

PROGRESSIVE

Investor Relations

CUSTOMER EXPERIENCE

2018

Q2



Safe Harbor Statement

UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995:

Investors are cautioned that certain statements in this presentation not based upon historical fact are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These statements often use words such as "estimate," "expect," "intend," "plan," "believe," and other words and terms of similar meaning, or are tied to future periods, in connection with a discussion of future operating or financial performance. Forward-looking statements are based on current expectations and projections about future events, and are subject to certain risks, assumptions and uncertainties that could cause actual events and results to differ materially from those discussed herein. These risks and uncertainties include, without limitation, uncertainties related to estimates, assumptions, and projections generally; inflation and changes in general economic conditions (including changes in interest rates and financial markets); the possible failure of one or more governmental, corporate, or other entities to make scheduled debt payments or satisfy other obligations; our ability to access capital markets and financing arrangements when needed to support growth or other capital needs, and the favorable evaluations by credit and other rating agencies on which this access depends; the potential or actual downgrading by one or more rating agencies of our securities or governmental, corporate, or other securities we hold; the financial condition of, and other issues relating to the strength of and liquidity available to, issuers of securities held in our investment portfolios and other companies with which we have ongoing business relationships, including reinsurers and other counterparties to certain financial transactions or under certain government programs; the accuracy and adequacy of our pricing, loss reserving, and claims methodologies; the competitiveness of our pricing and the effectiveness of our initiatives to attract and retain more customers; initiatives by competitors and the effectiveness of our response; our ability to obtain regulatory approval for the introduction of products to new jurisdictions, for requested rate changes and the timing thereof and for any proposed acquisitions; the effectiveness of our brand strategy and advertising campaigns relative to those of competitors; legislative and regulatory developments at the state and federal levels, including, but not limited to, matters relating to vehicle and homeowners insurance, health care reform and tax law changes; the outcome of disputes relating to intellectual property rights; the outcome of litigation or governmental investigations that may be pending or filed against us; severe weather conditions and other catastrophe events; the effectiveness of our reinsurance programs; changes in vehicle usage and driving patterns, which may be influenced by oil and gas prices; changes in residential occupancy patterns and the effects of the emerging "sharing economy"; advancements in vehicle or home technology or safety features, such as accident and loss prevention technologies or the development of autonomous or partially autonomous vehicles; our ability to accurately recognize and appropriately respond in a timely manner to changes in loss frequency and severity trends; technological advances; acts of war and terrorist activities; our ability to maintain the uninterrupted operation of our facilities, systems (including information technology systems), and business functions, and safeguard personal and sensitive information in our possession, whether from cyber-attacks, other technology events or other means; our continued access to and functionality of third-party systems that are critical to our business; our continued ability to access cash accounts and/or convert securities into cash on favorable terms when we desire to do so; restrictions on our subsidiaries' ability to pay dividends to The Progressive Corporation; possible impairment of our goodwill or intangible assets if future results do not adequately support either, or both, of these items; court decisions, new theories of insurer liability or interpretations of insurance policy provisions and other trends in litigation; changes in health care and auto and property repair costs; and other matters described from time to time in our releases and publications, and in our periodic reports and other documents filed with the United States Securities and Exchange Commission. In addition, investors should be aware that generally accepted accounting principles prescribe when a company may reserve for particular risks, including litigation exposures. Accordingly, results for a given reporting period could be significantly affected if and when a reserve is established for one or more contingencies. Also, our regular reserve reviews may result in adjustments of varying magnitude as additional information regarding claims activity becomes known. Reported results, therefore, may be volatile in certain accounting periods.



Q2





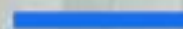
CORE VALUES

who we are



PURPOSE

why we're here



VISION

where we're headed



STRATEGY

how we'll get there



Progressive's Four Strategy Pillars

PROGRESSIVE PEOPLE AND CULTURE ARE COLLECTIVELY OUR MOST POWERFUL SOURCE OF COMPETITIVE ADVANTAGE.



WE WILL ACHIEVE OUR VISION BY ...

- **Meeting the broader needs of our customers throughout their lifetimes.**
- **Maintaining a leading brand recognized for innovative offerings and supported by experiences that instill confidence.**
- **Offering competitive prices driven by industry-leading segmentation, claims accuracy, and operational efficiency.**

John Murphy

PRESIDENT
CUSTOMER
RELATIONSHIP
MANAGEMENT

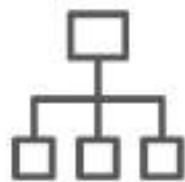
Steve Broz

CHIEF
INFORMATION
OFFICER

Foundational adjustments position us for success



VISION



**ORGANIZATIONAL
STRUCTURE**



**TARGET
CUSTOMER
EXPERIENCE**



CAPABILITIES



We evolved our company vision

**BECOME CONSUMERS' #1 CHOICE
FOR AUTO INSURANCE.**



We evolved our company vision

**BECOME CONSUMERS' #1 CHOICE
AND DESTINATION FOR AUTO
AND OTHER INSURANCE.**



Executing on the new vision



**ASI ACQUISITION:
PROGRESSIVE HOME**



**PRODUCT
EXPANSION**



**ENHANCED SERVICE
OFFERINGS**

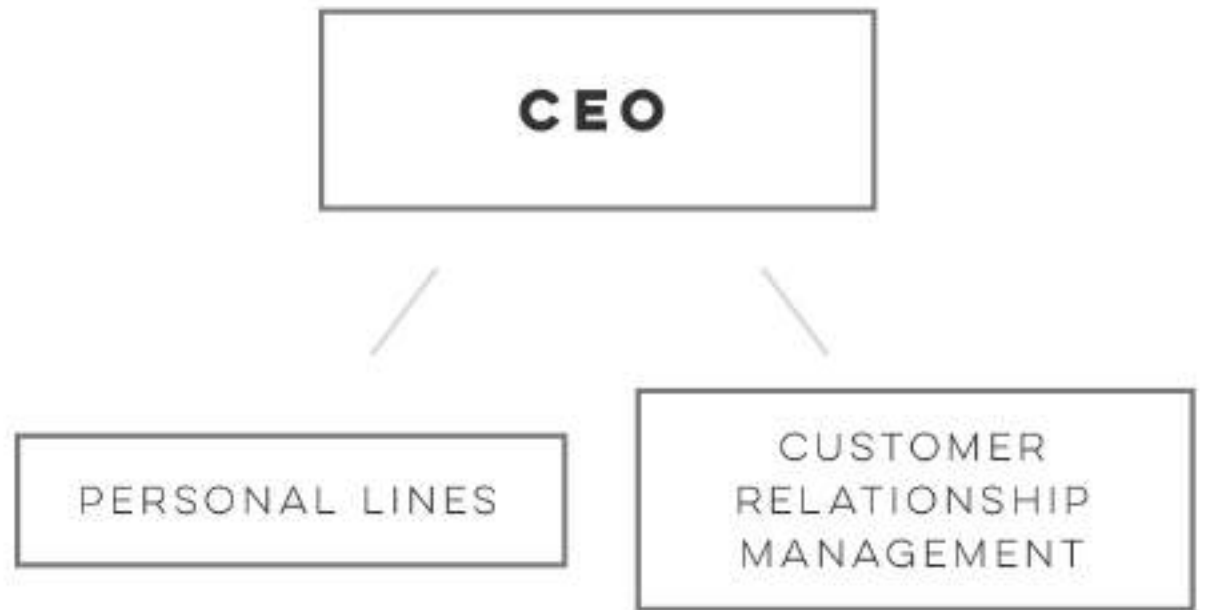
ORGANIZATIONAL
STRUCTURE
CREATES
ADVOCACY

CEO

PERSONAL LINES

CUSTOMER
RELATIONSHIP
MANAGEMENT

ORGANIZATIONAL
STRUCTURE
CREATES
ADVOCACY





TARGET CUSTOMER
EXPERIENCE PUTS
CUSTOMER AT
THE CENTER

We created a single
vision for how we take
care of customers.

BRAND

BUY

SERVICE

CLAIMS

Capabilities to enable customer-centricity

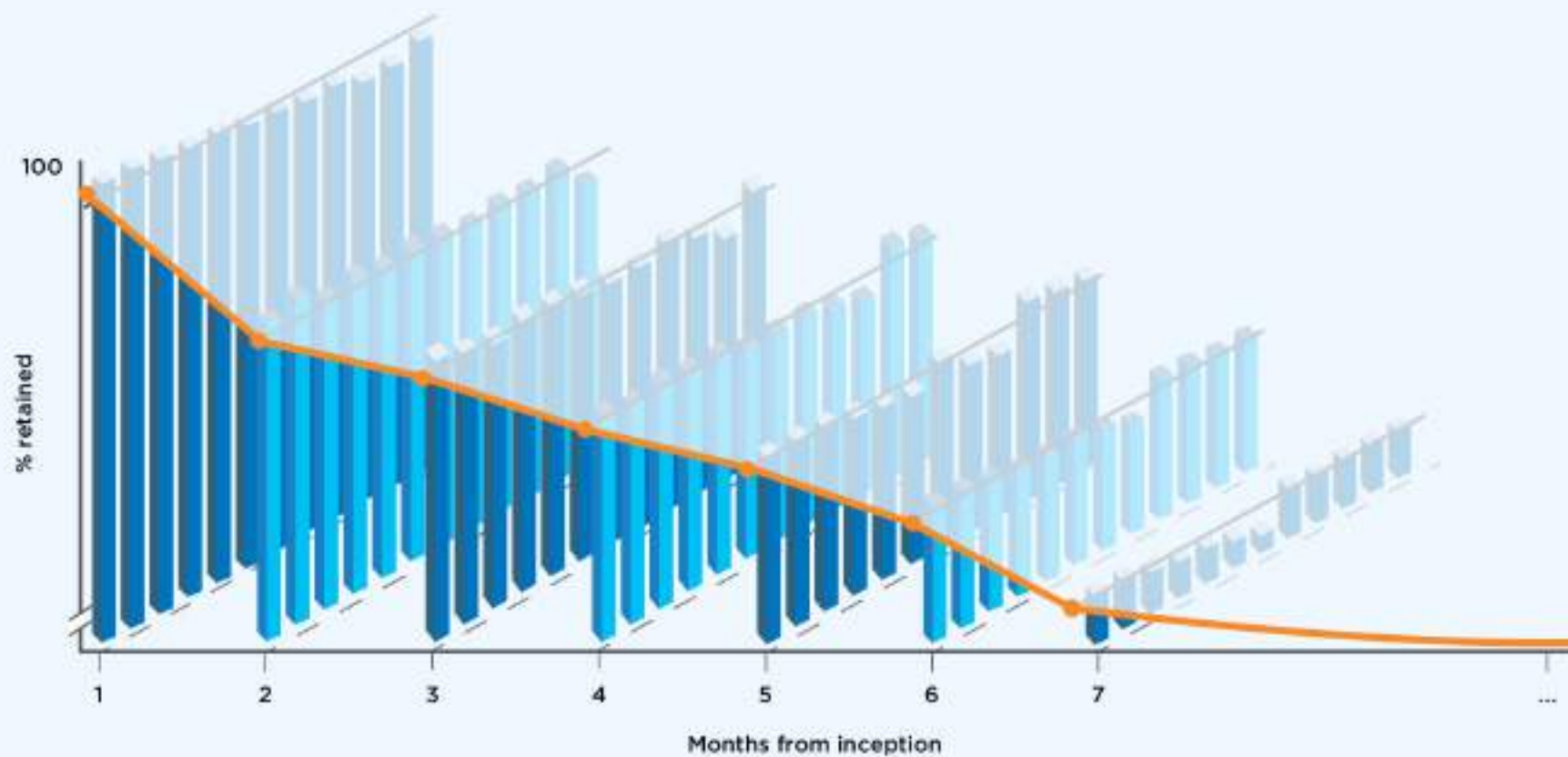


RELATIONSHIPS...
LASTING FOR
DECADES!



