

Progressive Corp.

June '23: \$1.1bn Adverse PYD Toll for 1H23

| CORE

Higher ultimate severity drove June increases in prior and current accident year loss ratios (3.1 pts and 6.5 pts, respectively). At least FL reform was not cited again, but the narrative has shifted back to property damage compared to bodily injury and PIP cited as drivers in April & May.

We think market reaction to the June print is appropriate and the stock could face more disappointment. Consistent with our long-standing commentary, remediation is going to be a long ride for PGR and other auto insurers to get back to pre-pandemic levels. **It is challenging to get a pulse on the key driver of PGR's view of loss trend.** On the PYD side, PGR cited severity property damage this month, April & May bodily injury and PIP were drivers (alongside FL tort), March FL tort was cited, and January-February property damage, collision and comprehensive coverages were cited. We are getting more questions from investors on management credibility.

Capital may be fine since PGR is shrinking PIF (down 8.2k q/q and that shrinking momentum should amplify); however, 1H23 cat losses of ~\$1.3bn, 1H23 AY strengthening of \$1.1bn and CY strengthening of \$631mn could add pressure to capital. PGR also raised \$500mn of debt in May for general corporate purposes. We think PGR is better positioned on capital than ALL. We estimate YE22 group RBC of 470% for PGR vs. 206% for ALL.

Expense Ratio Record: PGR's 16.0% expense ratio in June hit a new record low, following 16.3% (a record low at the time) in May '23 and 17.1% in April '23. A more sustainable expense ratio for PGR is >20%. PGR's expense cutting efforts is not enough to solidify its 96% combined ratio target.

Combined ratio Miss

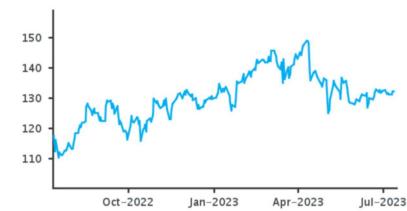
PGR's combined ratio of 104.9% missed our estimated 99.0% and was above management's 96% target (Personal Lines at 103.2% vs. our estimated 96.5%, Commercial Lines at 99.4% vs our estimated 96.9%, and Property at 157.3% vs. our estimated 153.0%).

- PGR reported a sixth consecutive month of **unfavorable PYD** of \$137.8mn (vs. \$162.4mn estimate) or 3.1 pts on the loss ratio (vs. our 3.7 pt estimate). This follows 3.5 pts, 3.4 pts, 2.6 pts, and 4.6 pts of unfavorable PYD in February, March, April, and May, respectively.
- PGR's **underlying loss ratio** of 76.6%, was worse than our estimated 74.3%. PGR took

PGR	UNDERWEIGHT
	Unchanged
U.S. Insurance/Non-Life	POSITIVE
	Unchanged
Price Target	USD 103.00
	lowered -14% from USD 120.00
Price (12-Jul-23)	USD 132.11
Potential Upside/Downside	-22.0%
Market Cap (USD mn)	77337
Shares Outstanding (mn)	585.40
Free Float (%)	99.70
52 Wk Avg Daily Volume (mn)	2.5
Dividend Yield (%)	0.30
Return on Equity TTM (%)	5.03
Current BVPS (USD)	27.97

Source: Bloomberg

Price Performance	Exchange-NYSE
52 Week range	USD 149.87-109.42



Source: IDC

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

U.S. Insurance/Non-Life

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\$291.2mn of actuarial adverse adjustments, or 6.5 pts, which muddies monthly comparisons. We question if PGR's loss picks are too optimistic and would be subject to re-estimates (i.e., unfavorable PYD) in future periods.

- PGR's **expense ratio** was 16.0% in June vs. 16.3% in May, and 17.1% in Apr. We estimated a 17.0% expense ratio. To recap, PGR's pre-pandemic expense ratio ran just north of 20%.
- PGR reported **catastrophe losses** of \$415mn vs. our \$175mn estimate.

Personal Auto PIF Declined by 8.2k Q/Q

Personal auto PIF was down 8.2k (June '23 vs. May '23), worse than the previous +0.7% sequential print (May '23 vs. Apr '23). On a y/y basis, PGR reported personal auto PIF growth of +14.4% in June (below our estimate of +15.0% y/y), as auto agency PIF (+10.7% vs. our +11.3%) and auto direct (+17.4% vs. our 18.0%) underperformed our estimates.

PGR's pre-tax net investment income (ex expenses) this month was \$153mn vs. our \$155mn estimate, reflecting a 3.14% pre-tax annualized book yield.

June operating EPS of \$(0.13) missed our \$0.23 estimate, reflecting a higher combined ratio due to worse-than-expected underlying loss ratio and catastrophes losses.

