

Progressive Corp.

## April 23' Earnings: PYD Continues as expected

Despite a lower ER (17.1%) and improved AYLR ex cats of 71%, PGR didn't meet its 96% CR target thanks to continued adverse PYD (2.6 pts vs. our 2.0 pts estimate) and higher cat losses. FL backlash persists and bodily injury and PIP were key drivers of PYD. Conversely, in 1Q auto physical damage was the culprit of PYD.

We are surprised that PGR cited FL legislation as a driver of adverse PYD, we assumed that was "once and done." PGR is also the lone insurer citing this FL issue which gives us pause. Unlike 1Q adverse PYD were PGR cited higher auto property and physical damage, this month the key drivers of adverse PYD were bodily injury and PIP. In general, we are cautious about Progressive's undeterred stance with respect to social inflation. Peers vocalize more concerns about higher attorney representations more than PGR, especially on the commercial auto side. Conversely, we continue to expect severity pressures to lead to adverse PYD, and modeling a 20% haircut in the preceding months in our forecast period (i.e. 2.1 pts in May and 1.7 pts in June, etc.)

### Combined ratio (i.e., bottom line) beat our estimates

PGR beat our combined ratio estimate (97.9% vs our estimated 99.3%) but was above management's 96% target (Personal Lines at 96.2% vs our estimated 98.6%, Commercial Lines at 93.1% vs our estimated 100.4%, and Property at 154.0% vs our estimated 108.0%).

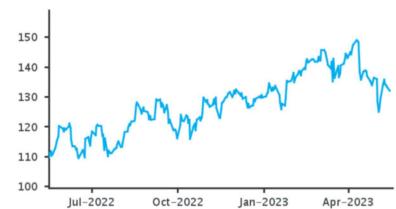
- PGR reported a fifth consecutive month of **unfavorable PYD** of \$144mn (vs. \$101.4mn estimate) or 2.6 pts on the loss ratio (vs. our 2.0 pt estimate). This follows 6.5 pts, 3.5 pts, and 3.4pts of unfavorable PYD in January, February, and March, respectively.
  - We estimate that adverse PYD hurt the personal lines auto loss ratio by 2.8 pts, as personal auto represented 85% of total PYD due to FL claims and higher severity (PIP and BI). Commercial auto made up 20% of the unfavorable PYD due to claims brought forward ahead of FL reform implementation. Property had a favorable development (5% of PYD) due to actuarial changes.
- PGR's **underlying loss ratio** of 71.0%, was better than our estimated 75.9%. PGR took \$27mn of actuarial adverse adjustments to its current AY, or 0.5 pts. We would have expected a higher loss pick given the company's concerns about severity and needing to take rate. We question if PGR's loss picks are too optimistic and would be subject to re-

| CORE

PGR	<b>UNDERWEIGHT</b>
	Unchanged
U.S. Insurance/Non-Life	<b>POSITIVE</b>
	Unchanged
Price Target	<b>USD 123.00</b>
	raised 4% from USD 118.00
Price (16-May-23)	<b>USD 129.76</b>
Potential Upside/Downside	-5.2%
Market Cap (USD mn)	<b>75957</b>
Shares Outstanding (mn)	<b>585.37</b>
Free Float (%)	<b>99.70</b>
52 Wk Avg Daily Volume (mn)	<b>2.6</b>
Dividend Yield (%)	<b>0.31</b>
Return on Equity TTM (%)	<b>5.03</b>
Current BVPS (USD)	<b>27.97</b>

Source: Bloomberg

Price Performance	<b>Exchange-NYSE</b>
52 Week range	<b>USD 149.87-107.32</b>



Source: IDC

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

### U.S. Insurance/Non-Life

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estimates (i.e. unfavorable PYD) in future periods.

- PGR's **expense ratio** was at 17.1% in Apr. vs. 21.1% in Mar. and 20.6% in Feb. We estimated a 19.9% expense ratio. To recap, PGR's pre-pandemic expense ratio ran just north of 20%.
- PGR reported **catastrophe losses** of \$393mn vs our \$79mn estimate.