RETENTION

Policy life expectancy is our best barometer



Policy Life Expectancy (PLE) = Area under the curve

We think about retention in three components

NATURE



Reflects
customer type



PLE impacted
quickly by mix

NURTURE



Domain of Customer
Experience



Create value delivering
reasons to stay

PRICE

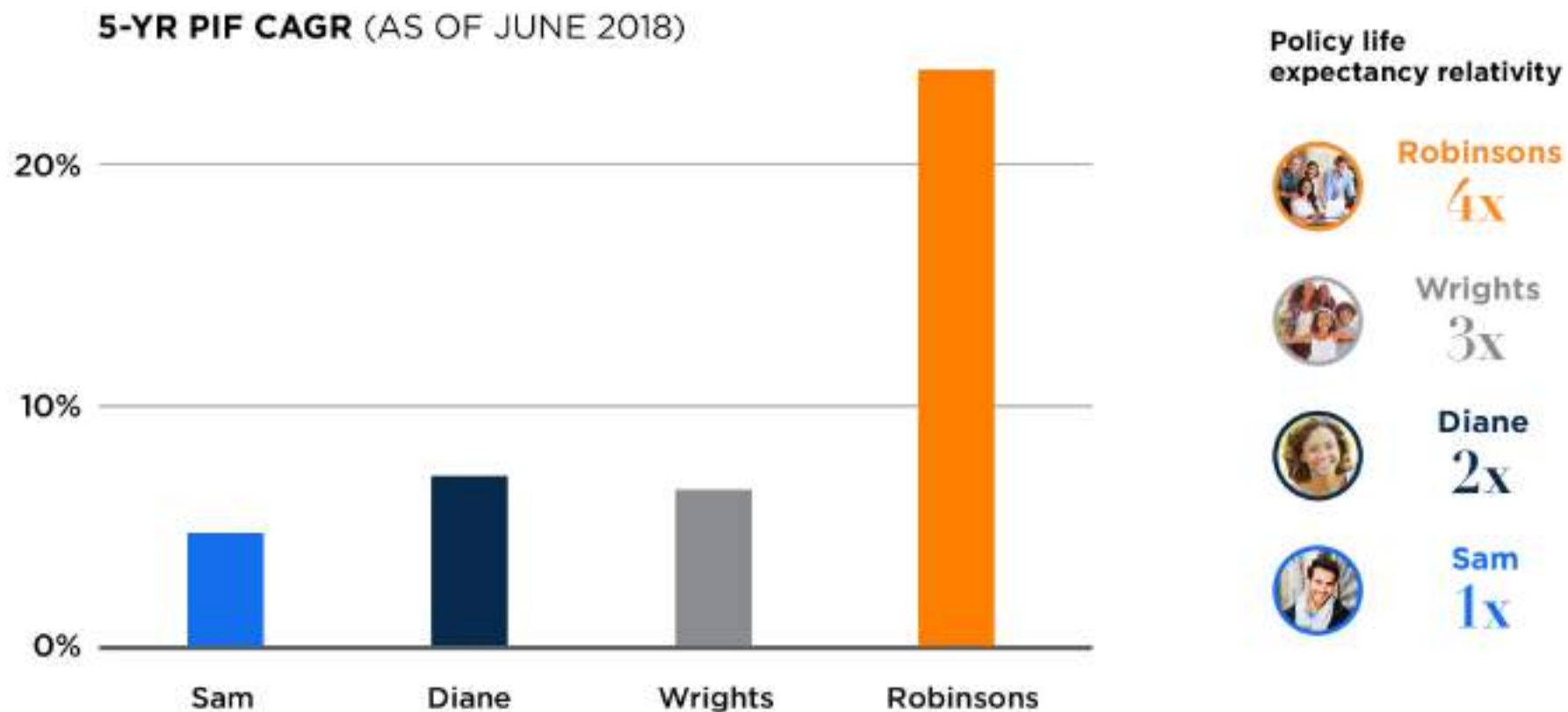


Price is a large predictor
of defection



Renewal rate
has improved

Nature: our mix is shifting to longer-retaining customers



Nurture: our experience investments are delivering measurable value

EASY



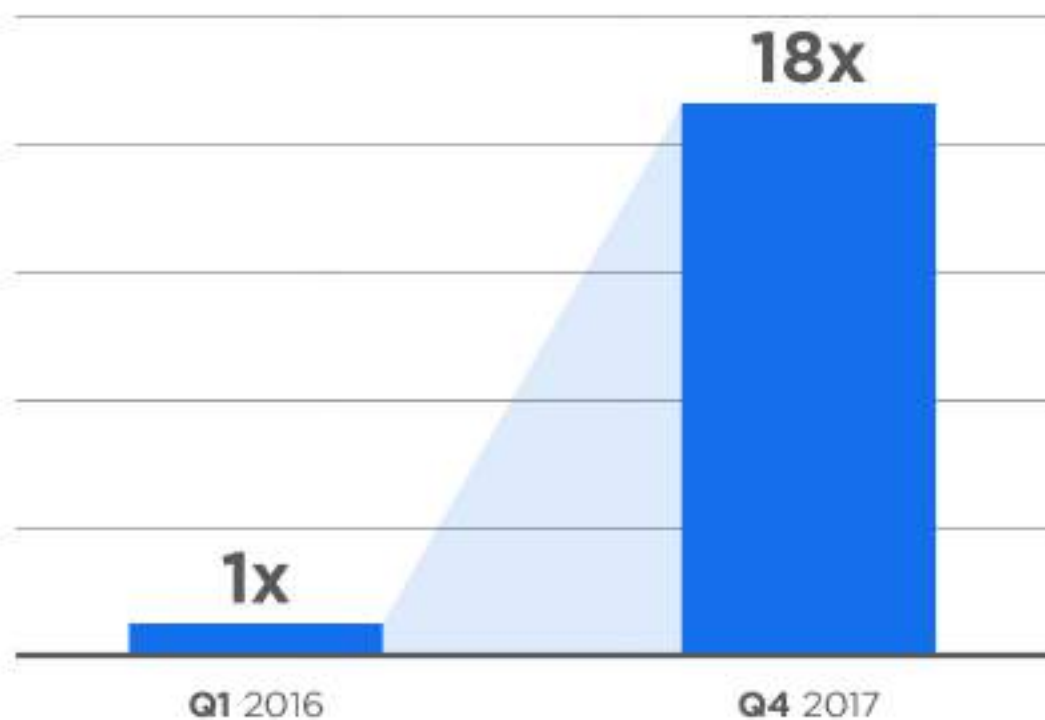
PERSONAL



CARING

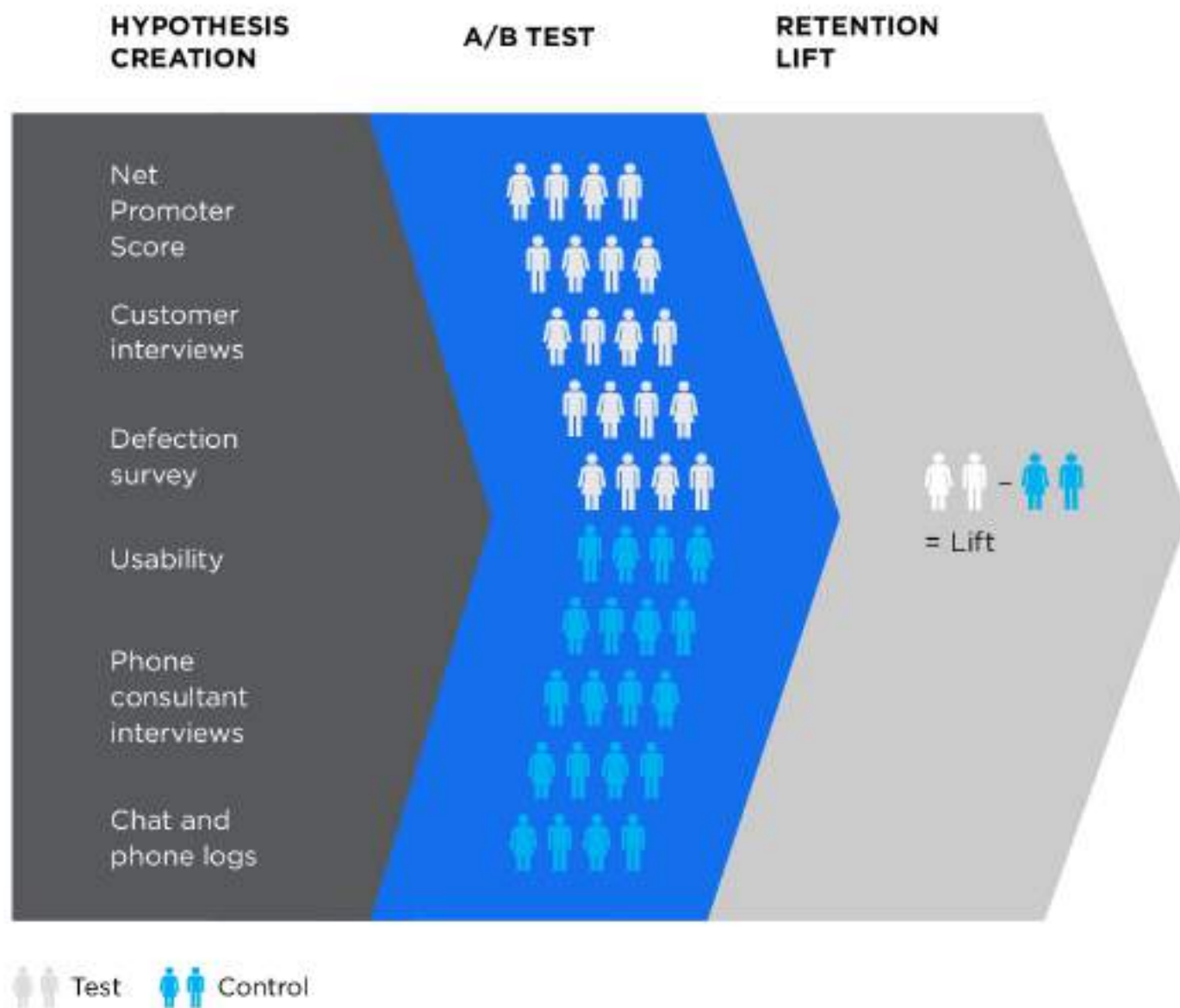


CUSTOMER EXPERIENCE CONTRIBUTION TO LEP



Customers lead us
and we go where
they want to go

HOW DO WE MEASURE IMPACT?



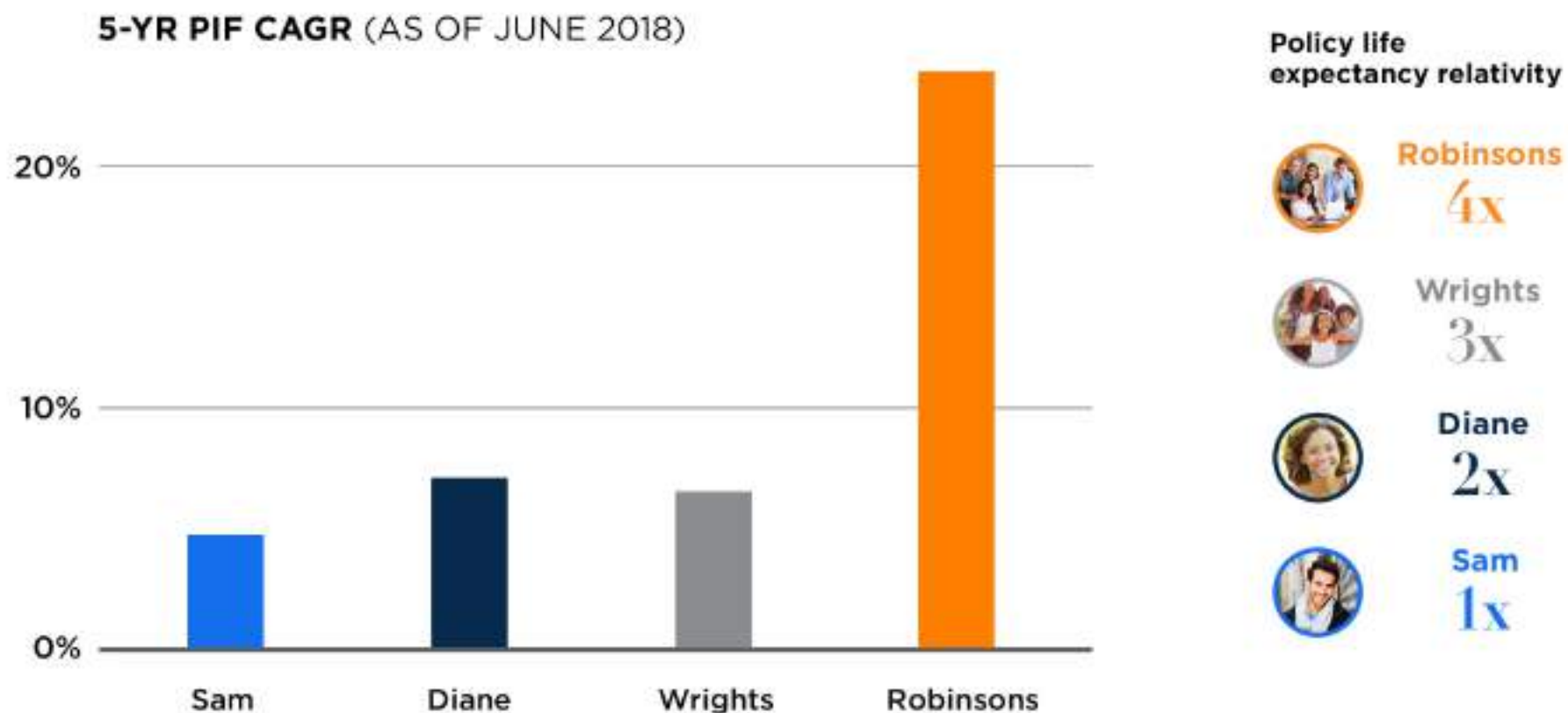
John Murphy

PRESIDENT
CUSTOMER
RELATIONSHIP
MANAGEMENT

Steve Broz

CHIEF
INFORMATION
OFFICER

Nature: our mix is shifting to longer-retaining customers



Customers become Robinsons in different ways



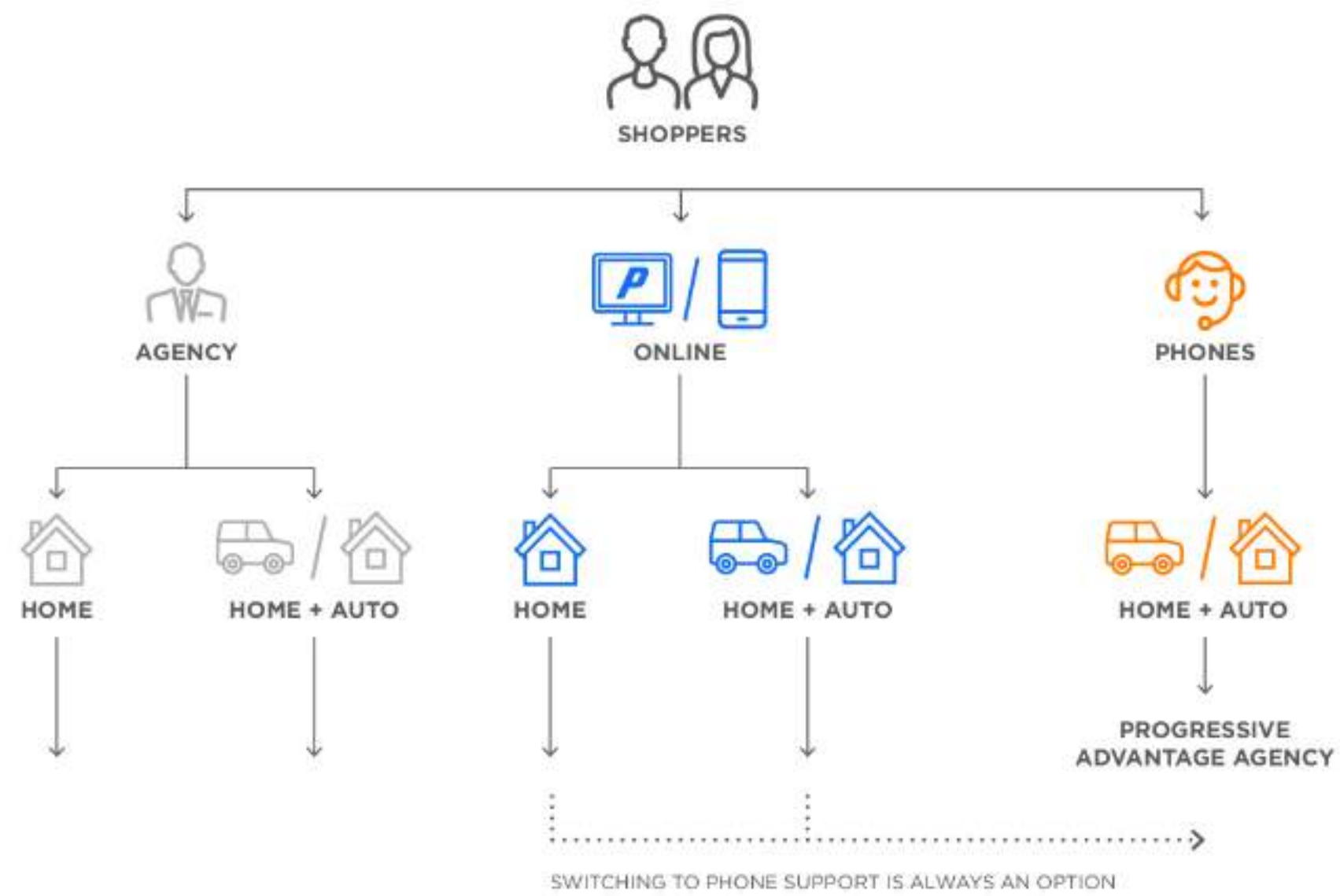
1.
Customer
Acquisition

2.
Graduation

3.
Robinsons







Customers have a choice in how they buy



Industry premiums show a clear opportunity

2017 PPA & HOMEOWNERS: ESTIMATED INDUSTRY PREMIUM (\$BIL)

		CAPTIVE AGENT	INDEPENDENT AGENT	DIRECT	TOTAL
	Sam	8	13	8	28
	Diane	24	15	26	65
	Wrights	27	23	18	69
	Robinsons	86	54	23	163
	Total	145	106	75	325