PGR: Quarterly and Annual EPS (USD)

	2022	2023			2024			Change y/y	
FY Dec	Actual	Old	New	Cons	Old	New	Cons	2023	2024
Q1	1.12A	0.65A	0.65A	0.75A	1.66E	1.88E	2.03E	-42%	189%
Q2	1.03A	0.76E	0.40A	0.88E	1.76E	1.21E	1.81E	-61%	203%
Q3	0.49A	1.41E	1.09E	1.51E	1.81E	1.20E	1.78E	122%	10%
Q4	1.47A	1.94E	1.62E	2.07E	2.01E	1.37E	2.28E	10%	-15%
Year	4.11A	4.77E	3.77E	5.13E	7.24E	5.66E	7.88E	-8%	50%
P/E	32.1		35.1			23.3			

Consensus numbers are from Bloomberg received on 13-Jul-2023; 12:50 GMT

Source: Barclays Research

U.S. Insurance/Non-Life						POSITIVE	
Progressive Corp. (PGR)							UNDERWEIGHT
Income statement (\$mn)	2022A	2023E	2024E	2025E	CAGR	Price (12-Jul-2023)	USD 132.11
Net premiums earned	49,241	57,236	62,584	68,241	11.5%	Price Target	USD 103.00
Net investment income (NII)	1,260	1,837	2,146	2,404	24.0%	Why UNDERWEIGHT?	
Underwriting income	1,342	418	1,442	2,600	24.7%	Our call on PGR takes a longer term view. PGR may need to hold more capital to support an evolving business mix, which could lower ROEs. Likewise, we struggle to see how PGR could return to its historical PIF growth rate, as the company cut rates early during the pandemic and is now playing catch up, which is proving tough to gain approval from regulators.	
Operating income	2,415	2,212	3,323	4,510	23.1%		
Net income	694	2,369	3,323	4,510	86.6%		
Effective tax rate (%)	21.8	20.6	21.0	21.0	-1.2%		
Combined ratio (%)	95.8	97.7	96.2	94.7	-0.4%		
Combined ratio (ex cats & py development) (%)	92.6	92.3	94.5	93.0	0.1%		
Per share data (\$)	2022A	2023E	2024E	2025E	CAGR		
EPS (adj)	4.11	3.77	5.66	7.70	23.2%		
EPS (reported)	1.18	4.05	5.68	7.73	86.8%		
DPS	0.40	2.55	2.65	2.65	87.8%		
BVPS	26.32	27.89	30.69	31.14	5.8%		
BVPS (ex AOCI)	31.01	32.42	35.23	35.69	4.8%		
Diluted shares (mn)	587	587	587	586	0.0%		
Balance sheet and capital return (\$mn)	2022A	2023E	2024E	2025E	CAGR		
Total investments	53,548	61,472	66,022	66,491	7.5%		
Common shareholders' equity (ex AOCI)	18,140	18,973	20,577	20,830	4.7%		
Share buybacks	63	43	171	171	39.3%		
Dividends paid	234	1,492	1,548	1,545	87.7%		
Balance sheet and capital return metrics	2022A	2023E	2024E	2025E	Average		
Debt leverage (%)	25.5	26.1	24.6	24.4	25.2		
Financial leverage (%)	27.5	28.0	26.4	26.2	27.0		
Total capital return as a % of op. earnings	12.3	69.4	51.7	38.0	42.9		
Valuation metrics	2022A	2023E	2024E	2025E	Average		
P/BV (ex AOCI) (x)	4.26	4.07	3.75	3.70	3.95		
P/E (adj) (x)	32.1	35.1	23.3	17.2	26.9		
Dividend yield (%)	0.3	1.9	2.0	2.0	1.6		
ROE (%)	3.8	12.2	15.8	15.8	11.9		

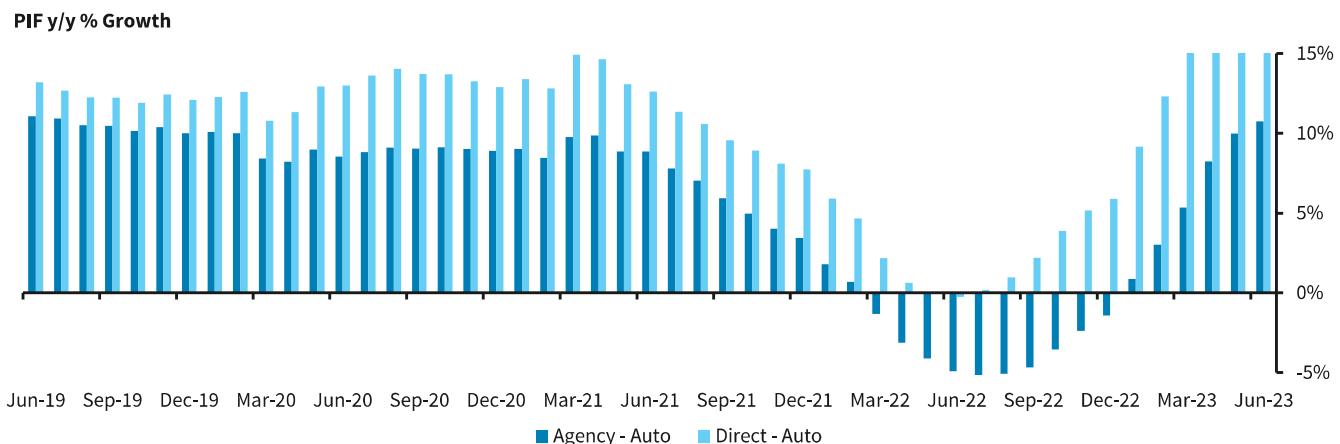
Note: FY End Dec
Source: Company data, Bloomberg, Barclays Research



PIF Growth Spotlight

PGR reported personal auto PIF y/y growth of +14.4% in June (below our estimate of +15.0%), as auto agency PIF (+10.7% vs. our +11.3%) and auto direct (+17.4% vs. our 18.0%) underperformed our estimates.