#### **Top line growth (Policies in Force and Net Investment Income) outperformed our expectations**

Personal auto PIF grew +1.9% sequentially (Apr '23 vs. Mar '23), below the previous +2.1% sequential print (Mar '23 vs. Feb '23). On an annualized basis, that would imply PIF growth of 23% (keeping monthly growth constant over 12 months), though there are seasonality adjustments needed. On a y/y basis, PGR recognized positive personal auto PIF growth over the last six months (+13.3% in Apr., +10.8% in Mar., +8.1% in Feb., +5.4% in Jan., +2.6% in Dec, and +1.7% in Nov.).

PGR's pre-tax net investment income (ex expenses) this month was \$142mn vs. our \$136mn estimate, reflecting a 3.0% pre-tax annualized book yield.

April operating EPS of \$0.30 beat our \$0.20 estimate, reflecting a lower combined ratio (97.9% vs our 99.3% estimate) and 5% beat on NII. Combined ratio outperformed due to a lower expense ratio and improved AYLR.

On May 12th, PGR renewed their company's share repurchase authorization of up to 25mn of the company's common shares (~4.3% of shares outstanding).

#### **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	1.72E	1.79E	2.03E	-42%	175%
Q2	1.03A	0.86E	1.14E	1.22E	1.68E	1.77E	1.84E	11%	55%
Q3	0.49A	1.47E	1.53E	1.45E	1.71E	1.85E	1.74E	212%	21%
Q4	1.47A	1.77E	1.87E	1.95E	1.88E	2.04E	2.24E	27%	9%
Year	4.12A	4.75E	5.19E	5.28E	6.99E	7.46E	7.86E	26%	44%
P/E	31.5		25.0				17.4		

Consensus numbers are from Bloomberg received on 17-May-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 (16-May-2023)	USD 129.76
Net premiums earned	49,241	58,095	66,051	72,350	13.7%	Price Target	USD 123.00
Net investment income (NII)	1,260	1,781	2,073	2,340	22.9%	<b>Why UNDERWEIGHT?</b>	
Underwriting income	1,342	1,499	2,764	3,449	37.0%	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	3,047	4,370	5,197	29.1%		
Net income	694	3,118	4,370	5,197	95.6%		
Effective tax rate (%)	21.8	20.8	21.0	21.0	-1.2%		
Combined ratio (%)	95.8	95.9	94.3	93.7	-0.7%		
Combined ratio (ex cats & py development) (%)	92.6	91.7	92.6	92.0	-0.2%		
Per share data (\$)	2022A	2023E	2024E	2025E	CAGR		
EPS (adj)	4.12	5.19	7.46	8.88	29.2%		
EPS (reported)	1.18	5.31	7.46	8.88	96.0%		
DPS	0.40	2.55	2.65	2.65	87.8%		
BVPS	26.32	30.15	34.75	35.57	10.6%		
BVPS (ex AOCI)	31.01	33.63	38.24	39.07	8.0%		
Diluted shares (mn)	587	587	586	586	-0.1%		
Balance sheet and capital return (\$mn)	2022A	2023E	2024E	2025E	CAGR		
Total investments	53,548	60,343	65,175	65,672	7.0%		
Common shareholders' equity (ex AOCI)	18,140	19,668	22,320	22,785	7.9%		
Share buybacks	63	99	171	171	39.3%		
Dividends paid	234	1,491	1,547	1,544	87.6%		
Balance sheet and capital return metrics	2022A	2023E	2024E	2025E	Average		
Debt leverage (%)	25.5	24.1	21.9	21.5	23.3		
Financial leverage (%)	27.5	25.9	23.6	23.2	25.1		
Total capital return as a % of op. earnings	12.3	52.2	39.3	33.0	34.2		
Valuation metrics	2022A	2023E	2024E	2025E	Average		
P/BV (ex AOCI) (x)	4.18	3.86	3.39	3.32	3.69		
P/E (adj) (x)	31.5	25.0	17.4	14.6	22.1		
Dividend yield (%)	0.3	2.0	2.0	2.0	1.6		
ROE (%)	3.8	15.7	19.8	20.6	15.0		