TOTAL
ROBINSONS

\$163
BILLION

CAPTIVE
AGENT

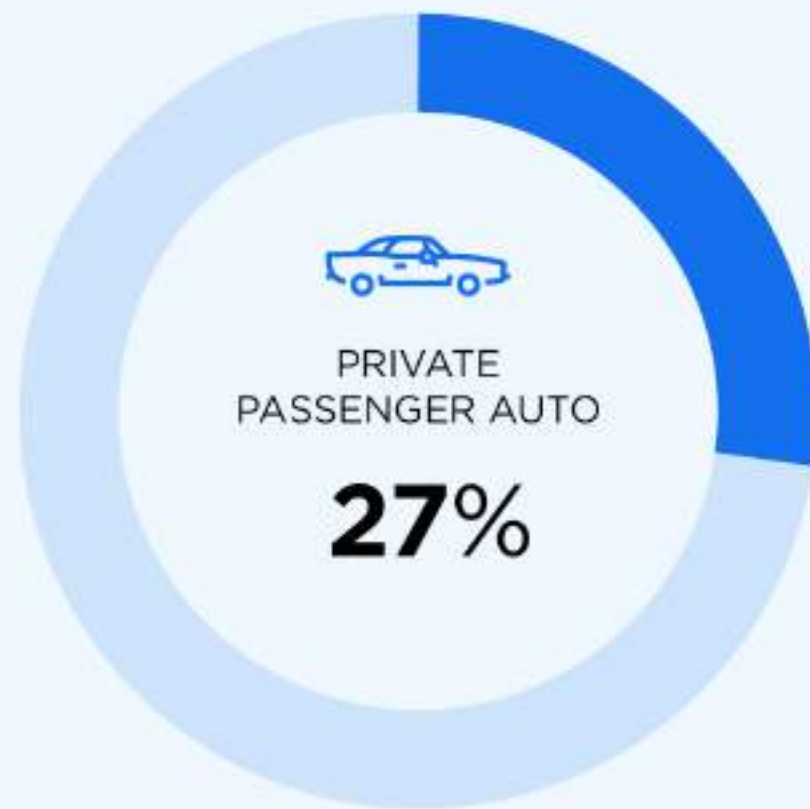
\$86
BILLION

We've invested across the customer journey



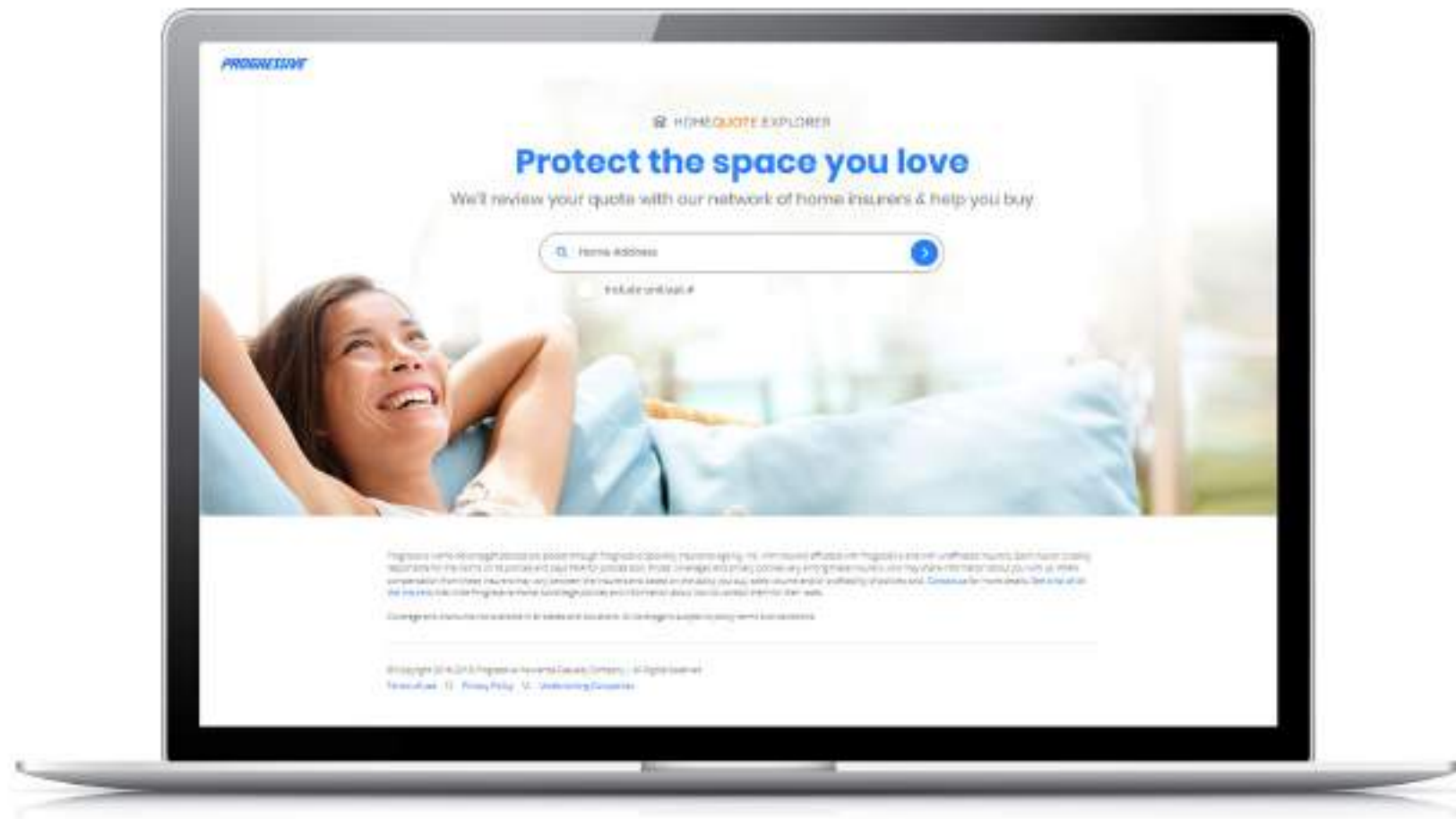
Direct share is much lower in home than auto

DIRECT CHANNEL SHARE OF 2017 PREMIUM

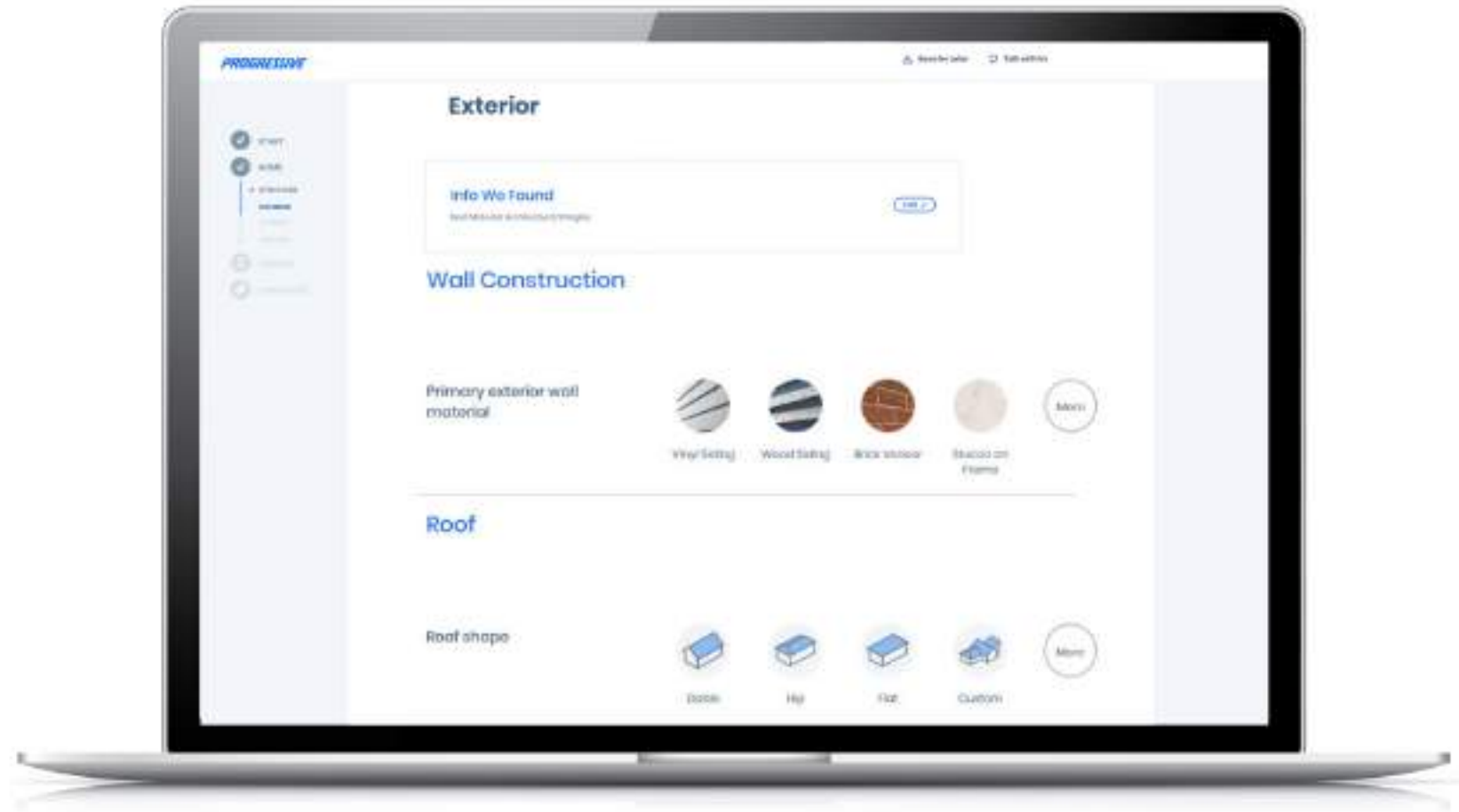
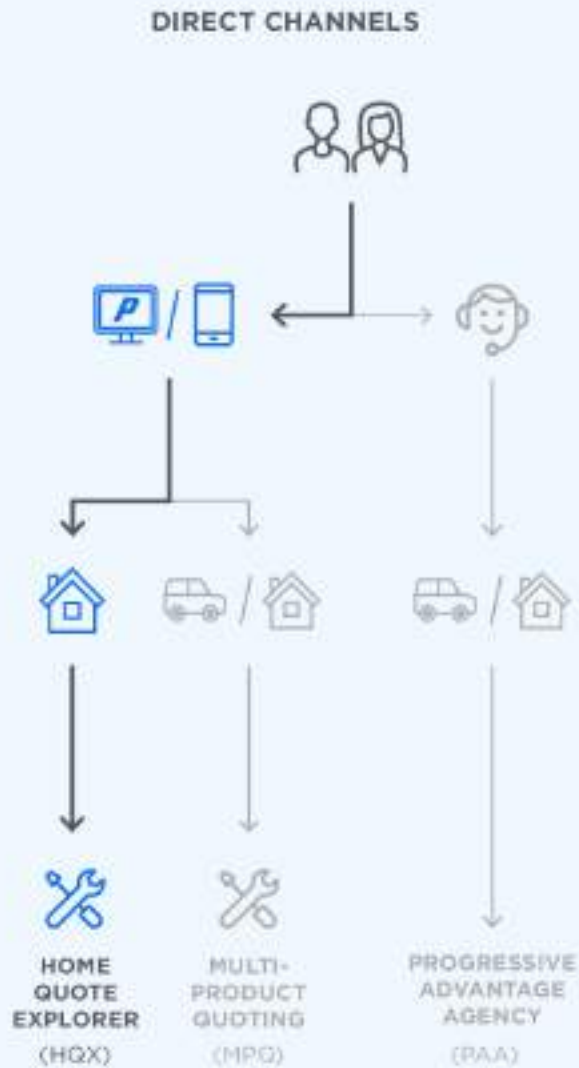


