

Progressive Corp.

Jan results: Material EPS beat on lower-than-expected catastrophe losses and favorable PYD

Significant net EPS beat comes on far lower-than-expected catastrophe losses, sizable favorable reserve development, and solid company wide performance.

January net EPS of \$1.90 was well above our estimate of \$1.01. The beat was primarily due to 1) solid total company performance, 2) much lower-than-expected catastrophe losses attributable to the California Wildfires, and 3) significant favorable prior year development. Cat losses came in at \$46 million, which were significantly below our \$276 million estimate, as losses from the California wildfires were only \$43 million, well below our \$230 million estimate. 72% of the California losses occurred in their personal property products. Progressive also saw favorable prior year development to the tune of \$115 million, or 170 bps, which was far better than our \$109 million unfavorable development expectation, which is a pleasant surprise given, historically speaking, January is a month that usually sees adverse PYD. Company wide underlying loss ratio came in above our expectations at 65% vs. our 64.5%. However, Underlying combined ratio came in 60 bps below our estimate, printing a 85.2% vs. our 85.8%. PIF growth continues to be very strong as company wide PIF comes in a touch above our estimates at 17.9% vs. our 17.8%. NPW growth missed our mark of 25.2%, coming in at 17.9%. However, NPE growth of 22.3% came in well above our estimate of 17%. Overall, a solid print as catastrophes came in much better than expected, favorable PYD was significant, and a continued strong company wide underlying combined contributed to a bottom-line beat.

Policies In Force: PIF growth was very strong yet again for the month of January coming in 10 bps above our company wide expectations. Company wide PIF growth came in at 17.9% vs. our expectation of 17.8%. Agency saw growth of 17.7% y/y, which compares to our 17.4% estimate. Direct grew 25.3% y/y vs. our 25.1% estimate. Personal Lines showed growth of 22.1%, slightly above our 21.8%. Commercial growth came in at 4.6% y/y vs. our 4.5% estimate. Lastly, Property PIF grew 13%, slightly below our 13.7% estimate. Sequentially, Agency PIF grew 104k and Direct PIF grew 228k.

Personal Lines: Underlying loss ratio came in at 64.5%, slightly below our 64.6% estimate. Expense ratio came in at 20.2%, which compares to our 21.1% estimate. Underlying combined therefore came in at 84.7%, below our 85.7% estimate. NPW growth was 22% vs. our 28.7%. NPE growth was 26%, above our 22.8% estimate. Personal Lines posted underwriting income of \$872.9 million compared to our \$492.6 million. On a segment basis within Personal, Agency

PGR	EQUAL WEIGHT
North America Insurance/ Non-Life	NEUTRAL
Price Target	USD 264.00
Price (18-Feb-25)	USD 263.93
Potential Upside/Downside	+0.0%

Source: Bloomberg, Barclays Research

North America Insurance/Non-Life

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underlying combined ratio of 79.9% was better than our 83% estimate and Direct's underlying combined of 88.4% was a touch above our 87.8% estimate.

Commercial Lines: Underlying loss ratio in Commercial Lines was 69.1%, slightly above our 68% estimate. Underlying combined ratio came in at 87.6%, a touch below our 88.2% estimate. NPW growth of 0.2% came in weaker than our 7.5% estimate, although we would note commercial lines NPW was lower due to the monthly adjustment for projected mileage in the TNC business and excluding this, NPW growth would have been 2% for the month. NPE growth, however, was 6.9%, well above of -8.1% estimate. Underwriting income of \$129.7 million came in well above our \$66.4 million estimate.

Property: Underlying loss ratio came in much better than expected at 45.1% vs. our 52%. Expense ratio also came in at 29.2% in-line with our estimate of 29.2%. Underlying combined ratio was 74.3% vs. our 81.2% estimate, a strong beat. NPW growth was -5.9% y/y for January vs. our 14% growth estimate, and NPE growth of 11.3% came in higher than our 4% estimate. Underwriting income of \$45 million was far above our \$-50.2 million estimate.