FIGURE 1. PIF growth y/y in June with agent (+10.7%) and direct (+17.4%)



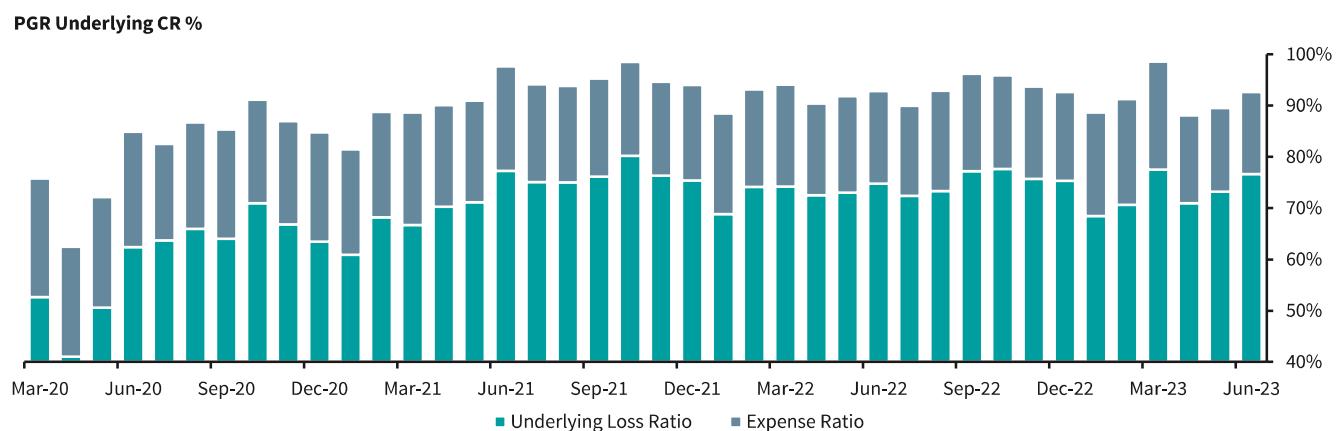
Source: Barclays Research, Company Data

Underlying combined ratio - Lower expense ratio is less sustainable over the long term

PGR's underlying combined ratio of 92.6% in June deteriorated from 89.5% in May and 88.1% in Apr. driven by a worse underlying loss ratio of 76.6% (vs. 73.2% in May) slightly offset by a lower expense ratio (16.0% in June vs 16.3% in May and 17.1% in Apr.) While we were expecting a lower-than-typical expense ratio, **PGR's 16.0% expense ratio in June hit a record low.**

The construction of PGR's underlying combined ratio is different than pre-pandemic. To recap, PGR's pre-pandemic underlying loss ratio stood at ~68% and expense ratio ran just north of 20%. We think a reversion to this pre-pandemic composition would be positive for the stock.

FIGURE 2. June '23 underlying loss ratio of 76.6% (vs. 74.3% Barclays) and expense ratio of 16.0% (vs. 17.0% Barclays)