HomeQuote Explorer® (HQX) makes buying homeowners intuitive and simple

DIRECT CHANNELS

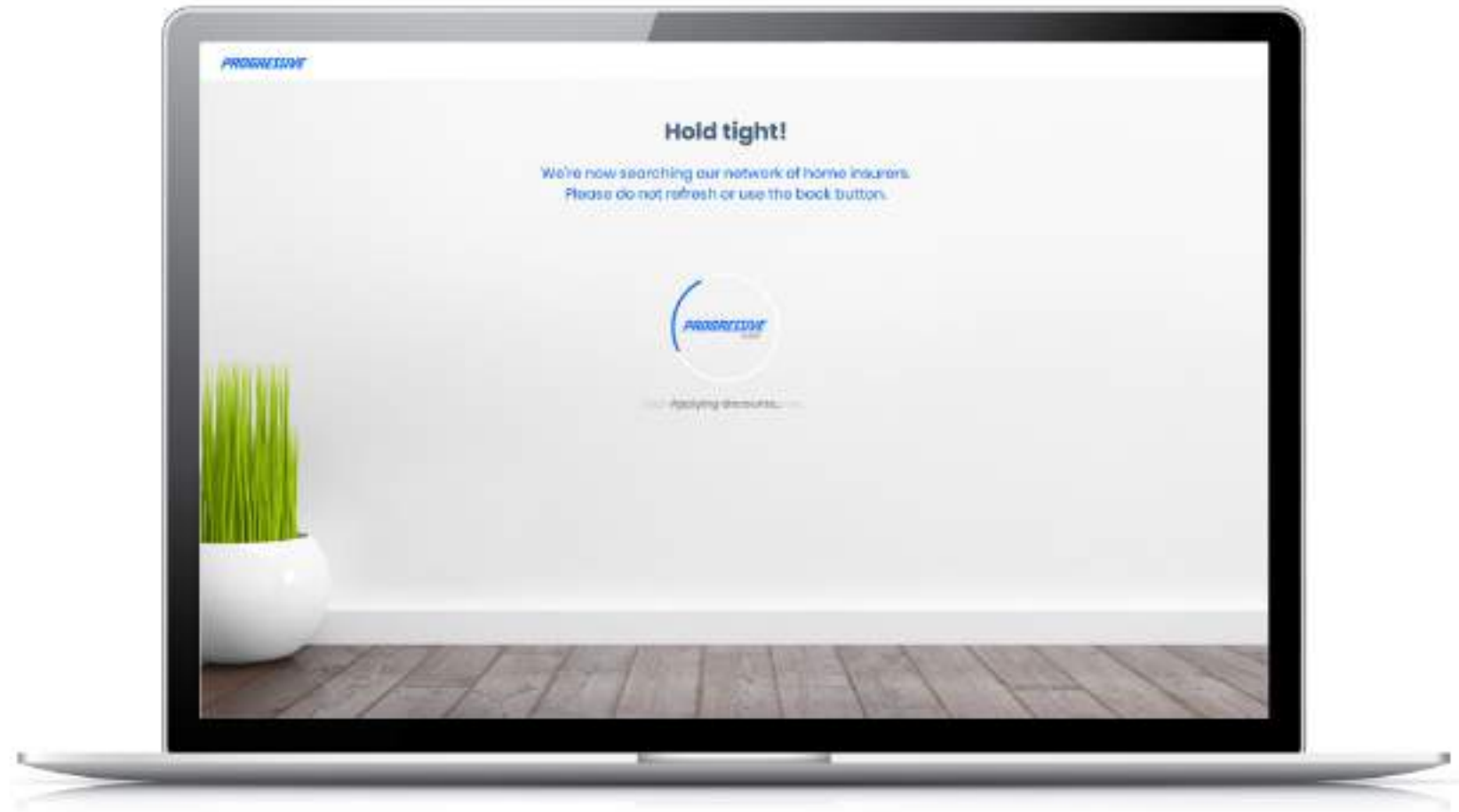


HomeQuote Explorer® (HQX) makes buying homeowners intuitive and simple



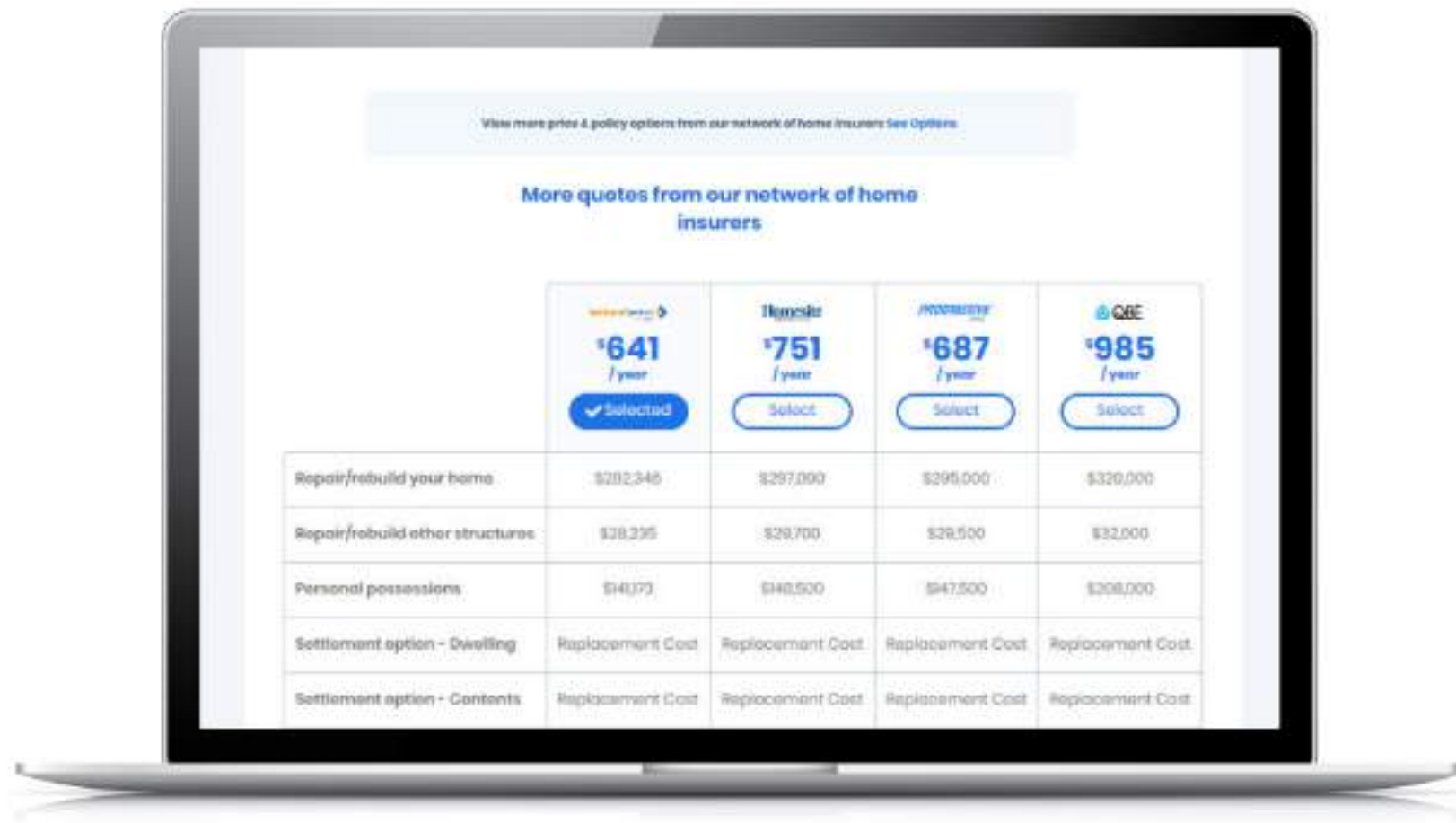
HQX compares rates across multiple homeowners carriers ...

DIRECT CHANNELS

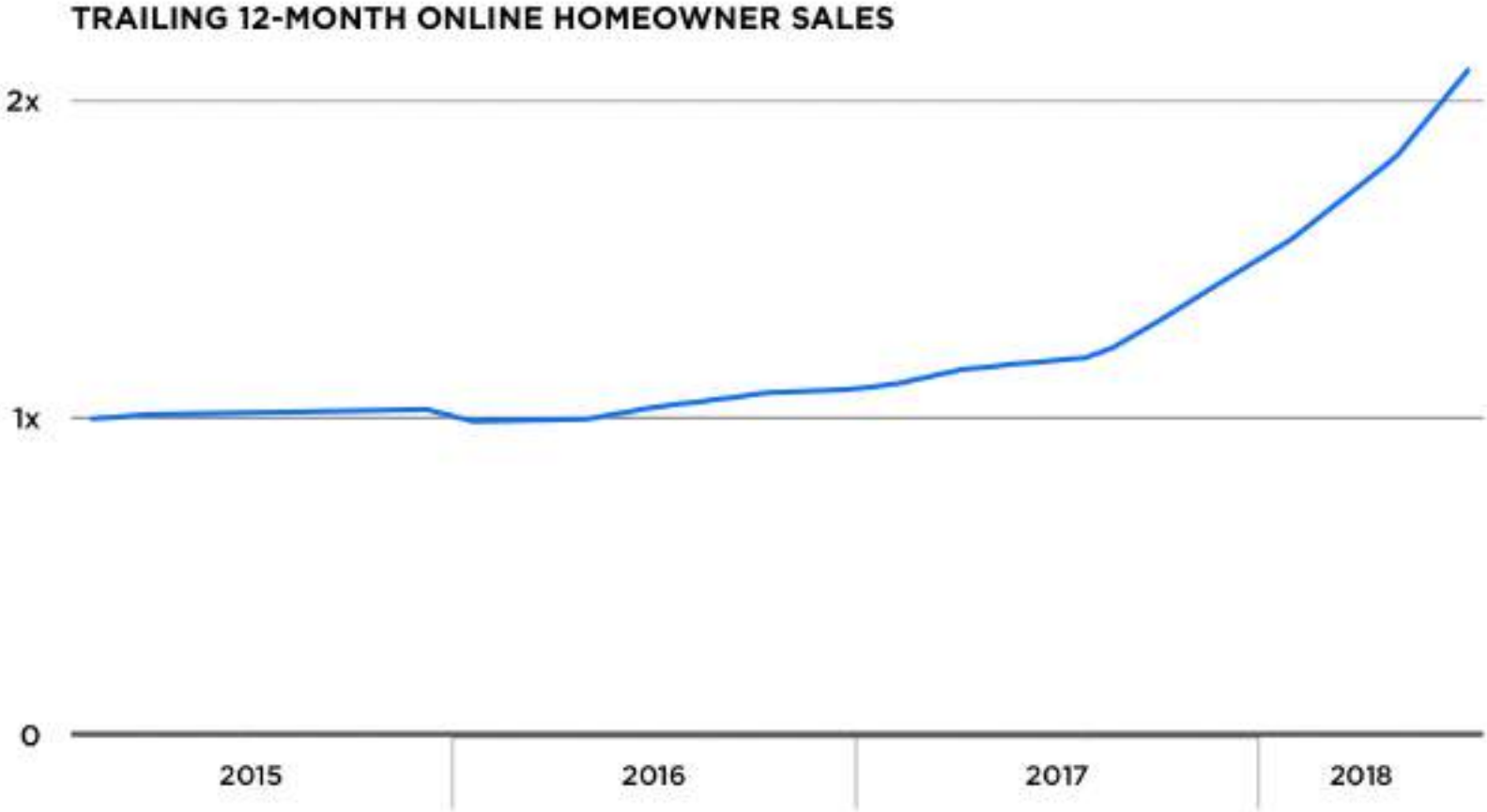


... even when Progressive isn't the lowest

DIRECT CHANNELS



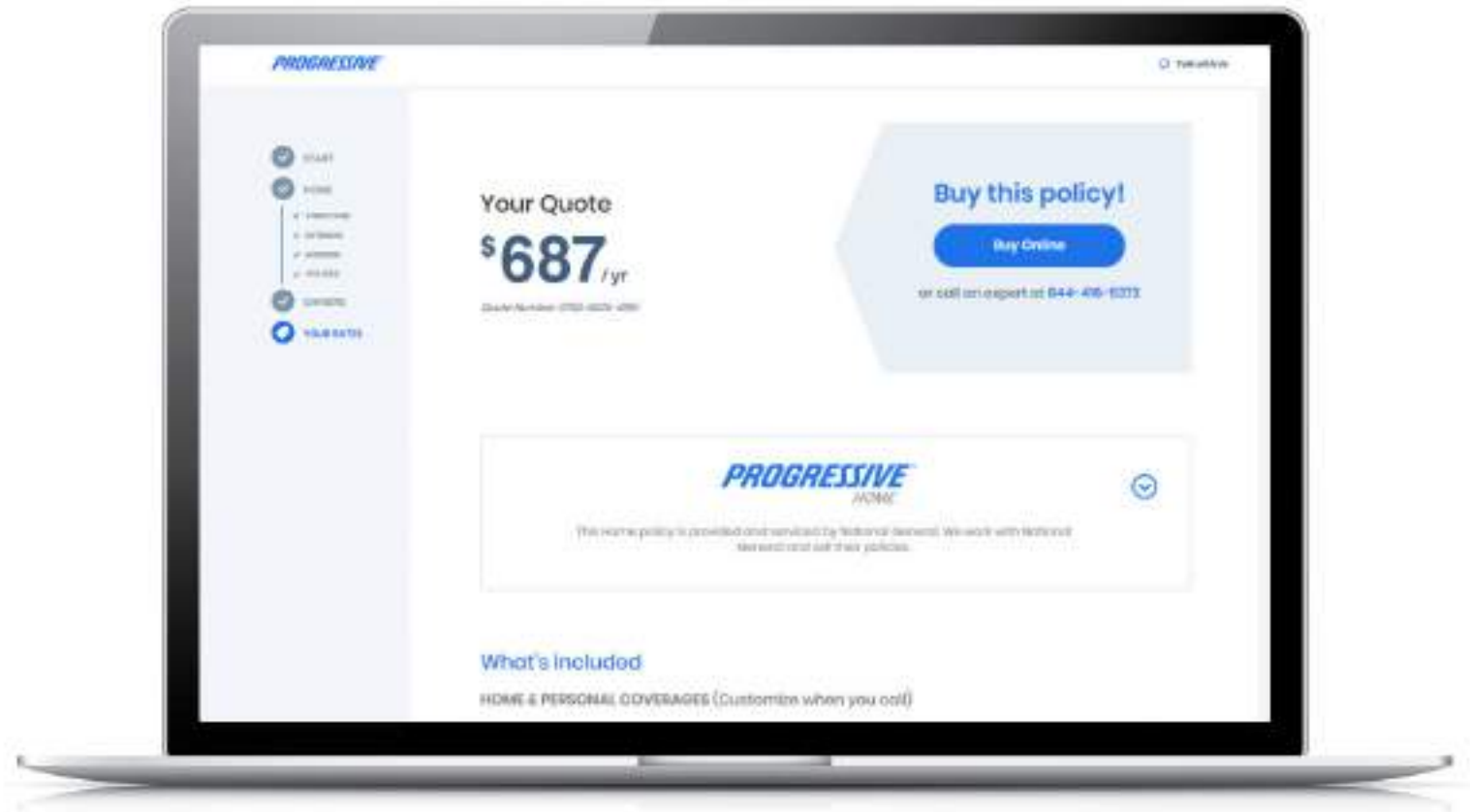
HQX launched in 2017 and led to big increases in online Homeowner sales



