

Progressive Corp. (PGR)

\$224.28 (Stock Price as of 12/19/2025)

Price Target (6-12 Months): **\$246.00**

Long Term: 6-12 Months	Zacks Recommendation:	Neutral
	(Since: 10/10/25)	
	Prior Recommendation:	Outperform
Short Term: 1-3 Months	Zacks Rank: (1-5)	3-Hold
	Zacks Style Scores:	VGM: A
	Value: B	Growth: A Momentum: A

Summary

Progressive continues to gain on higher premiums, given its compelling product portfolio and strength in Personal auto, contributing about 75% of total premiums. Rate increases, personal auto application increases, improving retention rates and a strong independent agents' network should drive long-term premium growth and generate steady revenues. Investment in digital transformation should support this strength. Progressive has a reinsurance program to offset some of its losses and a strong financial position overall. All these positives have led to the overvaluation of its shares, the main factor keeping us on the sidelines. A non-conductive geopolitical landscape and macro uncertainties could reduce demand for autos, having a corresponding negative impact on its growth prospects. Its shares have underperformed the industry over the past year.

Data Overview

52 Week High-Low	\$292.99 - \$199.90
20 Day Average Volume (sh)	3,141,957
Market Cap	\$131.5 B
YTD Price Change	-6.4%
Beta	0.36
Dividend / Div Yld	\$0.40 / 0.2%
Industry	<u>Insurance - Property and Casualty</u>
Zacks Industry Rank	Top 14% (33 out of 243)

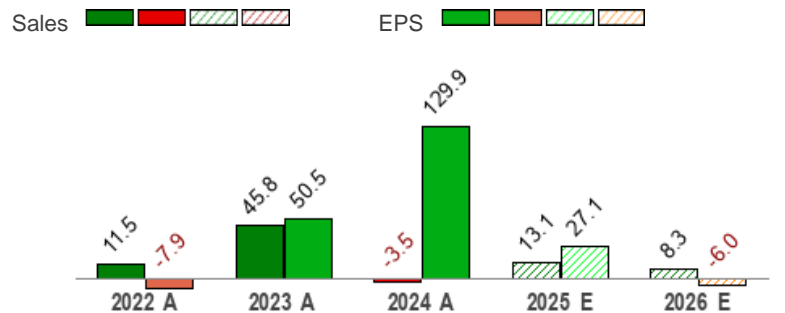
Last EPS Surprise	-20.3%
Last Sales Surprise	-0.6%
EPS F1 Est- 4 week change	0.6%
Expected Report Date	02/04/2026
Earnings ESP	-0.4%

P/E TTM	12.7
P/E F1	12.6
PEG F1	1.4
P/S TTM	1.5

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽¹⁾



Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026					86,006 E
2025	20,621 A	21,617 A	22,217 A	21,294 E	81,911 E
2024	17,087 A	18,261 A	19,432 A	20,329 A	75,108 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026	4.42 E	3.91 E	3.86 E	4.44 E	16.77 E
2025	4.65 A	4.88 A	4.05 A	4.34 E	17.85 E
2024	3.73 A	2.65 A	3.58 A	4.08 A	14.05 A

*Quarterly figures may not add up to annual.