Note: FY End Dec

Source: Company data, Bloomberg, Barclays Research

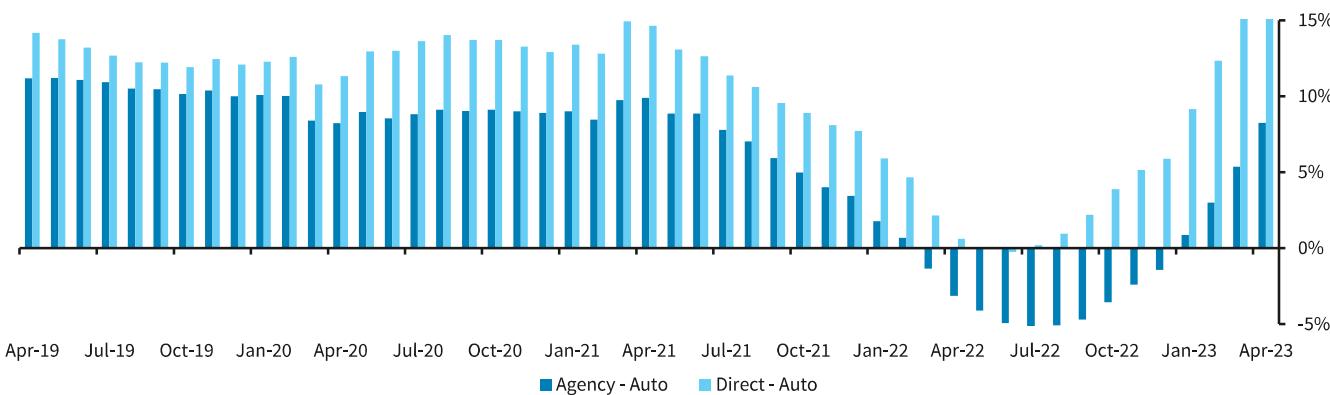


## PIF Growth Spotlight

PGR reported personal auto PIF y/y growth of +13.3% in April (above our estimate of +11.8%), as auto agency PIF (+8.2% vs. our +6.9%) and auto direct (+17.3% vs. our 15.9%) outperformed our estimates.

**FIGURE 1. PIF growth y/y in April with agent (+8.2%) and direct (+17.3%)**

**PIF y/y % Growth**



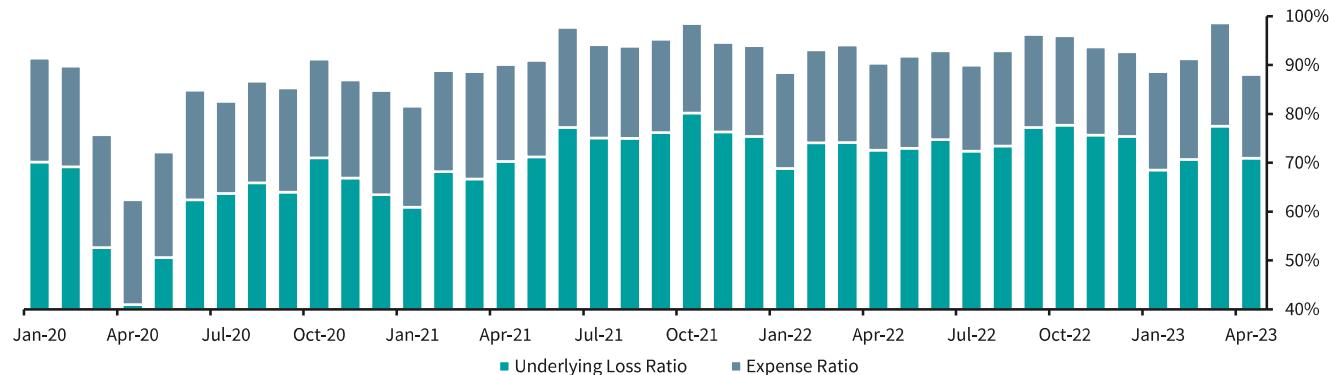
Source: Barclays Research, Company Data

## Underlying combined ratio - lower underlying losses and expense ratios

PGR's underlying combined ratio of 88.1% improved from 98.6% in Mar. and 91.2% in Feb. driven by an improving underlying loss ratio of 71.0% (77.5% in Mar. vs 70.6% in Feb.) and lower expense ratio (17.1% in Apr. vs 21.1% in Mar. and 20.6% in Feb.) 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%. For us to get more constructive about the stock we would need to see a reversion to this pre-pandemic composition.