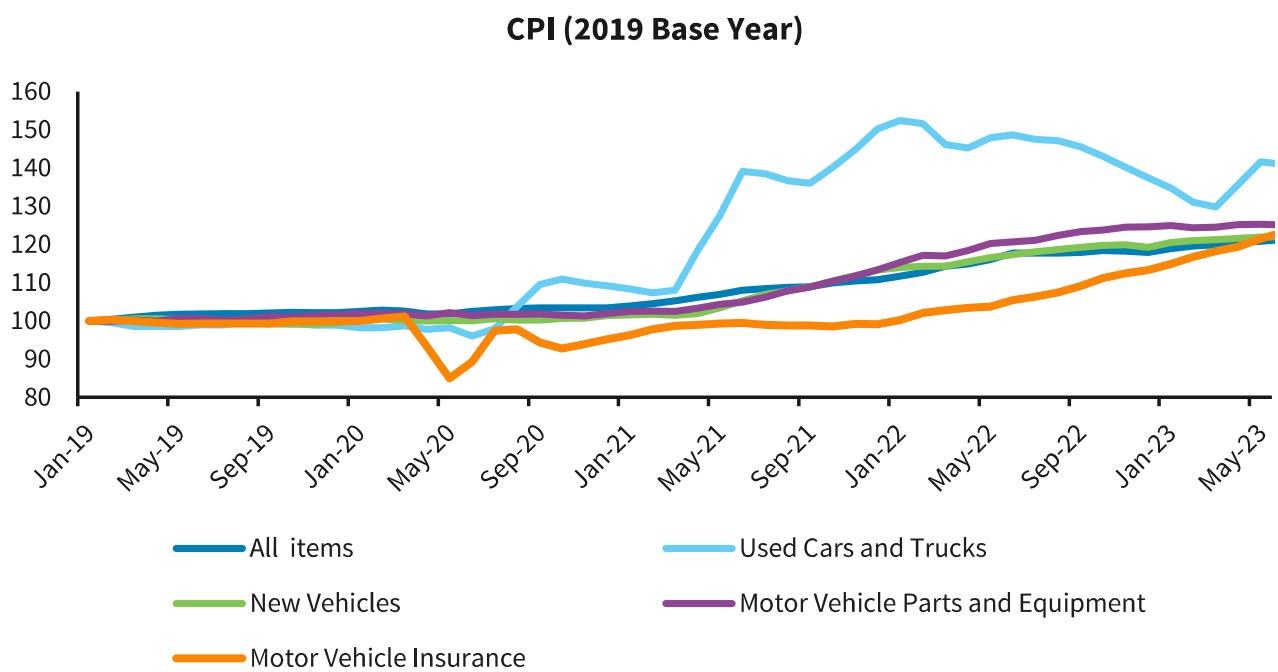


Source: Barclays Research, Company Data

Inflation: Focus on Absolute Levels

Our focus is on an absolute basis, where motor insurance pricing remains elevated relative to used car pricing using a 2019 base year (see Figure 4). Specifically, used car & truck pricing is up 41.0% vs. motor insurance pricing at 23.2% since Jan. '19. We pay lesser attention to the Consumer Price Index (CPI) for All Urban Consumers, which rose 3.0% over the 12 months from June 2022 to June 2023. Used car and truck CPI trails all items at -5.2% in June vs. -4.2% in May.

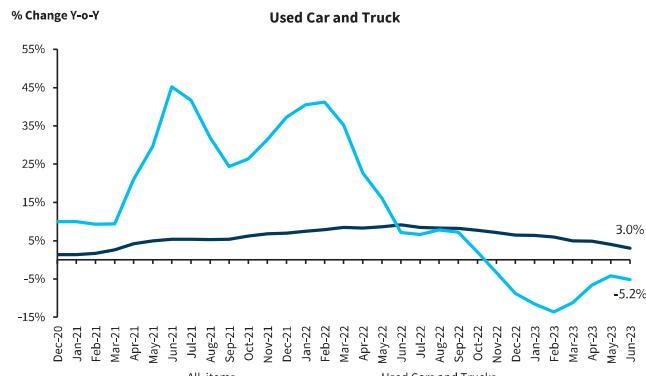
FIGURE 3. CPI Indexed to January '19



Source: Barclays Research, U.S. Bureau of Labor Statistics

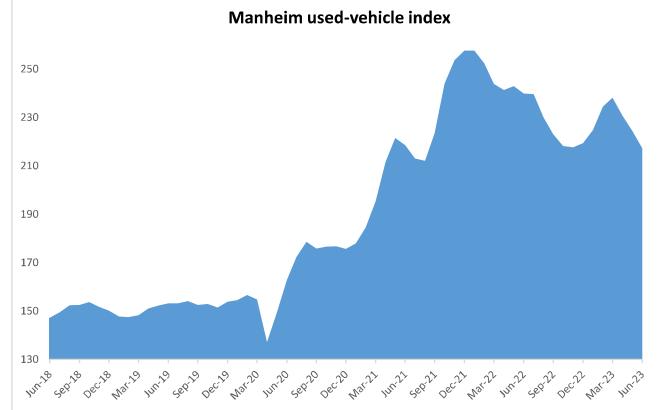
Manheim pricing was -3.2% m/m and -9.4% y/y. More importantly, if we compare June '23 to June '19, Manheim pricing is still up 41.8%. Compounded auto pricing during that period has not caught up – not anywhere close. There is still significant rate catch-up needed to see that inflection point. It will be like an “x”; loss costs go down, then pricing goes up – where the two intersect in our view can take a bit longer, especially given how long it is taking auto pricing to actually “earn” in.

FIGURE 4. CPI: Used Car and Truck (y/y -5.2% in June '23)



Source: Barclays Research, U.S. Bureau of Labor Statistics

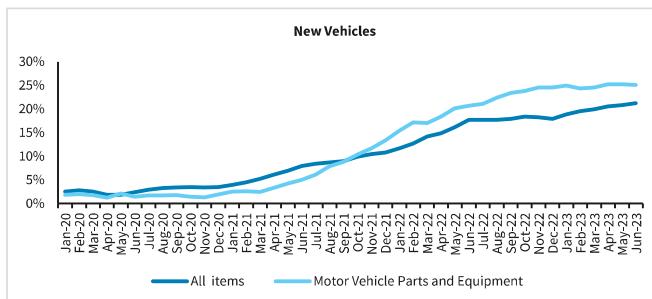
FIGURE 5. Manheim Used Car Prices (-9.4% y/y in June '23)