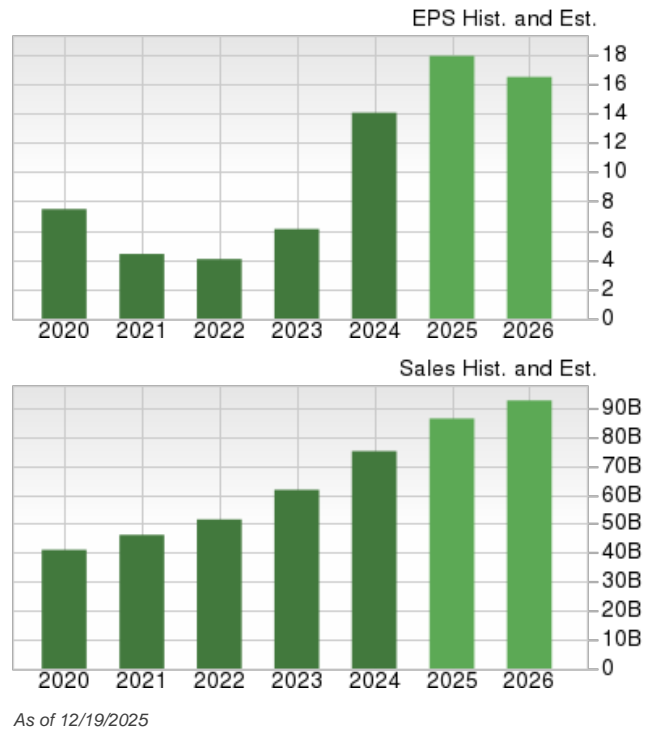
(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/19/2025.

(2) The report's text and the price target are as of 12/16/2025.

Overview

Based in Mayfield Village, OH, The Progressive Corporation, an insurance company, is a leading independent agency writer of private passenger auto coverage and the market share leader for motorcycle products since 1998. Founded in 1937, Progressive has grown to become the most significant motor insurance carrier in the United States as of late 2022. The company employs more than 40,000 people globally and has offices across six continents. Progressive operates through three business segments.

- The Personal Lines segment (77% of 2024 Net Premium earned) writes insurance for private passenger automobiles, as well as recreational and other vehicles. This business generally offers more than one program in a single state, with each program targeted at a specific distribution channel, market or customer group. Personal Lines products comprise insurance for personal autos and special lines products, such as recreational vehicles, motorcycles, RVs and watercraft. The agency business includes business written by Progressive's network of more than 35,000 independent insurance agencies located throughout the United States, as well as brokerages in New York and California, and strategic alliance business relationships (other insurance companies, financial institutions and national agencies). The direct business includes business acquired directly online and over the phone.
- The Commercial Lines segment (18%) writes primary liability and physical damage insurance for automobiles and trucks owned by small businesses. The majority of its Commercial Auto customers insure two or fewer vehicles. The Commercial Lines business, which is primarily distributed through the independent agency channel, operates in the business auto and specialty truck markets. Commercial Lines segment includes core commercial auto products, TNC business, Fleet & Specialty products and BOP product. The remainder comes from the specialty truck commercial auto market, which includes dump trucks, logging trucks, tow trucks, local cartage and other short-haul commercial vehicles.
- The Property segment (5%) writes personal property insurance for homeowners, other property owners and renters through the Agency channel in more than 31 states and the District of Columbia.



Reasons To Buy:

▲ **Growing Auto Insurance Market:** Progressive is a major player in the auto insurance industry, being the second-largest U.S. private passenger auto writer and a leading commercial auto insurer. The U.S. auto insurance market is projected to reach \$349.37 billion by 2025, with an average spending per capita of \$0.102 million, according to Statista. Despite a slowdown in rate increases, the average cost of full coverage car insurance is expected to reach a record high of \$2,101 per year, per The State of Auto Insurance in 2025 report. The U.S. auto insurance industry is poised to grow on increased awareness of the need for insurance, technological advancements, evolving car ownership trends, rising cost of ownership and the rise of online platforms.

Progressive's growth is likely to be aided by an expanded multi-product lineup, solid policies in force, competitive rates and leadership position in product, service and distribution innovation.

▲ **Multiple Drivers in Personal Auto:** Progressive is seen as a leader in product, service and distribution innovation, especially in the Personal Auto segment, part of its larger Personal Lines division. The company's business mix is heavily weighted toward personal auto, both in the direct and agency channels. Contributing about 90% to Personal Lines net premiums written and 75% of total company premiums, personal auto's performance has a significant impact on Progressive's profitability. Rate increase, higher new personal auto applications, driven by higher advertising spend, an increase in non-rate actions to drive growth and a strong independent agents' network continue to drive the performance of Personal Auto. The Personal Auto segment thus remains a long-term growth driver for Progressive, fueling both premium volume and profitability. Its profitability should continue to benefit from higher average earned premium per policy, lower incurred loss frequency trends and, in personal auto, favorable prior accident years reserve development.