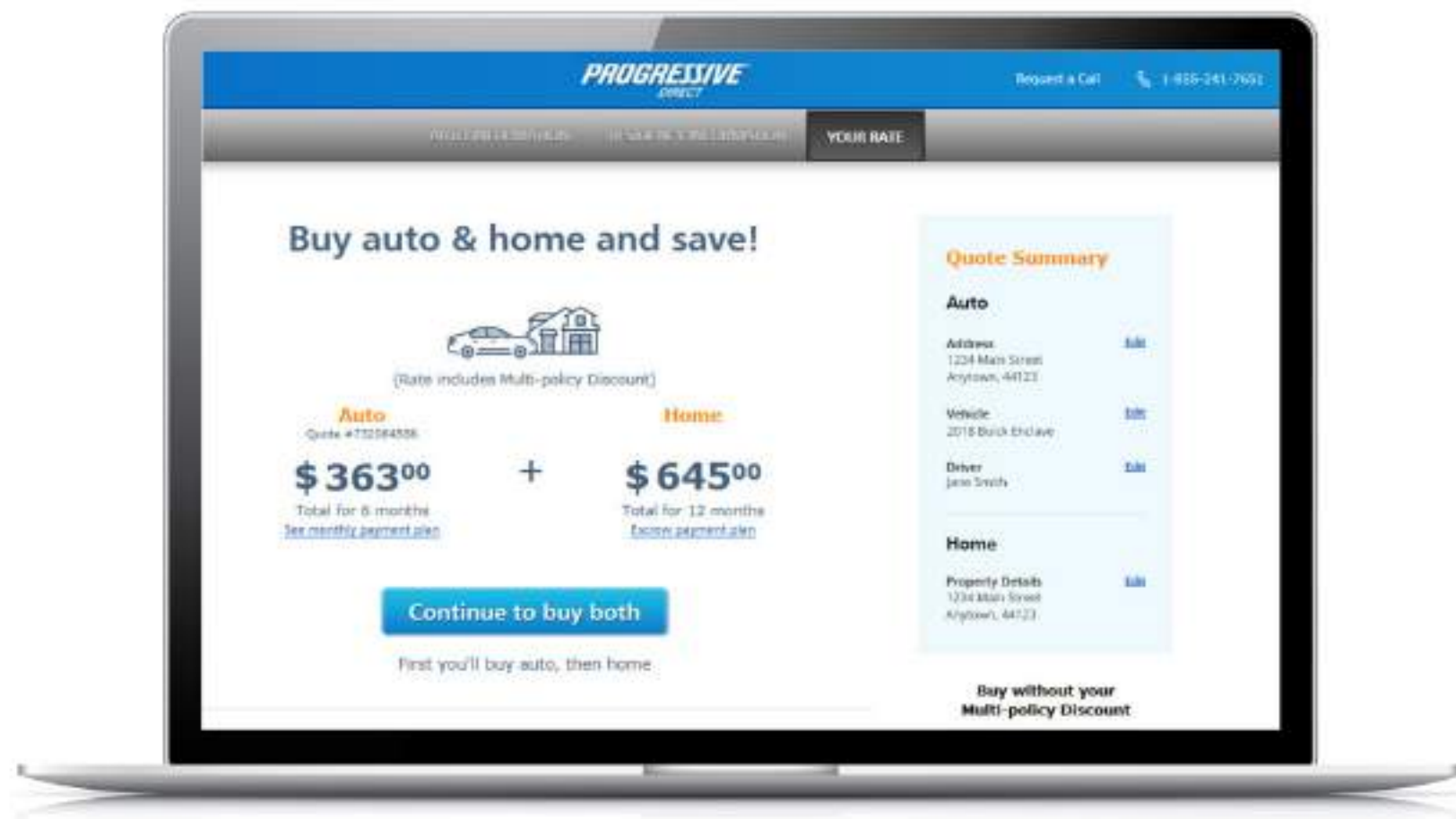
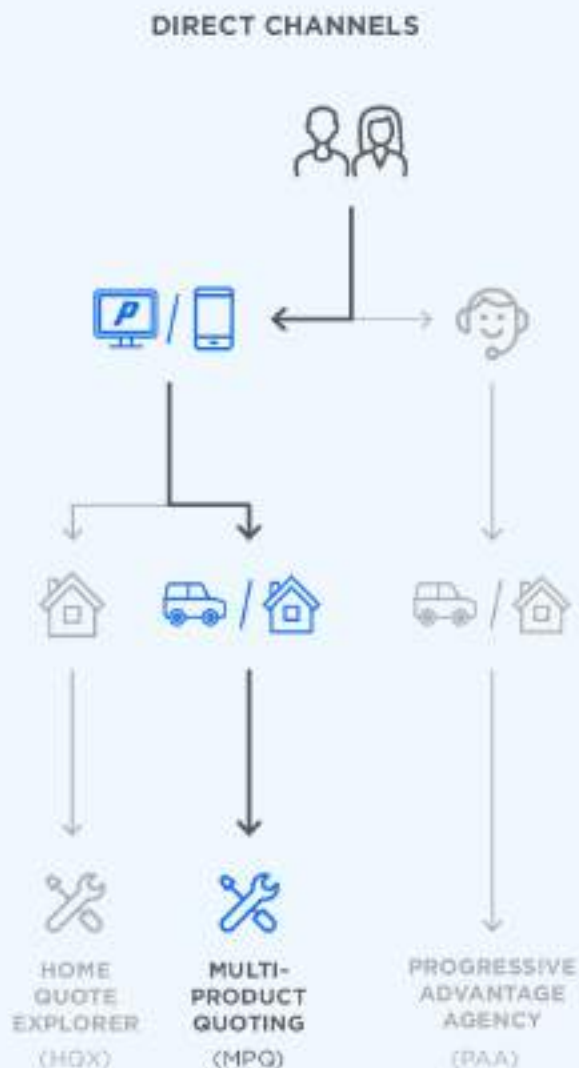
Source: Internal data

A buy button increases online Homeowners sales

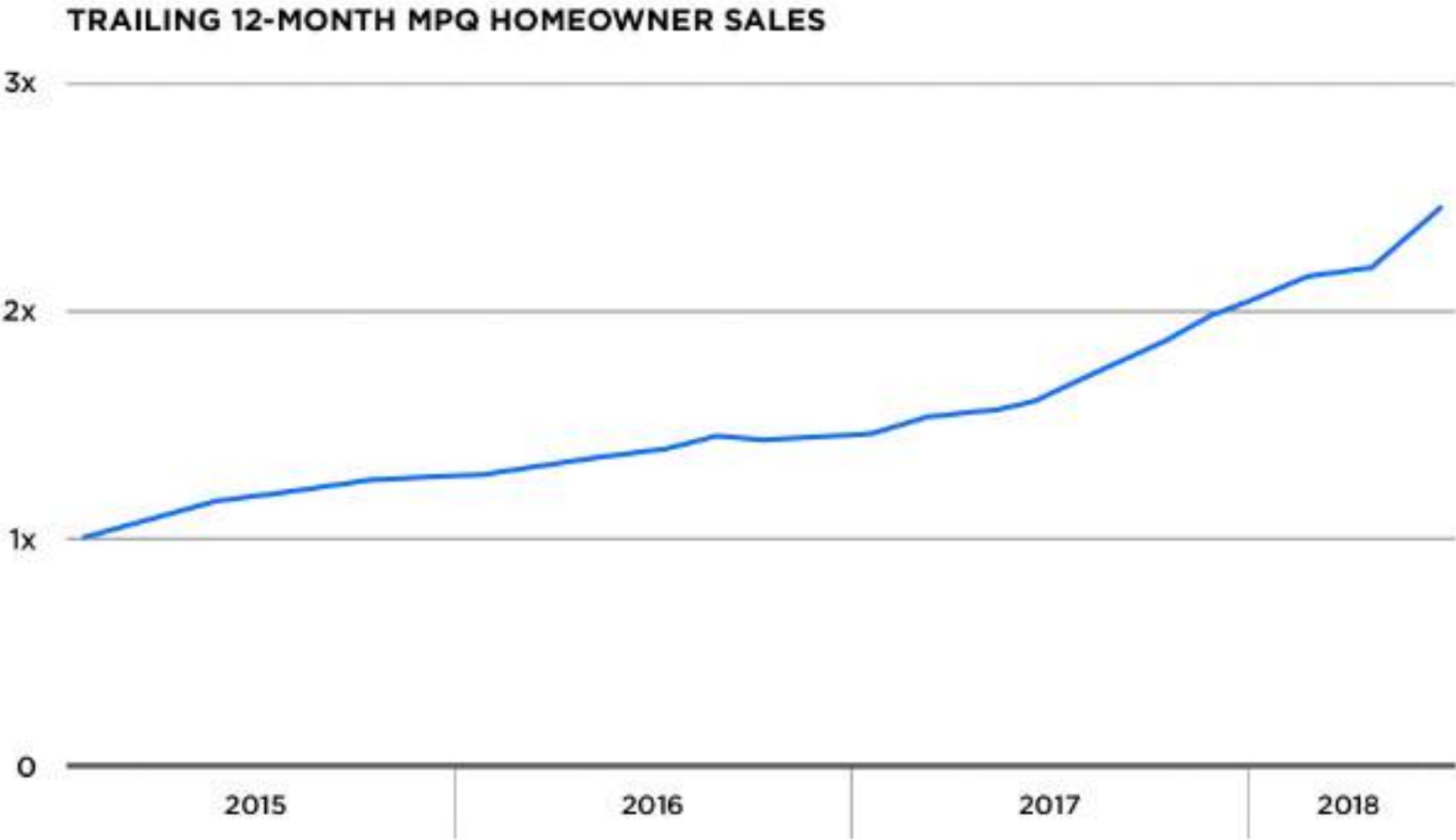
OVERALL LIFT FROM ONLINE BUY CONVERSION (SALES/QUOTE FINISH)



Multi-Product Quoting (MPQ) allows customers to quote and buy home and auto at the same time