**FIGURE 2. April '23 underlying loss ratio of 71.0% (vs. 75.9% Barclays) and expense ratio of 17.1% (vs. 19.9% Barclays)**

**PGR Underlying CR %**



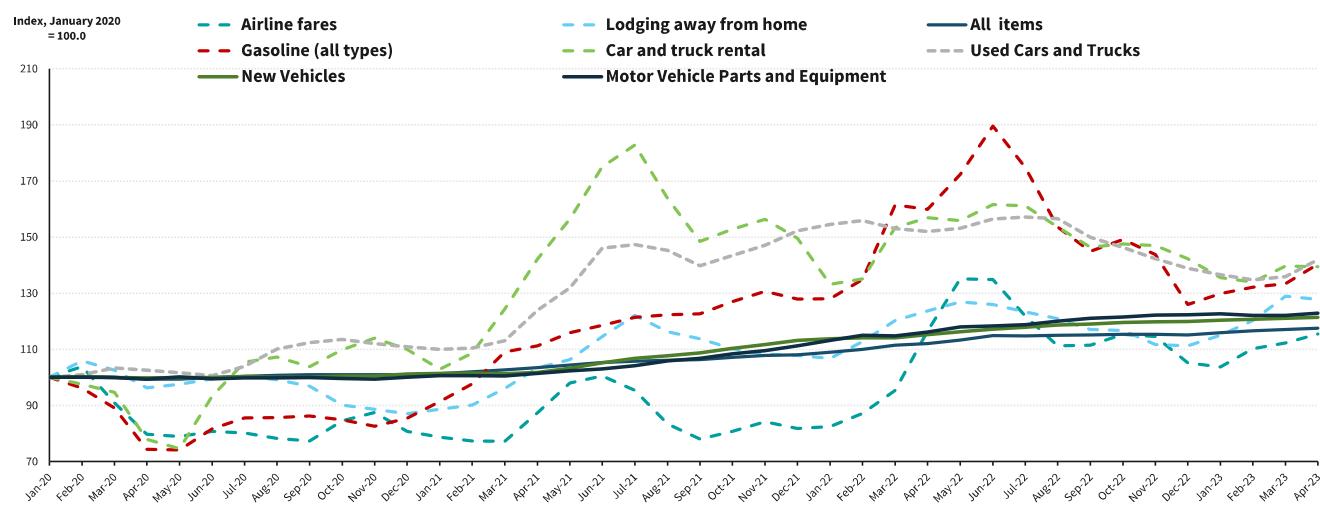
Source: Barclays Research, Company Data

## Inflation: Focus on Absolute Levels

Our focus is on an absolute basis, where used car pricing remains elevated (see Figure 3). Likewise, if we compare used car & truck pricing to Jan '19 levels, it is up 35.6% vs. all items at 20.5%. We pay lesser attention to the Consumer Price Index (CPI) for All Urban Consumers, which rose 4.9% over the 12 months from Apr 2022 to Apr 2023. Used car and truck CPI trails all items at -6.6% in Apr vs. -11.2% in Mar.

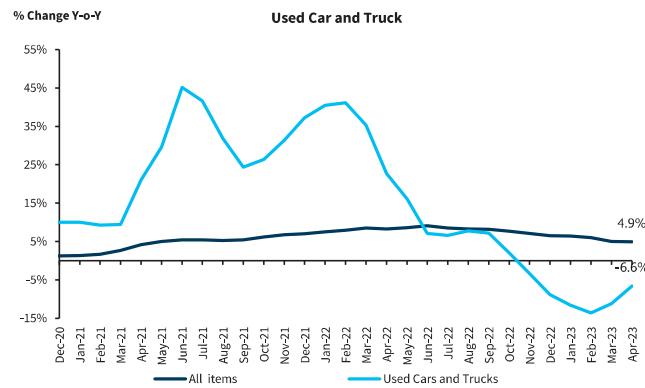
Manheim pricing was -3.1% m/m and -4.4% y/y. More importantly, if we compare Apr '23 to Apr '20, Manheim pricing is still up 68.2%. Compounded auto pricing during that period has not caught up – not anywhere close. There is still significant rate catch-up needed to see that inflection point. It will 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 3. CPI Indexed to January '20**