FIGURE 1. PGR Quicktake - Summary Financial Information

	Jan-22 Actual	Jan-23 Actual	Jan-24 Actual	Dec-24 Actual	Jan-25 Reported	BARCe	Diff vs BARCe
Summary Financial Information							
Net premiums written	4,585	5,332	5,496	5,964	6,481	6,879	(5.8%)
Growth %	11.7%	16.3%	3.1%	22.3%	17.9%	25.2%	(7.2pp)
Net premiums earned	4,475	5,043	5,386	6,717	6,586	6,302	4.5%
Growth %	13.3%	12.7%	6.8%	26.5%	22.3%	17.0%	5.3pp
Net Investment Income	72	133	200	269	268	272	(1.3%)
Net Income	26	449	701	942	1,117	594	87.9%
Operating income	298	253	682	1,053	1,031	594	73.4%
Net EPS	\$0.04	\$0.76	\$1.18	\$1.60	\$1.90	\$1.01	88.0%
Operating EPS	\$0.51	\$0.43	\$1.16	\$1.79	\$1.75	\$1.01	73.5%
BVPS	\$30.58	\$28.89	\$35.94	\$43.67	\$45.75	\$44.64	2.5%
BVPS xAOCI	\$31.19	\$32.67	\$39.17	\$46.73	\$48.46	\$47.70	1.6%
Operating ROE on BVPS xAOCI	19.6%	16.0%	36.0%	44.7%	44.2%	25.7%	72.1%

Source: Barclays Research, Company Data

FIGURE 2. PGR Quicktake - Policies in Force

	Jan-22	Jan-23	Jan-24	Dec-24	Jan-25		Diff vs BARCe	
	Actual	Actual	Actual	Actual	Reported	BARCe		
Policies in force								
Policy in force growth:								
Agency – auto	1.8%	0.9%	6.2%	17.3%	17.7%	17.4%	0.3pp	
Direct – auto	5.9%	9.2%	8.8%	25.1%	25.3%	25.1%	0.2pp	
Personal Auto	4.0%	5.4%	7.7%	21.8%	22.1%	21.8%	0.3pp	
Total Personal Lines	17.6%	5.1%	7.8%	18.3%	18.5%	18.9%	(0.5pp)	
Total Commercial Lines	17.6%	7.5%	4.0%	3.9%	4.6%	4.5%	0.1pp	
Total Property business	-	2.9%	9.2%	13.6%	13.0%	13.7%	(0.7pp)	
Companywide Total	-	5.2%	7.6%	17.7%	17.9%	17.8%	0.1pp	

Source: Barclays Research, Company Data

FIGURE 3. PGR Quicktake - Total Company P&C Underwriting

	Jan-22	Jan-23	Jan-24	Dec-24	Jan-25		Diff vs BARCe	
	Actual	Actual	Actual	Actual	Reported	BARCe		
Total Company P&C Underwriting								
Net premiums written								
Net premiums written	4,585	5,332	5,496	5,964	6,481	6,879	(5.8%)	
% Growth YoY	11.7%	16.3%	3.1%	22.3%	17.9%	25.2%	(7.2pp)	
Net premiums earned	4,475	5,043	5,386	6,717	6,586	6,302	4.5%	
% Growth YoY	13.3%	12.7%	6.8%	26.5%	22.3%	17.0%	5.3pp	
Loss Ratio								
Loss Ratio	73.4%	75.9%	69.8%	64.4%	64.0%	70.6%	(6.7pp)	
Expense Ratio	19.6%	20.1%	17.5%	19.7%	20.1%	21.3%	(1.1pp)	
Combined Ratio	92.9%	96.0%	87.3%	84.1%	84.1%	91.9%	(7.8pp)	
Loss Ratio ex cats & PYD								
Loss Ratio ex cats & PYD	68.9%	68.5%	69.2%	66.2%	65.0%	64.5%	0.5pp	
Combined Ratio ex Cats and PYD	88.4%	88.6%	86.7%	85.9%	85.2%	85.8%	(0.6pp)	
Catastrophes (\$mn)								
Catastrophes (\$mn)	18	40	108	(67)	46	276	(83.3%)	
Catastrophes (pts)	0.4%	0.8%	2.0%	(1.0%)	0.7%	4.4%	(3.7pp)	
Reserve development (\$m)	183	330	(77)	(56)	(115)	109	NM	
Reserve development (pts)	4.1%	6.5%	(1.4%)	(0.8%)	(1.7%)	1.7%	NM	