MPQ Homeowners sales have grown significantly

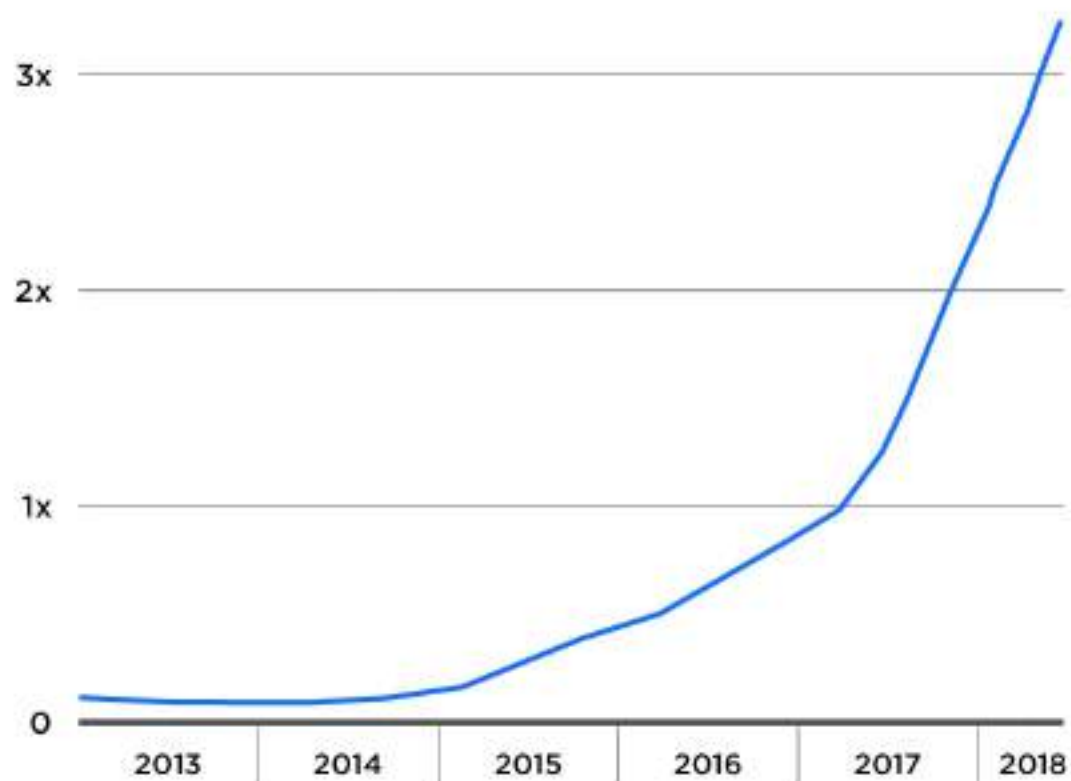


Source: Internal data

Our in-house agency is growing its Homeowners insurance book rapidly

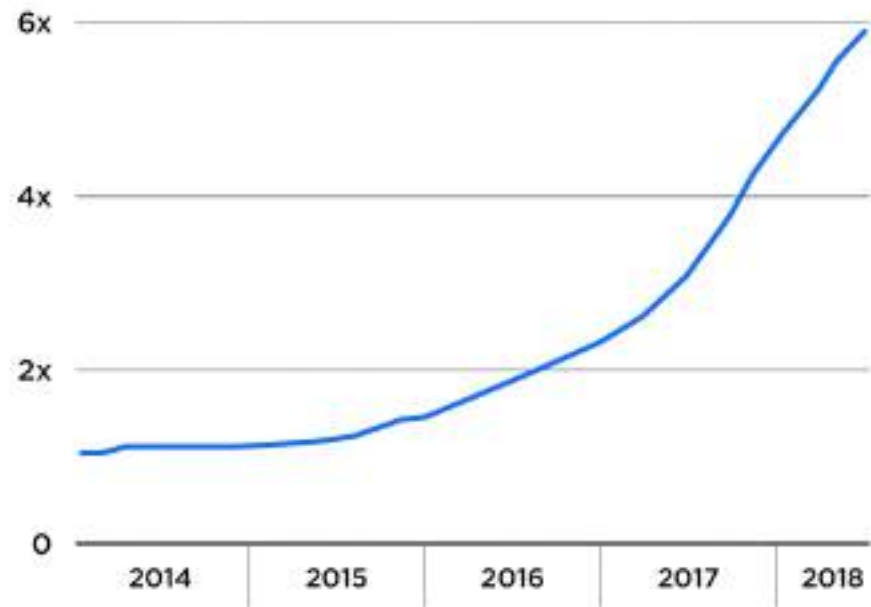


TRAILING 12-MONTH PAA HOMEOWNER SALES

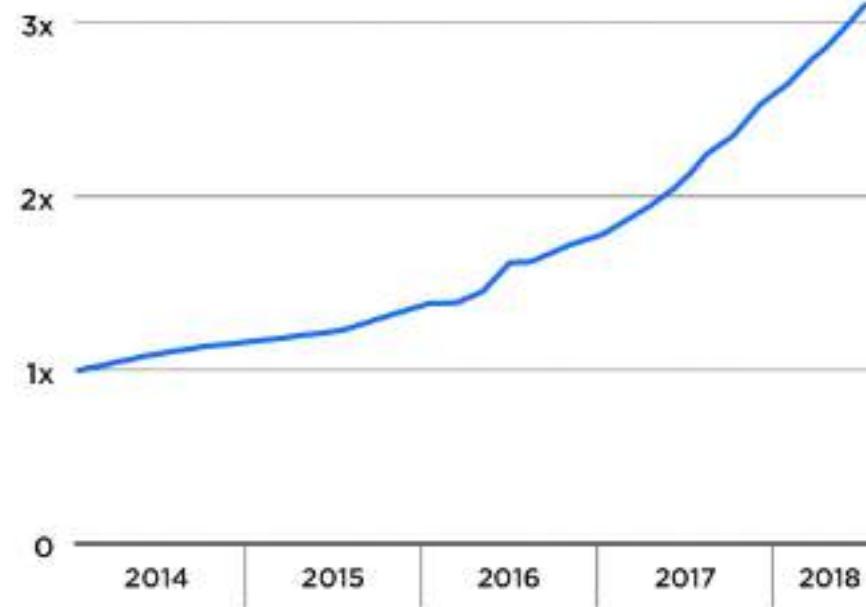


Robinson sales and PIFs have grown significantly in Agency

TRAILING 12-MONTH AGENCY ROBINSON UNIT SALES



AGENCY ROBINSON PIF



Broader geographic distribution of Progressive Home has helped

2013

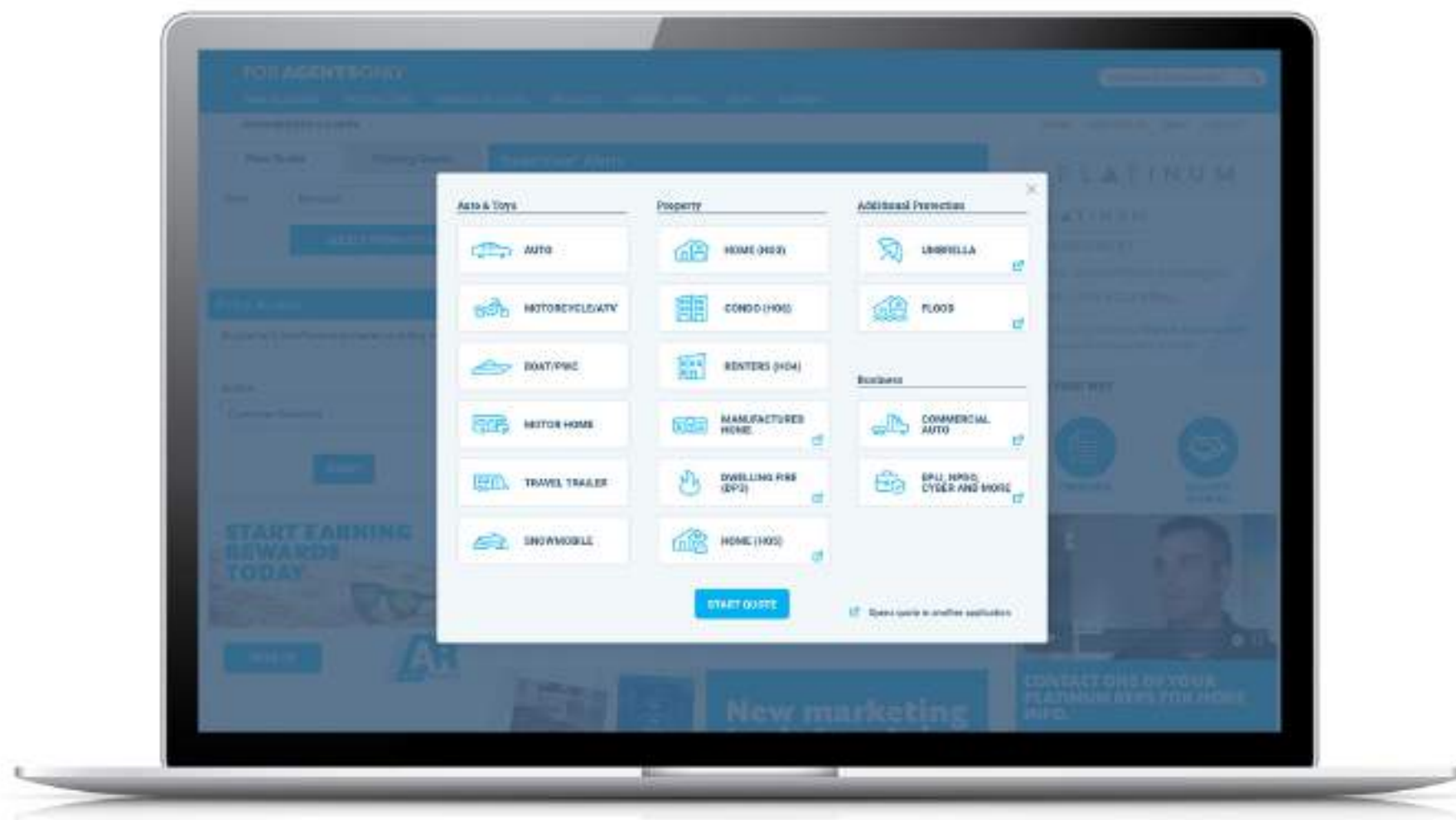


Broader geographic distribution of Progressive Home has helped

2018



Portfolio Quoting will extend our lead in the Independent Agent channel



Portfolio Quoting will extend our lead in the Independent Agent channel

FOR AGENTS ONLY 800 776 OPTIONS

Portfolio SMALL PRINT

DUE TODAY
\$392.36
Home Int'l coverage not included

TOTAL PREMIUM
\$1,871.00

PACKAGE SAVINGS
\$56.00

SAVE UP TO 14% ON AUTO
snapshot
+ Add Snapshot to vehicles

WITH UMBRELLA
NETWORTH INCREASES
UP TO 30%
Based on coverage limits
+ Add Umbrella Insurance

PRODUCTS IN OFFER (3)	TOTAL PREMIUM	INITIAL PAYMENT	BILL PLAN	POLICY TERM	PACKAGE SAVINGS
<input checked="" type="checkbox"/> Auto (1)	\$542.00	\$92.26	PAW WITH EFT	6 months	\$39.00
<input checked="" type="checkbox"/> Home	\$1,027.00	-	Mortgage Biller	12 months	\$0.00
<input checked="" type="checkbox"/> Motorcycle (1)	\$302.00	\$392.00	PAW IN FULL	12 months	\$17.00

PRODUCTS IN OFFER (3)

Auto - 6 MONTH POLICY (07/12/2018 - 01/12/2019)

2017 EDGE	COMPREHENSIVE DEDUCTIBLE	COLLISION DEDUCTIBLE	DRIVER
	\$250	New	Jenna Brown

PAW WITH EFT BILL PLAN	POLICY LEVEL COVERAGES	APPLIED DISCOUNTS
Initial Payment: \$90.26	Bodily Injury & Property Damage: 300 CSL	Multi Policy EFT
5 Installment Payments of: \$91.23	Uninsured Motorist: 25/50	Paperless Continuous Insurance
Due Date: 1281 day	Underinsured Motorist: None	Platinum
Total Premium (Less Fees): \$542.00		Five Year Accident Free Three Year Safe Driving

WHAT AGENTS ARE SAYING:

"This is a **game changer!**"

"Portfolio page is **beautiful** and **clean.**"

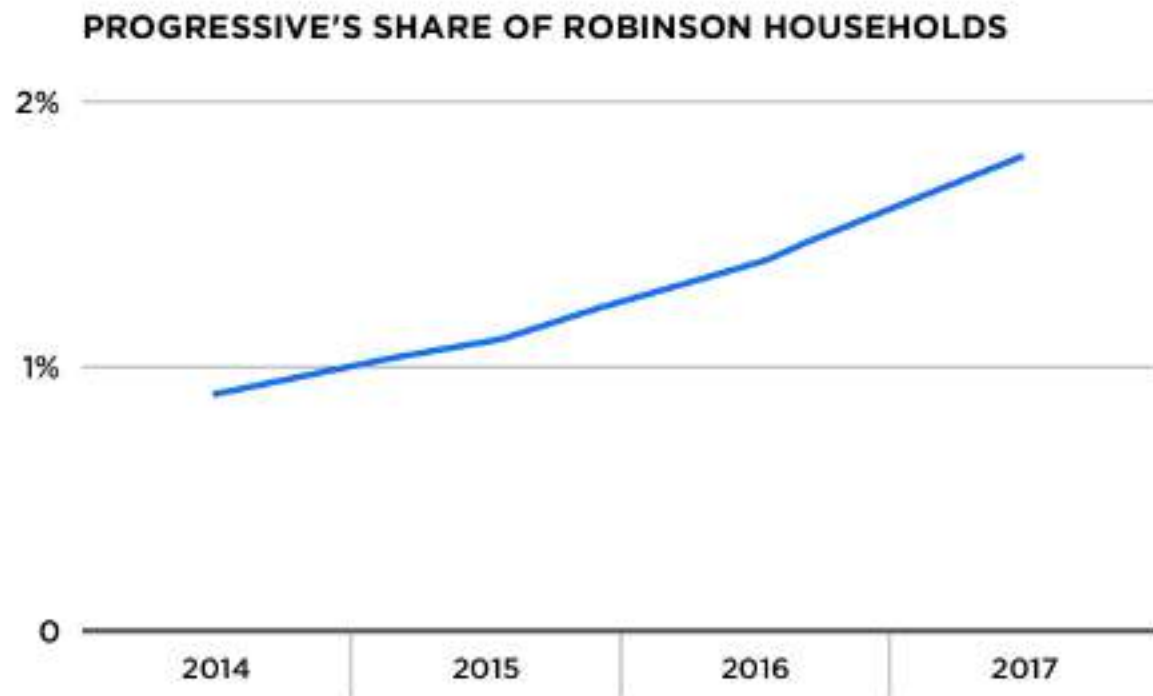
"A really **intuitive** and **easy** quoting system."

"You've **out-distanced yourself**
from the competition!"

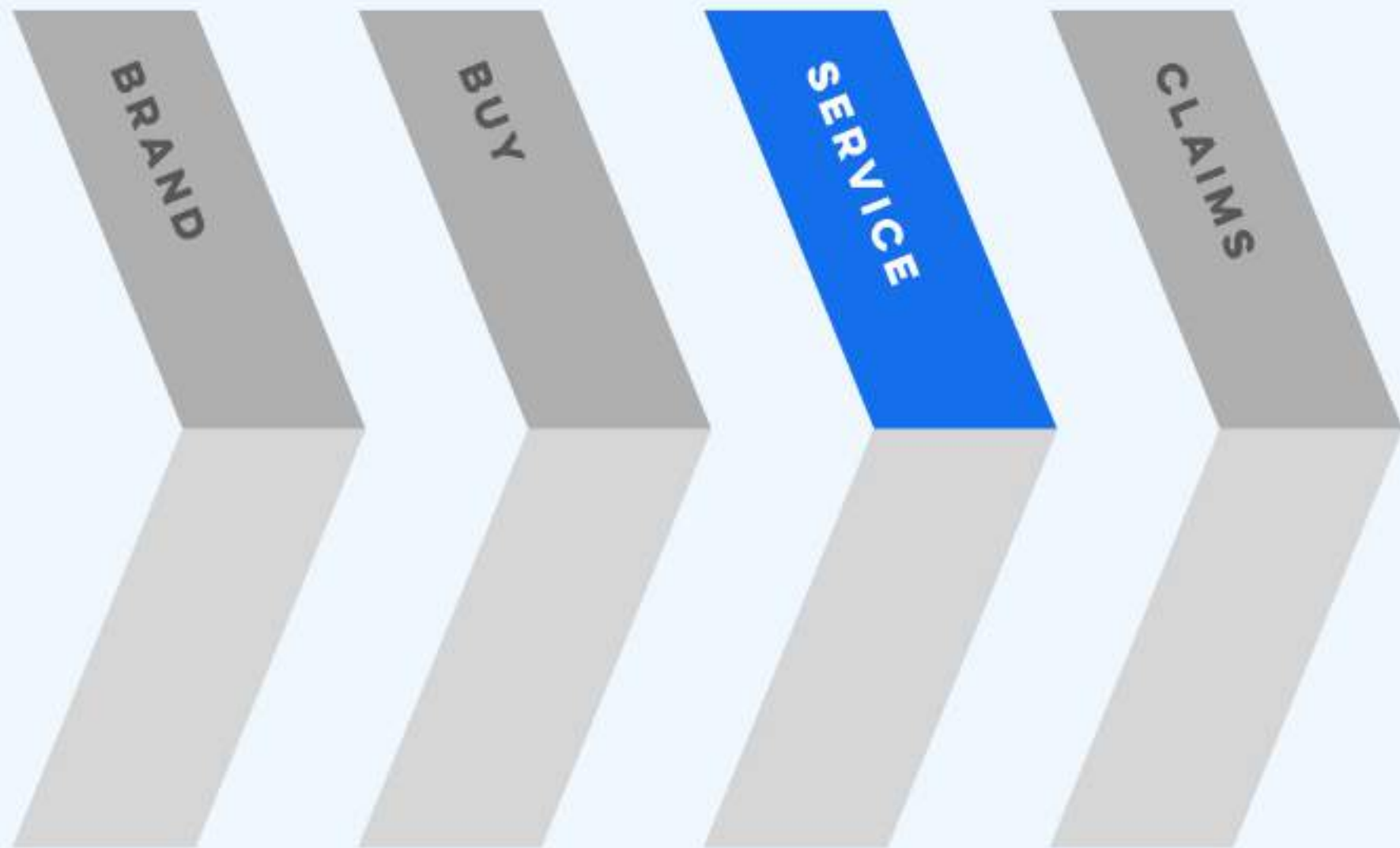
"Can you please **elevate in my state first?**
This will really improve our ability to quote
multiple products."