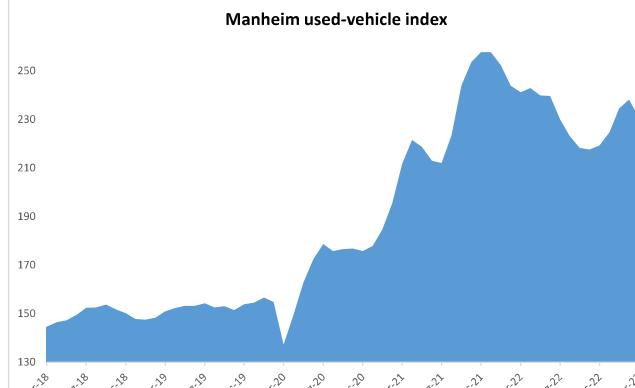
Source: Barclays Research, U.S. Bureau of Labor Statistics

**FIGURE 4. CPI: Used Car and Truck (y/y -6.6% in Apr '23)**



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

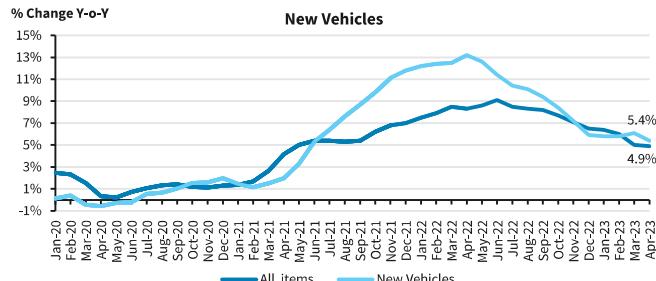
**FIGURE 5. Manheim Used Car Prices (-4.4% y/y in Apr '23)**



Source: Barclays Research, Bloomberg, Manheim

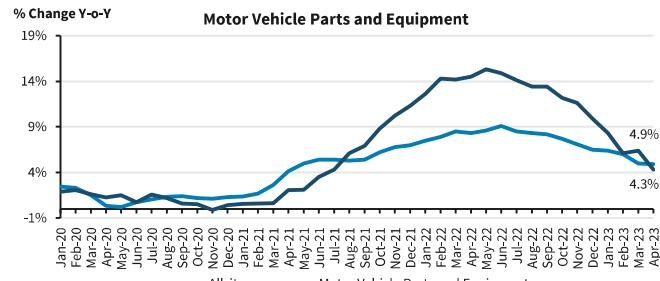
The new vehicle CPI index rose 5.4% y/y in April (down compared to the 6.1% increase in March) and Motor Vehicle Parts and Equipment CPI index rose 4.3% y/y (vs. 6.4% in March). However, comparing Apr '23 vs. Jan '19, new vehicles and car parts rose 21.6% and 25.2%, respectively.

**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**

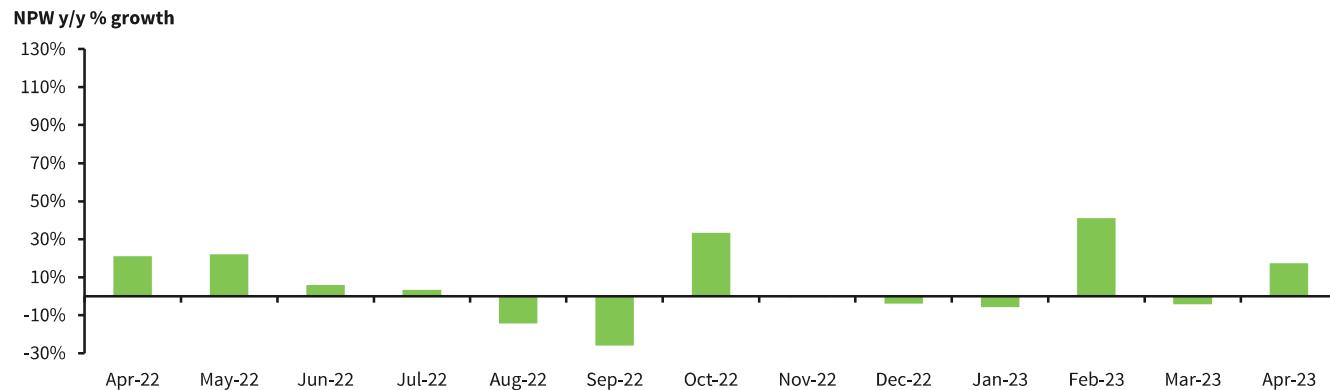


Source: Barclays Research, U.S. Bureau of Labor Statistics

## Commercial NPW Increased 17% (y/y), or up 6% ex TNC

TNC once again obscures Commercial NPW growth: Reported commercial premium growth was up ~17% in Apr. '23 and up 6% excluding TNC commercial premiums. The increase was due to an extension of terms for certain policies and year-over-year adjustment for mileage.