▲ **Steady Growth in New Policies:** Progressive tracks a metric called policies-in-force ("PIF"), which is the total number of active insurance policies across its various business segments. PIF has been exhibiting steady growth over the years, particularly in personal auto and commercial lines. The steady increase in PIF comes from a solid retention ratio, as well as growth in new policies. The company's leading market presence, distribution innovation and underwriting technology, as well as its application of quantitative analytics in pricing and risk selection, are driving this stellar performance. Progressive expects both the personal property and core commercial auto products to have near double-digit rate increases through the remainder of 2025. Higher advertising spends, enhanced partnerships with independent agents and the targeted use of the agent compensation program should continue to drive volumes higher. Continued growth in PIF is indicative of the company's competitive edge and resultant growth in premium volumes, which is the primary contributor to an insurer's top line.

▲ **Retention Rates Are Also Growing:** Management continues to focus on customer retention. Policy life expectancy ("PLE"), a measure of customer retention, has been exhibiting improvement over the last few years across all its business lines. We expect the company to continue reporting higher PLE in the coming quarters due to an emphasis on competitive pricing to retain current customers and address customer needs with new offerings. Moderation of rate increases is expected to drive the policy life expectancy. The company has made numerous improvements to customer communications that collectively contributed to an increase in policy life expectancy.

▲ **Technological Advancement:** Progressive relies on technology to streamline operations, improve customer service and offer competitive pricing. The insurance company is heavily investing in digital transformation and AI. Progressive continues to invest in generative AI tools with a vision to improve policy pricing, find new business opportunities, create data-driven, personalized content variations to optimize messaging and enhance audience engagement. Snapshot is expected to be the key element in improving the accuracy of personal auto rating. Some other UBI options, like Smart Haul and Snapshot ProView, provide commercial auto customers with value-added services to encourage safe driving. Progressive has adopted machine learning to enable faster time-to-insight and more effective decision-making.

▲ **Reinsurance Program Moderates Losses:** As a property insurer, Progressive is exposed to losses from catastrophic events. Nevertheless, the company has a reinsurance program in its personal property business that is designed to reduce overall risk to the extent of coverage purchased, thus protecting capital from the costs associated with catastrophic events. With respect to personal property business, in the first quarter of 2025, Progressive entered into a new catastrophe aggregate excess of loss ("XOL") reinsurance contract for claims occurring in 2025 that has multiple layers of coverage. The first retention layer threshold ranges from \$450 million to \$475 million, excluding named tropical storms and hurricanes, and the second retention layer threshold is \$525 million, including named tropical storms and hurricanes. In January, Progressive entered into a new aggregate XOL for claims occurring in 2025. As part of the excess of loss program for 2025, Progressive also entered into a severe convective storm modeled loss aggregate cover. This parametric loss coverage provides \$15 million of coverage, net of a retention of \$665 million.

▲ **Solid Cash Flows:** Progressive generates substantial cash flows. As of June 30, 2025, the estimated consolidated statutory surplus was \$31.1 billion. Operations generated positive cash flows of \$9.1 billion in the first half of 2024. Growth in profit from underwriting operations should continue to boost cash flows from operations. Progressive expects cash flows to remain positive in the future. Also, the company's times interest earned has been improving over time, sufficient to cover its debt obligations.

▲ **Strong Balance Sheet:** Progressive's debt levels have decreased over the past few years. As of June 30, 2025, debt was \$6.9 billion, flat with year-end 2024 level. The total debt-to-total capital ratio improved 410 bps to 16.3 as of June 30, 2025. The debt-to-total capital ratios were consistent with its financial policy of maintaining a ratio of less than 30%. At June 30, 2025, Progressive had \$5 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 growth and other opportunities.