Source: Barclays Research, Bloomberg, Manheim

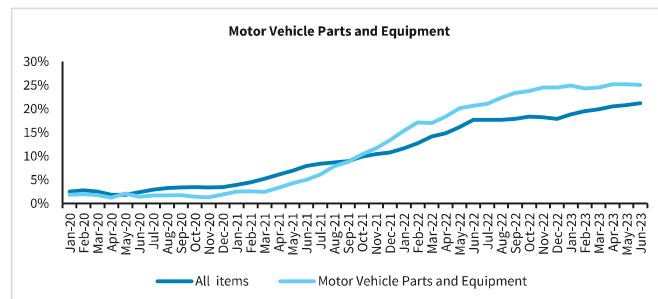
The new vehicle CPI index rose 4.1% y/y in June (down compared to the 4.7% increase in May) and Motor Vehicle Parts and Equipment CPI index rose 3.6% y/y (vs. 4.2% in May). However, comparing June '23 vs. Jan '19, new vehicles and car parts rose 22.1% and 25.1%, respectively.

FIGURE 6. CPI % Change (Y-o-Y): New Vehicles



Source: Barclays Research, U.S. Bureau of Labor Statistics

FIGURE 7. CPI % Change (Y-o-Y): Motor Vehicle Parts and Equipment

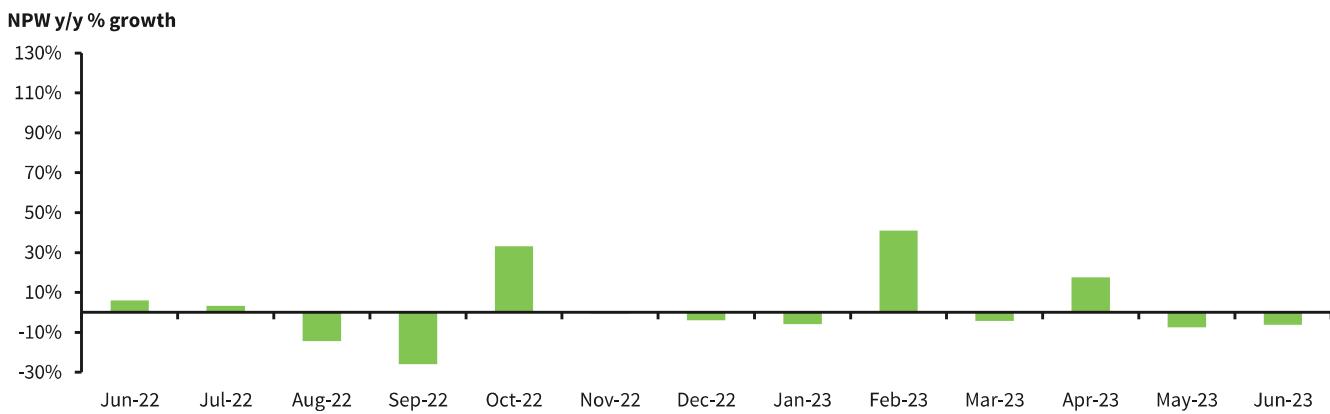


Source: Barclays Research, U.S. Bureau of Labor Statistics

Commercial NPW Decreased 6% (y/y), or Up 4% ex TNC

TNC once again obscures Commercial NPW growth: Reported commercial premium growth was down 6% in June '23 and up 4% excluding TNC commercial premiums. The decrease was due to monthly mileage adjustment for TNC.

FIGURE 8. Commercial NPW growth (monthly)



Source: Barclays Research, Company Data

Valuation

Valuation: Our PT of \$103 (down from \$120) is based on 16.5x (unchanged) our '24E EPS of \$5.66 (down from \$7.24) and 3.2x (unchanged) '24E BVPS (ex AOCI) of \$35.23 (down from \$37.55).

Model Updates:

We increase our loss ratio expectations to reflect a higher AYLR and the continuation of adverse PYD reflecting higher severity expectations. We lower our expense ratio and PIF assumptions.

Updated Operating EPS: We revise '23E from \$4.77 to \$3.77 and '24E from \$7.24 to \$5.66.

Variance Tables – June '23

FIGURE 9. Variance Analysis - June '23

Summary Details		M/M		Y/Y		Barclays Est.	
(in \$mn, except per share)	Jun '23A	May '23	% Change	Jun '22	% Change	Jun '23	% Var.
Net premiums written	\$4,320	\$4,321	0%	\$3,877	11%	\$4,478	-4%
Net investment income	\$153	\$154	-1%	\$110	39%	\$155	-1%
Combined Ratio	104.9%	99.0%	590 bps	94.7%	1020 bps	99.0%	587 bps
Combined Ratio ex cats and PYD	92.6%	89.5%	317 bps	92.8%	(19 bps)	91.3%	131 bps
Operating EPS	-\$0.13	\$0.23	-157%	\$0.40	-133%	\$0.23	-156%
Book value per share (ex. AOCI)	\$32.2	\$32.10	0.2%	\$29.7	8%	\$32.3	0%