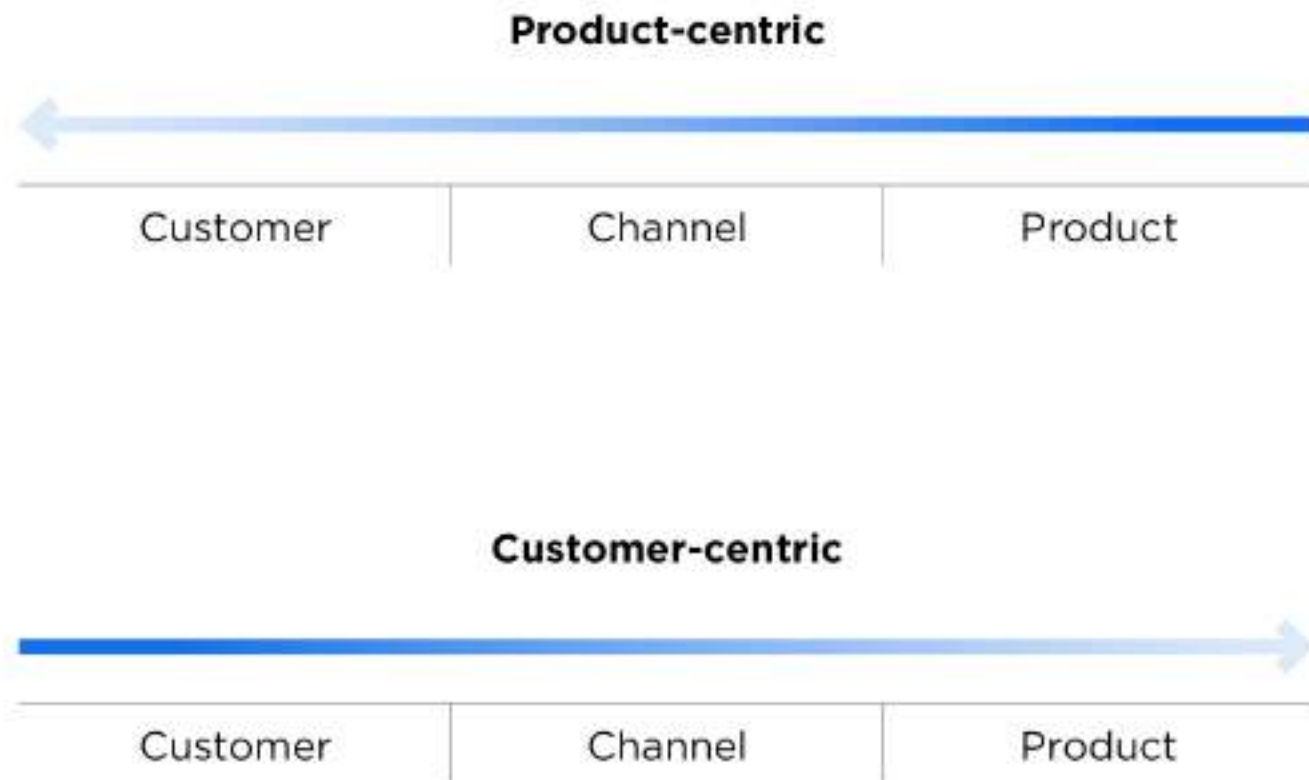
We have grown rapidly in this segment and still have a lot of room to grow Robinsons



We've invested across the customer journey



Customer Hub is a foundational investment in becoming customer-centric



OUR ADDITIONAL
PRODUCT
PORTFOLIO
HAS GROWN
SIGNIFICANTLY

2013



Classic Car



Health
Life Insurance
Pet Health

2018



Classic Car
Auto Finance
Car Shopping



Health
Life Insurance
Final Expense
Pet Health



Home Finance
Homeshare



ID Protection



Phone &
Electronic
Device



Travel

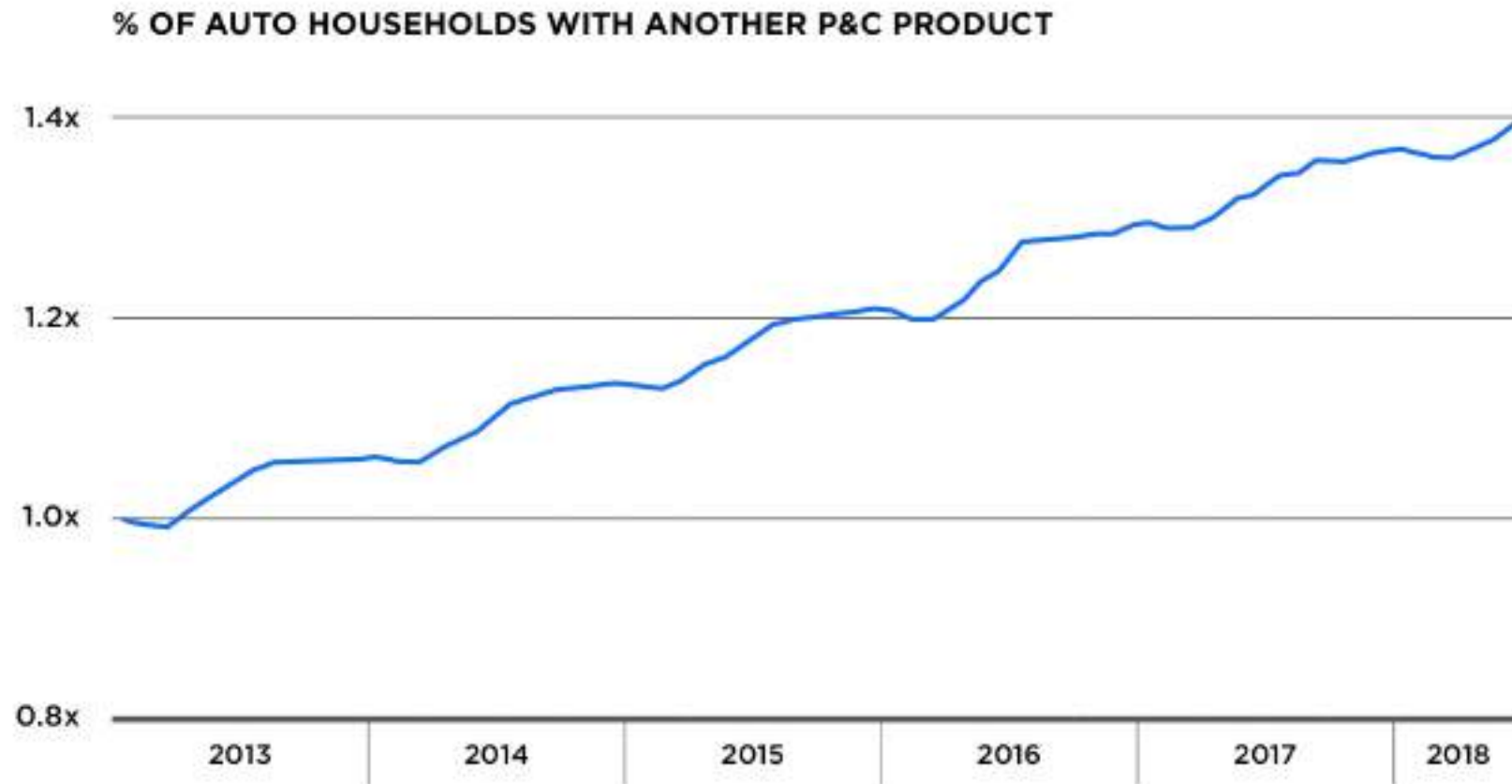


Wedding
& Event

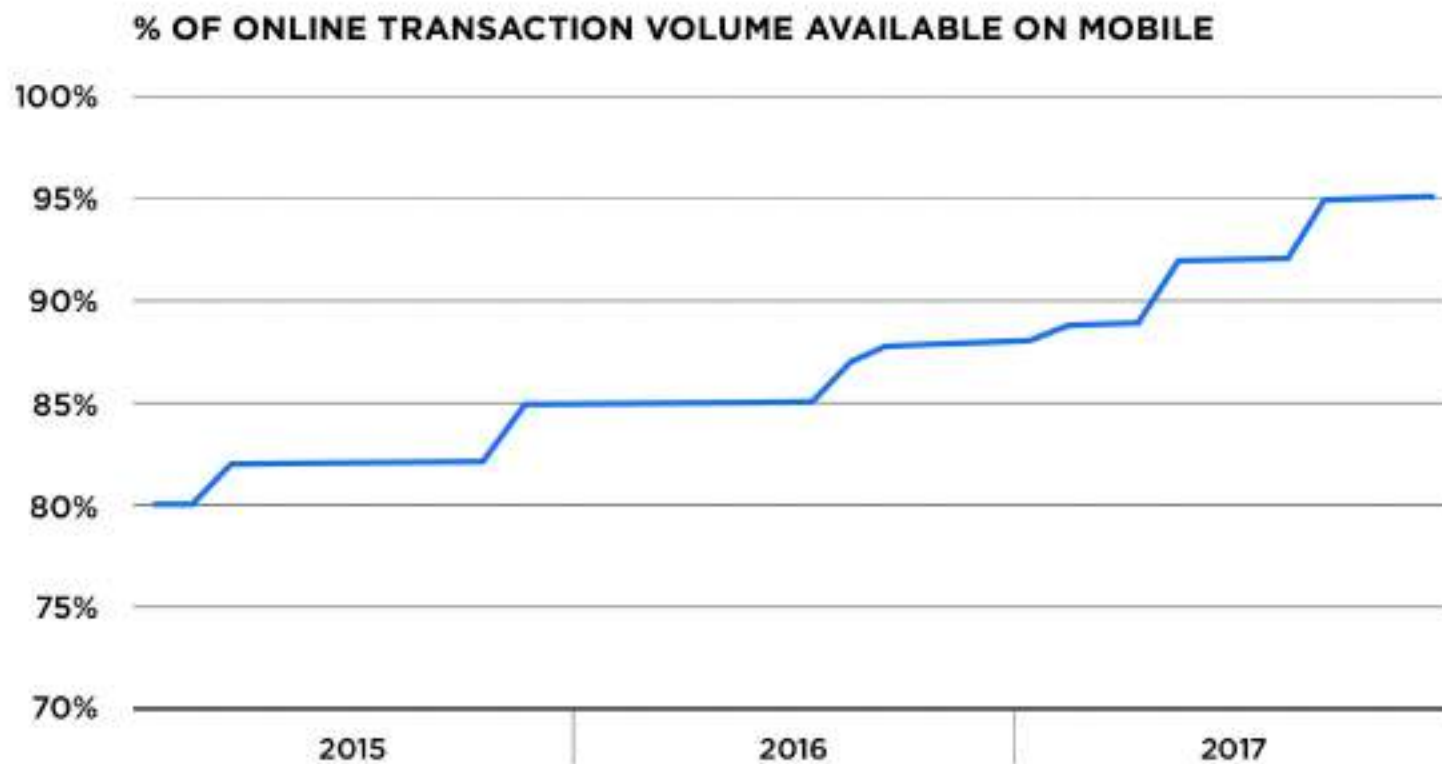
Customer Relationship Assistant helps us make contextually relevant offers



We expect further increases in products per customer



Our Mobile App seeks to create parity with web experiences ...

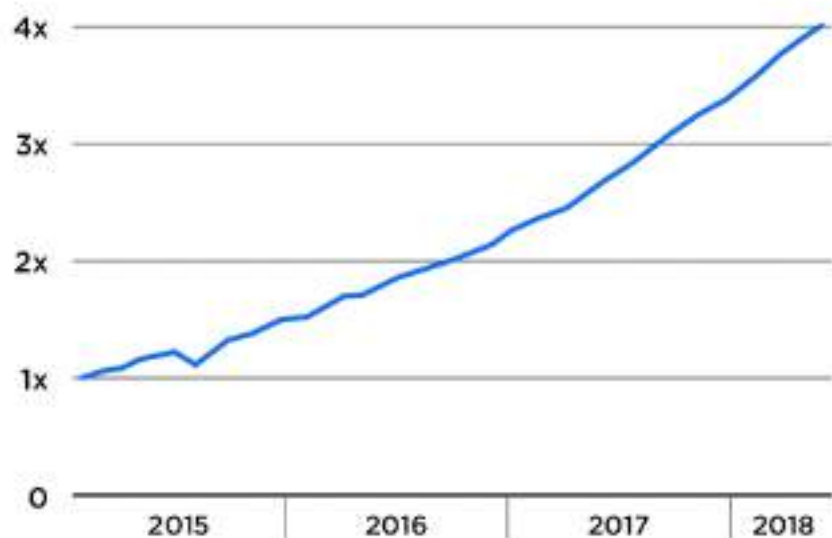


... AND UNIQUE
EXPERIENCES
FOR THE DEVICE

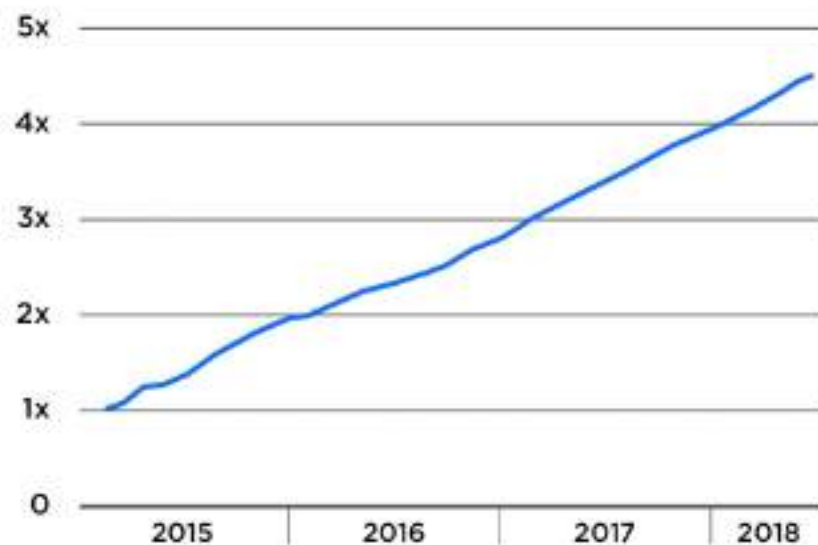


As excited as we are about consumer adoption of Mobile ...