**FIGURE 8. Commercial NPW growth (monthly)**



Source: Barclays Research, Company Data

## Valuation

Our PT of \$123 (was \$118) is based on 16.5x our new '24E EPS and 3.24x (from 3.20x) '24E BVPS (ex AOCI).

### Model Updates:

We increase our loss ratio expectations to reflect lower expense ratio and the continuation of adverse PYD, albeit tempered from April levels, reflecting higher severity expectations. Lastly, we are using a 3 month average AYLR as a starting point in May.

Updated Operating EPS: We revise '23E from \$4.75 to \$5.19 and '24E from \$6.99 to \$7.46.

## Variance Tables – Apr '23

FIGURE 9. Variance Analysis - Apr '23

Summary Details		M/M		Y/Y		Barclays Est.	
(in \$mn, except per share)	Apr '23A	Mar '23	% Change	Apr '22	% Change	Apr '23	% Var.
Net premiums written	\$6,075	\$4,720	29%	\$4,821	26%	\$5,623	8%
Net investment income	\$142	\$155	-8%	\$85	67%	\$136	5%
Combined Ratio	97.9%	106.2%	(830 bps)	95.5%	240 bps	99.3%	(141 bps)
Combined Ratio ex cats and PYD	88.1%	98.6%	(1055 bps)	90.4%	(230 bps)	95.8%	(769 bps)
Operating EPS	\$0.30	-\$0.19	-263%	\$0.36	-17%	\$0.20	55%
Book value per share (ex. AOCI)	\$32.0	\$31.69	1.1%	\$30.4	6%	\$31.9	0%

NPW by Segment		M/M		Y/Y		Barclays Est.	
(in \$mn, except per share)	Apr '23A	Mar '23	% Change	Apr '22	% Change	Apr '23	% Var.
Personal lines-agent	\$2,266	\$1,684	35%	\$1,775	28%	\$2,088	8.5%
Personal lines-direct	\$2,526	\$2,042	24%	\$1,952	29%	\$2,455	2.9%
Total Personal Lines	\$4,792	\$3,726	29%	\$3,728	28.6%	\$4,543	5.5%
Commercial Business & Other	\$1,040	\$740	41%	\$885	17%	\$859	21%
Property	\$243	\$254	-4%	\$207	18%	\$221	10%
Total Written Premiums	\$6,075	\$4,720	29%	\$4,821	26%	\$5,623	8%

CR by Segment		M/M		Y/Y		Barclays Est.	
(in \$mn, except per share)	Apr '23A	Mar '23	% Change	Apr '22	% Change	Apr '23	% Var.
Total Personal Lines	96.2%	104.5%	(830 bps)	94.1%	210 bps	98.6%	(242 bps)
Personal lines-agent	97.8%	103.6%	(580 bps)	93.8%	400 bps	97.0%	80 bps
Personal lines-direct	95.0%	105.2%	(1020 bps)	94.3%	70 bps	98.5%	(350 bps)
Commercial Business & Other	93.1%	102.4%	(930 bps)	91.8%	130 bps	100.4%	(725 bps)
Property	154.0%	145.9%	810 bps	137.4%	1660 bps	108.0%	4600 bps