NPW by Segment		M/M		Y/Y		Barclays Est.	
(in \$mn, except per share)	Jun '23A	May '23	% Change	Jun '22	% Change	Jun '23	% Var.
Personal lines-agent	\$1,616	\$1,651	-2%	\$1,381	17%	\$1,663	-2.8%
Personal lines-direct	\$1,758	\$1,782	-1%	\$1,544	14%	\$1,870	-6.0%
Total Personal Lines	\$3,375	\$3,433	-2%	\$2,925	15.4%	\$3,533	-4.5%
Commercial Business & Other	\$691	\$636	9%	\$736	-6%	\$714	-3%
Property	\$255	\$252	1%	\$216	18%	\$231	10%
Total Written Premiums	\$4,320	\$4,321	0%	\$3,877	11%	\$4,478	-4%

CR by Segment		M/M		Y/Y		Barclays Est.	
(in \$mn, except per share)	Jun '23A	May '23	% Change	Jun '22	% Change	Jun '23	% Var.
Total Personal Lines	103.2%	99.8%	340 bps	95.3%	790 bps	96.5%	671 bps
Commercial Business & Other	99.4%	97.6%	180 bps	87.8%	1160 bps	96.9%	255 bps
Property	157.3%	91.4%	6590 bps	112.0%	4530 bps	153.0%	430 bps

Source: Barclays Research estimates, Company Data

Quarterly Variance Tables – 2Q23

FIGURE 10. Quarterly Variance Analysis - 2Q23

Summary Details (in \$mn, except per share)	Q/Q		Y/Y		Barclays Est.		
	2Q23A	1Q23	% Change	2Q22	% Change	2Q23E	% Var.
Net premiums written	\$14,717	\$16,104	-9%	\$12,422	18%	\$14,875	-1%
Net investment income	\$448	\$420	7%	\$287	56.5%	\$450	-0.5%
Combined Ratio	100.4%	99.0%	149 bps	95.6%	488 bps	98.6%	183 bps
Combined Ratio ex cats and PYD	90.0%	92.6%	(265 bps)	91.6%	(163 bps)	89.4%	59 bps
Operating EPS	\$0.40	\$0.65	-39%	\$1.03	-61%	\$0.76	-47%
Book value per share (ex. AOCI)	\$32.2	\$31.7	2%	\$29.7	8%	\$32.3	0%

NPW by Segment (in \$mn, except per share)	Q/Q		Y/Y		Barclays Est.		
	2Q23A	1Q23	% Change	2Q22	% Change	2Q23E	% Var.
Personal lines-agent	\$5,534	\$5,414	2%	\$4,494	23%	\$5,580	-1%
Personal lines-direct	\$6,066	\$6,699	-9%	\$4,979	22%	\$6,178	-2%
Total Personal Lines	\$11,600	\$12,113	-4%	\$9,473	22%	\$11,758	-1%
Commercial Business & Other	\$2,366	\$3,367	-30%	\$2,309	2%	\$2,390	-1%
Property	\$750	\$629	19%	\$640	17%	\$727	3%
Total Written Premiums	\$14,717	\$16,110	-9%	\$12,421	18%	\$14,875	-1%

CR by Segment (in \$mn, except per share)	Q/Q		Y/Y		Barclays Est.		
	2Q23A	1Q23	% Change	2Q22	% Change	2Q23E	% Var.
Total Personal Lines	99.5%	98.7%	85 bps	95.1%	446 bps	97.5%	207 bps
Personal lines-agent	101.4%	96.7%	473 bps	94.0%	734 bps	98.7%	266 bps
Personal lines-direct	97.9%	100.4%	(242 bps)	96.0%	198 bps	95.6%	236 bps
Commercial Business & Other	96.4%	98.4%	(196 bps)	89.4%	701 bps	95.7%	80 bps
Property	133.2%	105.5%	2776 bps	127.5%	571 bps	131.7%	149 bps

Source: Barclays Research estimates, Company Data

Model Summary

FIGURE 11. Model Summary (pg. 1)

