year? No. Do we have a cogent plan to respond to these challenges? Absolutely!

My sincere thanks to all of the Progressive people who have shown flexibility, resilience, and positivity as we face yet another year of uncertainty. Let's focus on the task at hand with our eye on making sure that we take great care of the customers that we are privileged to serve.

Stay well and be kind to others,

/s/ Tricia Griffith
Tricia Griffith
President and Chief Executive Officer