Source: Barclays Research, Company Data

FIGURE 4. PGR Quicktake - Personal Lines Underwriting

	Jan-22	Jan-23	Jan-24	Dec-24	Jan-25		Diff vs BARCe
	Actual	Actual	Actual	Actual	Reported	BARCe	
Personal Lines Underwriting							
Net premiums written	3,553	4,329	4,521	5,115	5,517	5,818	(5.2%)
% Growth YoY	4.7%	21.9%	4.4%	27.5%	22.0%	28.7%	(6.7pp)
Net premiums earned	3,489	3,962	4,286	5,508	5,400	5,262	2.6%
% Growth YoY	7.3%	13.5%	8.2%	30.7%	26.0%	22.8%	3.2pp
Loss Ratio	75.7%	77.2%	69.0%	66.6%	63.7%	69.6%	(5.9pp)
Expense Ratio	19.3%	19.4%	16.9%	19.5%	20.2%	21.1%	(0.9pp)
Combined Ratio	95.0%	96.6%	85.9%	86.1%	83.8%	90.6%	(6.8pp)
Loss Ratio ex cats & PYD	71.4%	69.9%	69.6%	67.7%	64.5%	64.6%	(0.1pp)
Combined Ratio ex Cats and PYD	90.6%	89.3%	86.4%	87.2%	84.7%	85.7%	(1.0pp)
Catastrophes (\$mn)	10	28	39	(17)	49	166	(70.7%)
Catastrophes (pts)	0.3%	0.7%	0.9%	(0.3%)	0.9%	3.2%	(2.3pp)
Reserve development (\$m)	143	259	(61)	(46)	(94)	95	NM
Reserve development (pts)	4.1%	6.5%	(1.4%)	(0.8%)	(1.7%)	1.8%	NM

Source: Barclays Research, Company Data

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Progressive Corp. (PGR, 18-Feb-2025, USD 263.93), Equal Weight/Neutral, CD/CE/J/K/M

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Hamilton Insurance Group (HG)	Marsh & McLennan Cos. (MMC)	Progressive Corp. (PGR)
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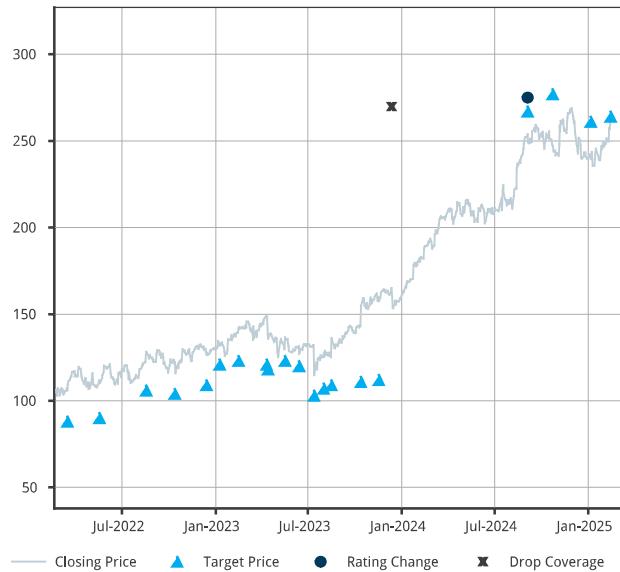
Stock Rating: **EQUAL WEIGHT**

Industry View: **NEUTRAL**

Closing Price: **USD 263.93** (18-Feb-2025)

Rating and Price Target Chart - USD (as of 18-Feb-2025)

Currency=USD



Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

Publication Date	Closing Price*	Rating	Adjusted Price Target
14-Feb-2025	262.13		264.00
06-Jan-2025	240.65		261.00
23-Oct-2024	248.25		277.00
04-Sep-2024	252.20	Equal Weight	267.00
05-Dec-2023	163.41	Coverage Dropped	
17-Nov-2023	159.94		112.00
13-Oct-2023	143.30		111.00
16-Aug-2023	125.05		109.00
01-Aug-2023	125.98		107.00
13-Jul-2023	132.11		103.00
14-Jun-2023	131.68		120.00
17-May-2023	129.76		123.00
14-Apr-2023	138.21		118.00
11-Apr-2023	149.00		121.00
15-Feb-2023	139.27		123.00
09-Jan-2023	134.61		121.00
14-Dec-2022	126.58		109.00
13-Oct-2022	121.40		104.00
18-Aug-2022	122.49		106.00
18-May-2022	111.19		90.00
16-Mar-2022	107.31		88.00

On 19-Feb-2022, prior to any intra-day change that may have been published, the rating for this security was Underweight, and the adjusted price target was 85.00.

Source: Bloomberg, Barclays Research

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