(\$ in mn, except per share data)	2019	2020	2021	2022	2023E	2024E	2025E
Net premiums written	37,578	40,569	46,405	51,081	60,336	63,355	69,260
Revenues:							
Net premiums earned	36,192	39,262	44,369	49,241	57,236	62,584	68,241
Investment income	1,042	937	861	1,260	1,837	2,146	2,404
Total net realized gains (losses) on securities	1,029	1,630	1,509	(1,912)	199	-	-
Fees and other revenues	564	604	692	722	871	939	1,024
Service revenues	195	226	271	299	329	376	409
Total revenues	39,022	42,658	47,702	49,611	60,472	66,044	72,078
Expenses:							
Losses and loss adjustment expenses	25,471	25,122	33,628	38,123	45,983	47,797	50,644
Total underwriting expenses	7,998	8,843	9,368	9,777	10,835	13,345	14,997
Policyholder credit expense	-	1,077	-	-	-	-	-
Investment expenses	25	20	26	24	27	32	34
Service expenses	179	206	253	297	334	344	375
Interest expense	190	217	219	244	267	276	276
Total expenses	33,862	35,485	43,492	48,689	57,445	61,794	66,326
Underwriting Income	2,724	5,297	1,374	1,342	418	1,442	2,600
Income before income taxes	5,160	7,173	4,210	922	3,027	4,250	5,752
Provision for income taxes	1,180	1,469	859	201	625	892	1,208
Other comp (income) loss att. to NCI	(10)	-	-	-	-	-	-
Net income	3,970	5,705	3,351	721	2,403	3,357	4,544
Less: Preferred stock dividends	27	27	27	27	34	34	34
Net income to common shareholders	3,943	5,678	3,324	694	2,369	3,323	4,510
ATX total net realized gains (losses) on sec	813	1,288	1,192	(1,496)	157	-	-
Other	-	-	-	(225)	-	-	-
Operating income to common shareholders	3,130	4,390	2,132	2,415	2,212	3,323	4,510
Operating EPS	\$5.33	\$7.47	\$3.63	\$4.11	\$3.77	\$5.66	\$7.70
Net EPS	\$6.72	\$9.66	\$5.66	\$1.18	\$4.05	\$5.68	\$7.73
Net Written Premiums (y/y %)	15.2%	8.0%	14.4%	10.1%	18.1%	5.0%	9.3%
Net Earned Premiums (y/y %)	17.0%	8.5%	13.0%	11.0%	16.2%	9.3%	9.0%

Source: Barclays Research estimates, Company Data

FIGURE 12. Model Summary (pg. 2)

(\$ in mn, except per share data)	2019	2020	2021	2022	2023E	2024E	2025E
<u>Underwriting Margins</u>							
Loss and LAE ratio	70.4%	64.0%	75.8%	77.4%	80.3%	76.4%	74.2%
Expense ratio	20.5%	21.0%	19.6%	18.4%	17.4%	19.8%	20.5%
Combined ratio	90.9%	85.0%	95.3%	95.8%	97.7%	96.2%	94.7%
Catastrophes pretax	552	880	1,310	1,667	1,662	875	960
Cat pts	1.5%	2.2%	3.0%	3.4%	2.9%	1.4%	1.4%
PYD pretax (negative is unfavorable PYD)	(232)	(195)	5	86	(1,475)	(197)	(211)
PYD pts	-0.6%	-0.5%	0.0%	0.2%	-2.6%	-0.3%	-0.3%
Underlying loss ratio	68.2%	61.2%	72.8%	74.2%	74.9%	74.7%	72.5%
Underlying combined ratio	88.8%	82.2%	92.4%	92.6%	92.3%	94.5%	93.0%
<u>Share information</u>							
Shares beginning period	583.2	584.6	585.2	584.4	584.9	585.2	584.0
Shares issued	3	2	2	1	1	-	-
Shares Repurchased	1	1	2	1	0	1	1
Common Shares Outstanding, end of period	584.6	585.2	584.4	584.9	585.2	584.0	583.6
Weighted average shares - basic	583.8	584.9	584.7	584.6	585.2	584.5	584.3
Dilution	3.1	2.5	2.3	2.3	2.1	2.1	2.1
Weighted average shares - diluted	586.9	587.4	587.0	586.9	587.3	586.6	586.4
<u>Shareholders' equity and returns</u>							
Common shareholders' equity ex AOCI	12,612	15,613	17,697	18,140	18,973	20,577	20,830
Average common shareholders' equity ex AOCI	11,423	14,113	16,655	17,918	18,556	19,775	20,704
Book Value Per Share to common ex AOCI	\$21.57	\$26.68	\$30.28	\$31.01	\$32.42	\$35.23	\$35.69
Operating return on avg. common SHE ex AOCI	27.4%	31.1%	12.8%	13.5%	11.9%	16.8%	21.8%
Trailling twelve month average ROCE (as reported)	31.3%	35.6%	18.5%	3.8%	12.2%	15.8%	15.8%

Source: Barclays Research estimates, Company Data

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Primary Stocks (Ticker, Date, Price)

Progressive Corp. (PGR, 12-Jul-2023, USD 132.11), Underweight/Positive, CD/CE/J/K/M

Materially Mentioned Stocks (Ticker, Date, Price)

Allstate Corp. (ALL, 12-Jul-2023, USD 107.60), Equal Weight/Positive, CD/CE/E/J/K/L/M