Source: Barclays Research estimates, Company Data

## Model Summary

FIGURE 10. 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	61,502	68,140	74,705
Revenues:							
Net premiums earned	36,192	39,262	44,369	49,241	58,095	66,051	72,350
Investment income	1,042	937	861	1,260	1,781	2,073	2,340
Total net realized gains (losses) on securities	1,029	1,630	1,509	(1,912)	90	-	-
Fees and other revenues	564	604	692	722	880	991	1,085
Service revenues	195	226	271	299	337	396	434
<b>Total revenues</b>	<b>39,022</b>	<b>42,658</b>	<b>47,702</b>	<b>49,611</b>	<b>61,184</b>	<b>69,511</b>	<b>76,209</b>
Expenses:							
Losses and loss adjustment expenses	25,471	25,122	33,628	38,123	44,728	48,780	53,006
Total underwriting expenses	7,998	8,843	9,368	9,777	11,868	14,507	15,894
Policyholder credit expense	-	1,077	-	-	-	-	-
Investment expenses	25	20	26	24	29	35	37
Service expenses	179	206	253	297	330	363	398
Interest expense	190	217	219	244	252	251	251
<b>Total expenses</b>	<b>33,862</b>	<b>35,485</b>	<b>43,492</b>	<b>48,689</b>	<b>57,206</b>	<b>63,936</b>	<b>69,588</b>
Underwriting Income	2,724	5,297	1,374	1,342	1,499	2,764	3,449
Income before income taxes	5,160	7,173	4,210	922	3,978	5,575	6,622
Provision for income taxes	1,180	1,469	859	201	826	1,171	1,391
Other comp (income) loss att. to NCI	(10)	-	-	-	-	-	-
Net income	3,970	5,705	3,351	721	3,152	4,404	5,231
Less: Preferred stock dividends	27	27	27	27	33	34	34
<b>Net income to common shareholders</b>	<b>3,943</b>	<b>5,678</b>	<b>3,324</b>	<b>694</b>	<b>3,118</b>	<b>4,370</b>	<b>5,197</b>
ATX total net realized gains (losses) on sec	813	1,288	1,192	(1,496)	71	-	-
Other	-	-	-	(225)	-	-	-
<b>Operating income to common shareholders</b>	<b>3,130</b>	<b>4,390</b>	<b>2,132</b>	<b>2,415</b>	<b>3,047</b>	<b>4,370</b>	<b>5,197</b>
<b>Operating EPS</b>	<b>\$5.33</b>	<b>\$7.47</b>	<b>\$3.63</b>	<b>\$4.12</b>	<b>\$5.19</b>	<b>\$7.46</b>	<b>\$8.88</b>
<b>Net EPS</b>	<b>\$6.72</b>	<b>\$9.66</b>	<b>\$5.66</b>	<b>\$1.18</b>	<b>\$5.31</b>	<b>\$7.46</b>	<b>\$8.88</b>
Net Written Premiums (y/y %)	15.2%	8.0%	14.4%	10.1%	20.4%	10.8%	9.6%
Net Earned Premiums (y/y %)	17.0%	8.5%	13.0%	11.0%	18.0%	13.7%	9.5%

Source: Barclays Research estimates, Company Data

**FIGURE 11. Model Summary (pg. 2)**

<b>(\$ in mn, except per share data)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b><u>Underwriting Margins</u></b>							
Loss and LAE ratio	70.4%	64.0%	75.8%	77.4%	77.0%	73.9%	73.3%
Expense ratio	20.5%	21.0%	19.6%	18.4%	18.9%	20.5%	20.5%
<b>Combined ratio</b>	<b>90.9%</b>	<b>85.0%</b>	<b>95.3%</b>	<b>95.8%</b>	<b>95.9%</b>	<b>94.3%</b>	<b>93.7%</b>
Catastrophes pretax	552	880	1,310	1,667	1,256	952	1,047
Cat pts	1.5%	2.2%	3.0%	3.4%	2.2%	1.4%	1.4%
PYD pretax (negative is unfavorable PYD)	(232)	(195)	5	86	(1,166)	(203)	(223)
PYD pts	-0.6%	-0.5%	0.0%	0.2%	-2.0%	-0.3%	-0.3%
<b>Underlying loss ratio</b>	<b>68.2%</b>	<b>61.2%</b>	<b>72.8%</b>	<b>74.2%</b>	<b>72.8%</b>	<b>72.1%</b>	<b>71.5%</b>
<b>Underlying combined ratio</b>	<b>88.8%</b>	<b>82.2%</b>	<b>92.4%</b>	<b>92.6%</b>	<b>91.7%</b>	<b>92.6%</b>	<b>92.0%</b>
<b><u>Share information</u></b>							
Shares beginning period	583.2	584.6	585.2	584.4	584.9	584.8	583.6
Shares issued	3	2	2	1	1	-	-
Shares Repurchased	1	1	2	1	1	1	1
Common Shares Outstanding, end of period	584.6	585.2	584.4	584.9	584.8	583.6	583.2
Weighted average shares - basic	583.8	584.9	584.7	584.6	584.9	584.1	583.9
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	587.0	586.2	586.0
<b><u>Shareholders' equity and returns</u></b>							
Common shareholders' equity ex AOCI	12,612	15,613	17,697	18,140	19,668	22,320	22,785
Average common shareholders' equity ex AOCI	11,423	14,113	16,655	17,918	18,904	20,994	22,553
Book Value Per Share to common ex AOCI	\$21.57	\$26.68	\$30.28	\$31.01	\$33.63	\$38.24	\$39.07
Operating return on avg. common SHE ex AOCI	27.4%	31.1%	12.8%	13.5%	16.1%	20.8%	23.0%
Trailling twelve month average ROCE (as reported)	31.3%	35.6%	18.5%	3.8%	15.7%	19.8%	20.6%