Reasons To Sell:

▼ **Geopolitical Instability:** The P&C insurance industry is significantly impacted by increasing risks, affecting investment portfolios and driving up claims costs. Geopolitical tensions, particularly in regions like Russia-Ukraine and the Middle East, continue to heighten risk assessments. In recent years, the global trade environment has undergone significant transformations, largely influenced by the tariff policies implemented during President Donald Trump's administration. The introduction of these tariffs has led to several disruptions in global trade and undeniably altered the global trade landscape, with cascading effects on the insurance industry, like market volatility, tightening of global credit default spreads. Tariffs on essential materials like steel and aluminum caused delays and increased costs in manufacturing processes, affecting industries worldwide.

Progressive's exposure to catastrophe loss inducing underwriting volatility, increasing expenses weighing on margin expansion and intensifying competition challenging growth are concerns.

▼ **Valuation:** The metric remains stretched at the current level. Looking at the company's price-to-book ratio, the best multiple for valuing insurers, investors might not want to pay any further premium. The company is currently trading at 3.91X trailing 12-month book value, which compares with 1.51X for the industry.

▼ **Insurance Industry Regulations:** Progressive insurance businesses operate in highly regulated environments. Compliance with strict laws and regulations results in increased costs, which, in turn, adversely affect profitability or ability to operate businesses in the applicable jurisdictions. Insurance laws and regulations may limit an insurer's ability to underwrite, delay the ability to discontinue unprofitable businesses, or make it subject to marketing restrictions. Progressive and its subsidiaries could face individual and class action lawsuits by insureds and other parties for alleged violations of such laws or regulations.

Last Earnings Report

PGR Q3 Earnings & Revenues Miss Estimates, Rise Y/Y on Higher Premiums

The Progressive Corporation's third-quarter 2025 earnings per share of \$4.05 missed the Zacks Consensus Estimate by 20.3%. Operating revenues of \$22.2 billion missed the Zacks Consensus Estimate by 0.6%.

However, the bottom line increased 13.1% year over year while the top line increased 12.7%.

Net premiums written were \$21.3 billion in the quarter, up 10% from \$19.5 billion a year ago.

Net premiums earned grew 14% to \$20.8 billion. The reported figure missed the Zacks Consensus Estimate of \$21.1 billion.

Net realized gain on securities was \$288 million, up 2% year over year.

Combined ratio — the percentage of premiums paid out as claims and expenses — deteriorated 50 basis points (bps) from the prior-year quarter's level to 89.5. The reported figure exceeded the Zacks Consensus Estimate of 87.

September Policies in Force

Policies in force were solid in the Personal Lines segment, increasing 13% from the year-ago month's figure to 36.9 million. The figure came in line with the Zacks Consensus Estimate.

Special Lines improved 8% to 7 million, matching the Zacks Consensus Estimate.

In the Personal Auto segment, Agency Auto increased 13% year over year to 10.6 million, while Direct Auto jumped 17% to 15.6 million.

Progressive's Commercial Auto segment policies rose 6% year over year to 1.2 million. The Property business had 3.7 million policies in force, up 6%.

Financial Update

Progressive's book value per share was \$60.45 as of Sept. 30, 2025, up 30.4% from \$46.36 as of Sept. 30, 2024.

Return on equity in September 2025 was 37.1%, down from 40.2% reported in the year-ago period. The total debt-to-total capital ratio improved 410 bps to 16.3.