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Palomar Holdings, Inc. (PLMR)	Progressive Corp. (PGR)	Root Inc. (ROOT)
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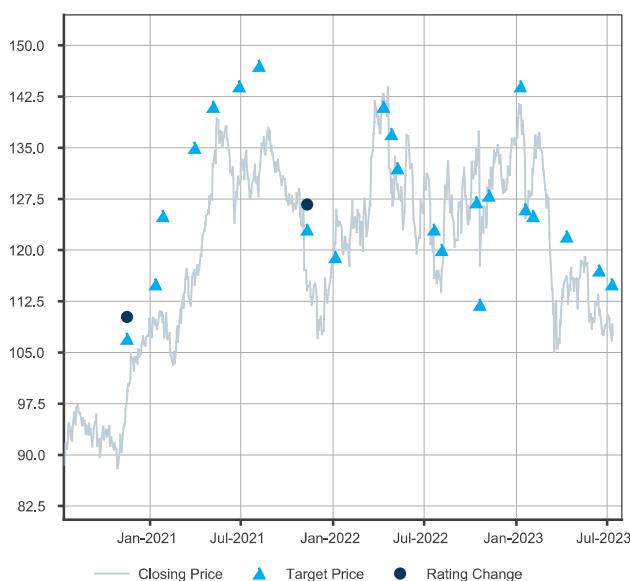
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Allstate Corp. (ALL / ALL)Stock Rating: **EQUAL WEIGHT**Industry View: **POSITIVE****USD 107.60** (12-Jul-2023)**Rating and Price Target Chart - USD (as of 12-Jul-2023)**

Currency=USD



Source: IDC, Barclays Research

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

Publication Date	Closing Price*	Rating	Adjusted Price Target
10-Jul-2023	108.27		115.00
15-Jun-2023	111.40		117.00
11-Apr-2023	116.11		122.00
03-Feb-2023	131.89		125.00
19-Jan-2023	132.43		126.00
09-Jan-2023	141.37		144.00
07-Nov-2022	128.82		128.00
20-Oct-2022	135.15		112.00
13-Oct-2022	131.13		127.00
05-Aug-2022	113.92		120.00
21-Jul-2022	122.34		123.00
09-May-2022	130.56		132.00
27-Apr-2022	128.98		137.00
11-Apr-2022	141.93		141.00
05-Jan-2022	121.13		119.00
10-Nov-2021	114.11	Equal Weight	123.00
06-Aug-2021	130.82		147.00
28-Jun-2021	129.75		144.00
07-May-2021	132.26		141.00
31-Mar-2021	114.90		135.00
27-Jan-2021	110.51		125.00

12-Jan-2021	109.78		115.00
16-Nov-2020	98.06	Overweight	107.00

Source: Bloomberg, Barclays Research

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Valuation Methodology: Our \$115 price target is based on a 50/50 weighted average of our blended 10.5x our 2024 EPS and 1.78x our 2024 book value per share ex AOCI.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: Steeper acceleration of loss cost trends, particularly on the severity side, which would pressure the company's margins. A prolonged period of low interest rates will likely pressure net investment income. Allstate has substantial exposure to natural catastrophe losses, stemming from its large homeowners insurance business. Despite the acquisition being relatively small, integration of National General could be challenging and lead to execution risk in combining business units under one operational model.

Progressive Corp. (PGR / PGR)

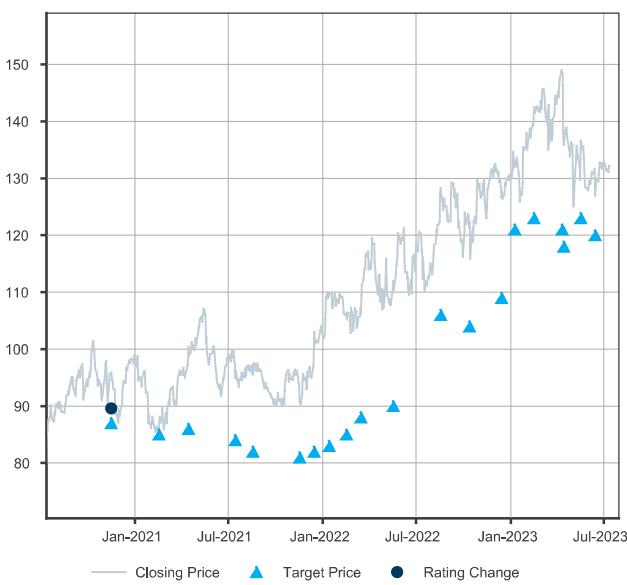
Stock Rating: **UNDERWEIGHT**

Industry View: **POSITIVE**

USD 132.11 (12-Jul-2023)

Rating and Price Target Chart - USD (as of 12-Jul-2023)

Currency=USD



Source: IDC, Barclays Research

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

Publication Date	Closing Price*	Rating	Adjusted Price Target
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
16-Feb-2022	105.78		85.00
13-Jan-2022	109.85		83.00
15-Dec-2021	97.14		82.00
17-Nov-2021	90.73		81.00
18-Aug-2021	95.57		82.00
15-Jul-2021	94.95		84.00
15-Apr-2021	100.40		86.00
17-Feb-2021	86.25		85.00
16-Nov-2020	95.90	Underweight	87.00

Source: Bloomberg, Barclays Research

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Valuation Methodology: Our \$103PT is based on 16.5x EPS and 3.2x BVPS (ex AOCI) on 2024E.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: The primary risks to our thesis are if PGR can improve PIF growth back to double-digit levels while producing underlying loss ratios <70% on a sustainable basis. This would require loss cost trends abating, that is outside our base case. Next, PGR may be uniquely positioned to make a digital breakthrough within the small commercial lines market (\$120bn premiums/TAM) if it can successfully leverage its multivariate pricing model it is known for on the personal auto side.

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