Source: Barclays Research estimates, Company Data

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**Primary Stocks (Ticker, Date, Price)**

**Progressive Corp.** (PGR, 16-May-2023, USD 129.76), Underweight/Positive, CD/CE/J/K/M

**Materially Mentioned Stocks (Ticker, Date, Price)**

**Allstate Corp.** (ALL, 16-May-2023, USD 116.81), Equal Weight/Positive, CD/CE/E/J/K/L/M

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## Allstate Corp. (ALL / ALL)

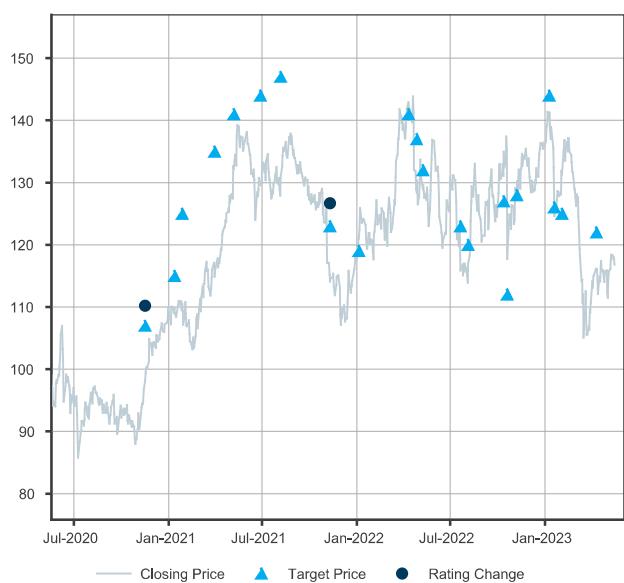
Stock Rating: **EQUAL WEIGHT**

Industry View: **POSITIVE**

**USD 116.81** (16-May-2023)

### Rating and Price Target Chart - USD (as of 16-May-2023)

Currency=USD



Source: IDC, Barclays Research

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

Publication Date	Closing Price*	Rating	Adjusted Price Target
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 \$122 price target is based on a 50/50 weighted average of our blended 11.5x 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)

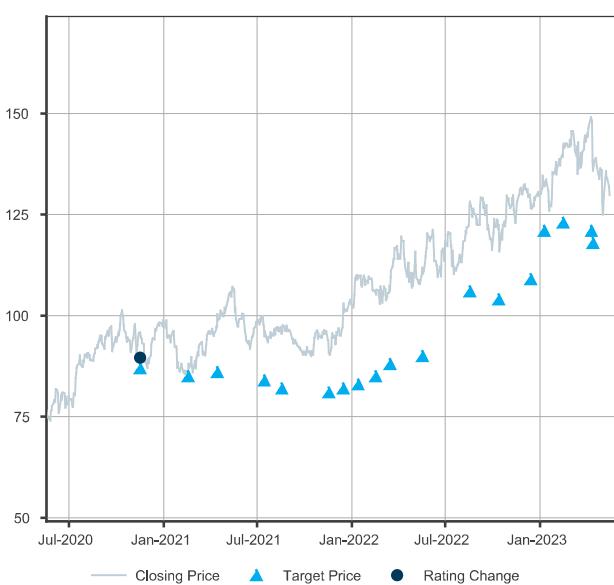
Stock Rating: **UNDERWEIGHT**

Industry View: **POSITIVE**

**USD 129.76** (16-May-2023)

### Rating and Price Target Chart - USD (as of 16-May-2023)

Currency=USD



Source: IDC, Barclays Research

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

Publication Date	Closing Price*	Rating	Adjusted Price Target
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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 \$123PT 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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