**TRAILING 12-MONTH AVERAGE
DAILY APP DOWNLOADS**



**CUSTOMER MOBILE ADOPTION
(AS % OF PIFS)**



... We are reinventing online servicing


PREVIOUS EXPERIENCE

The screenshot shows a traditional web interface. At the top is a blue header with the Progressive logo and 'Your Policies' link. Below this is a 'Log Out' button. The main content area is titled 'Your Policies' and includes a thank-you message. It features two policy cards: 'Auto Policy - 922118236, IN' and 'Motorcycle/Off Road Vehicle Policy - 913594106, IN'. Each card lists actions like 'Make a Payment', 'Get ID Cards and Documents', and 'Change Drivers, Vehicles, Coverage, or Contact Info'. A 'Common Questions' sidebar is on the right, and a footer contains links for 'Help', 'Privacy & Security', 'Terms of Use', and a Norton logo.

PROGRESSIVE Your Policies Log Out

Your Policies


Thank you for being a valued customer since 2009



Auto Policy - 922118236, IN

PROGRESSIVE DIRECT, Coverage from 06/02/2012 to 12/02/2013

- Make a Payment: \$99.92 due 06/02/2013
- Get ID Cards and Documents
- Change Drivers, Vehicles, Coverage, or Contact Info
- \$187.82 received 03/02/2013



Motorcycle/Off Road Vehicle Policy - 913594106, IN


PROGRESSIVE DIRECT, Coverage from 03/22/2010 to 03/22/2013. **Gold Rewards**

- No payment is due, paid in full
- Get ID Cards and Documents
- Change Drivers, Vehicles, Coverage, or Contact Info
- \$363.05 received 02/22/2013

Common Questions

- How do I report a claim or check the status of a claim?
- Can I make changes to any of the policies listed here?
- What if I don't see a policy listed here?

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[Provide feedback about this page](#)

[Help](#) | [Privacy & Security](#) | [Terms of Use](#) 

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NEW EXPERIENCE

The screenshot shows a modern, user-centric interface. The top navigation bar includes the Progressive logo, 'Home', 'Help', 'Hi, Taylor', and 'Log Out'. The main header features a lifestyle image with a coffee cup, keys, and a wallet, accompanied by the text 'Say hello to savings' and a 'View Your Accounts' button. Below this is an 'Alerts' section with two notifications: 'We reset your LinkSmart/Insure and Motorcycle Coverage Selection form by 3/18/13' and 'Your renewal payment of \$100.00 is due on 3/2/13'. The 'Your Options' section includes links for 'ID Cards and Other Proof of Insurance', 'Billing and Payments', 'Claims', and 'More options'. At the bottom, the 'Your Policies' section lists 'Auto' and 'Motorcycle/Off Road' policies with their respective IDs.

PROGRESSIVE Home Help Hi, Taylor Log Out

Say hello to savings

[View Your Accounts](#)



Alerts

- We reset your LinkSmart/Insure and Motorcycle Coverage Selection form by 3/18/13 [Get a new copy](#)
- Your renewal payment of \$100.00 is due on 3/2/13 [Make payment](#)

Your Options

- [ID Cards and Other Proof of Insurance](#)
- [Billing and Payments](#)
- [Claims](#)
- [More options](#)

Your Policies

-  **Auto**
922118236
-  **Motorcycle/Off Road**
913594106

See Your Discounts

Alerts 2

We need your Uninsured/Underinsured Motorist Coverage Selection form by 3/10/18.

Motorcycle/ATV 343464-45

[Get a new copy](#) >

Your renewal payment of \$103.60 is due on 3/3/18.

Auto 334463768

[Make payment](#) >

Your Options

ID Cards and Other Proof of Insurance

Get ID cards, verification of insurance or other proof, whenever you need it.



Billing and Payments

Make a payment, check your billing schedule and see your payment options.



Claims

Report a new claim, track a current one or see claim history.



More options



Your Policies



Auto

334463768



Motorcycle/ATV

343464-45



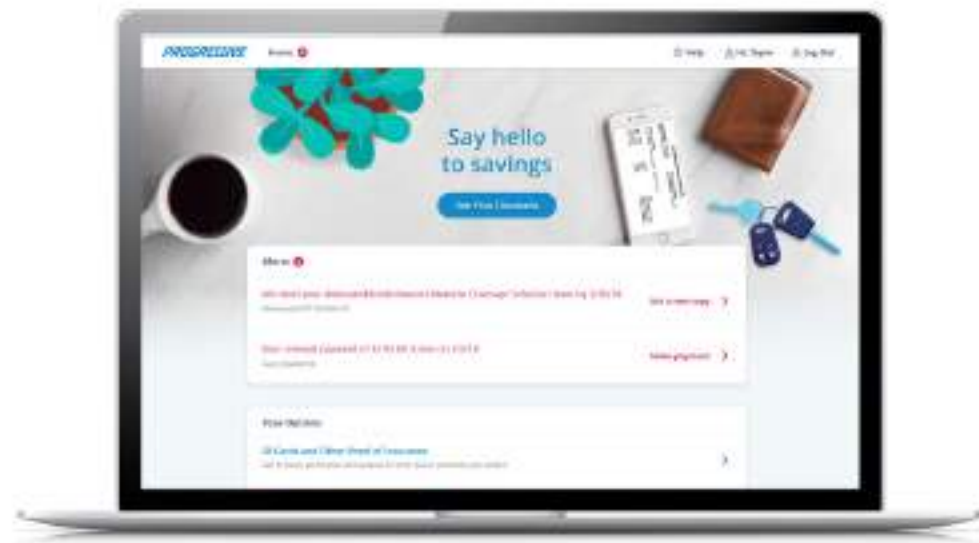
Your Agent

Edwards Insurance

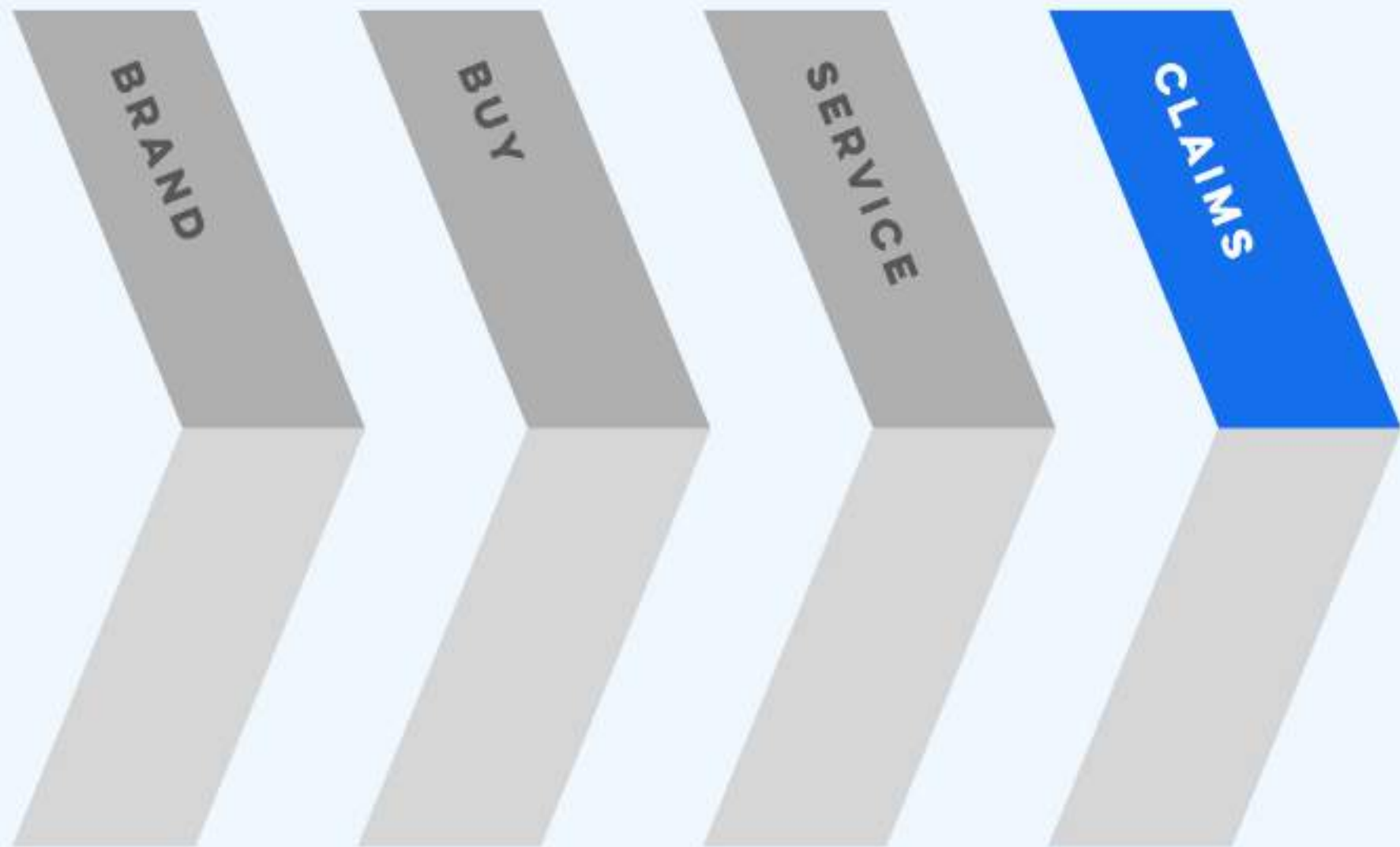
Auto, Motorcycle/ATV

603-245-5355 edwardsinsurance@yahoo.com

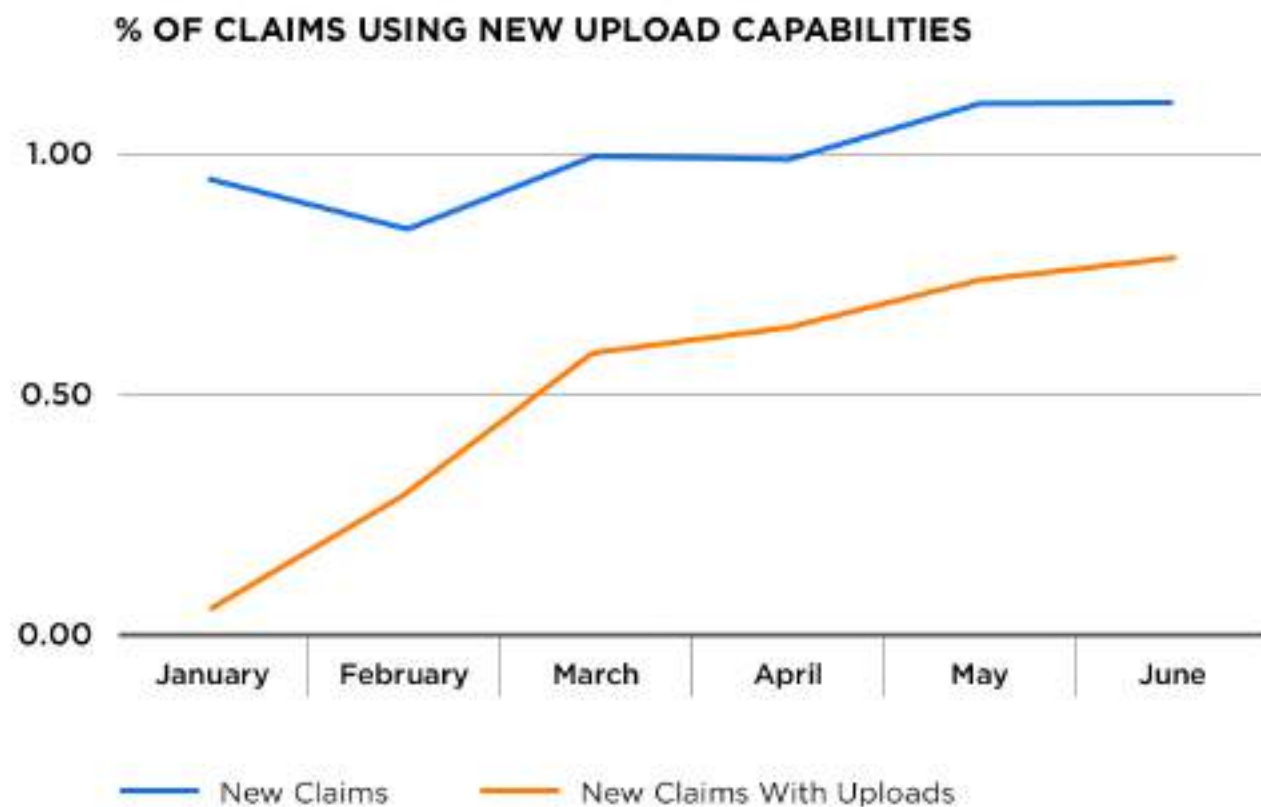
[More information](#) >



We've invested across the customer journey



Customers and employees are rapidly adopting modern claims experiences



	CUSTOMER	EMPLOYEE
Photos	•	•
Videos	•	•
Audio	•	•
Documents	•	•
Texts	•	•
Signatures	•	•

Foundational adjustments position us for success



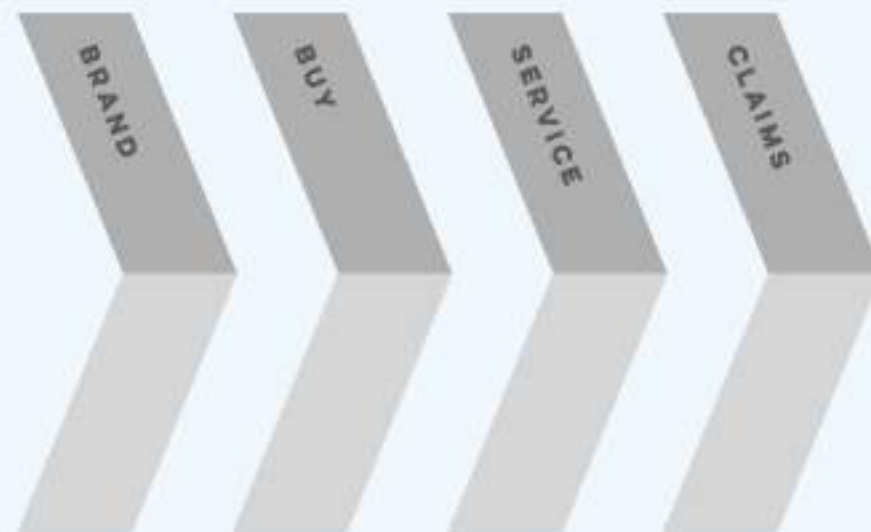
RELATIONSHIPS...
LASTING FOR
DECADES!



We think about retention in three components



We've invested across the customer journey



Customers are rewarding us with their loyalty

PLE TREND BY YEAR



Policy Life Expectancy
is at an all-time high

PLE is up over 20%
in three years

We estimate the value at more
than \$10B in lifetime earned
premium across our book