FY Quarter Ending **12/31/2024**

Earnings Reporting Date	Oct 15, 2025
Sales Surprise	-0.57%
EPS Surprise	-20.28%
Quarterly EPS	4.05
Annual EPS (TTM)	17.66

Recent News

Progressive's October Results Solid – Nov 19, 2025

Progressive Corporation reported solid October 2025 results. Net premiums written improved 6%, driven by the strong performance of operating businesses. Combined ratio — the percentage of premiums paid out as claims and expenses — improved 440 basis points (bps) from the prior-year quarter to 89.7. PGR's October 2025 earnings per share of \$1.44 improved 107% year over year.

Policies in force were solid in the Personal Lines segment, increasing 12% from the year-ago month to 37.2 million. Special Lines improved 8% to 7 million. In the Personal Auto segment, Direct Auto increased 18% year over year to 15.8 million, whereas Agency Auto grew 12% to 10.7 million. The Property business had 3.7 million policies in force, up 5%. Progressive's Commercial Auto segment rose 5% to 1.2 million.

Valuation

Progressive shares are down 11% in the last six months period and down 3.5% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Finance sector are up 4.2% and up 12% in the last six months period, respectively. Over the past year, the Zacks sub-industry and sector are up 10.1% and up 14.9%, respectively.

The S&P 500 index is up 16.5% in the last six months period and up 14.5% in the past year.

The stock is currently trading at 3.91X trailing 12-month book value, which compares to 1.51X for the Zacks sub-industry, 4.28X for the Zacks sector and 8.49X for the S&P 500 index.

Over the past five years, the stock has traded as high as 6.67X and as low as 2.91X, with a 5-year median of 4.8X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$246 price target reflects 4.14X trailing 12-month book value.

The table below shows a summary of valuation data for PGR.

Valuation Multiples -PGR					
		Stock	Sub-Industry	Sector	S&P 500
P/B TTM	Current	3.91	1.51	4.28	8.49
	5-Year High	6.67	1.73	4.37	9.17
	5-Year Low	2.91	1.17	2.87	6.6
	5-Year Median	4.8	1.44	3.5	8.05
P/S F12M	Current	1.48	2.28	9.08	5.27
	5-Year High	1.91	10.43	10.06	5.5
	5-Year Low	1.03	1.66	6.69	3.83
	5-Year Median	1.34	2.08	8.39	5.05
P/E F12M	Current	14.06	27.87	17.36	23.4
	5-Year High	31.94	31.85	18.28	23.78
	5-Year Low	12.02	23.33	12.36	15.73
	5-Year Median	19.28	27.89	16.12	21.22

As of 12/15/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 14% (33 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
CNA Financial Corpor... (CNA)	Outperform	2
The Travelers Compan... (TRV)	Outperform	2
Arch Capital Group L... (ACGL)	Neutral	3
The Allstate Corpora... (ALL)	Neutral	3
Chubb Limited (CB)	Neutral	3
Fairfax Financial Ho... (FRFHF)	Neutral	3
Tokio Marine Holding... (TKOMY)	Neutral	4
MS&AD Insurance Grou... (MSADY)	NA	

Industry Comparison⁽¹⁾ Industry: Insurance - Property And Casualty

	PGR	X Industry	S&P 500	ALL	CB	TKOMY
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	4
VGM Score	A	-	-	A	B	C
Market Cap	131.52 B	4.49 B	38.78 B	53.64 B	122.24 B	73.74 B
# of Analysts	10	3.5	22	9	11	1
Dividend Yield	0.18%	0.52%	1.39%	1.95%	1.25%	2.72%
Value Score	B	-	-	A	B	B
Cash/Price	0.01	0.14	0.04	0.18	0.06	0.09
EV/EBITDA	12.16	8.32	14.61	8.05	10.79	6.05
PEG Ratio	1.36	1.64	2.19	0.38	3.55	0.68
Price/Book (P/B)	3.71	1.57	3.32	2.10	1.57	2.16
Price/Cash Flow (P/CF)	15.41	12.80	15.20	9.73	13.68	8.63
P/E (F1)	12.56	11.63	19.70	7.17	13.12	10.11
Price/Sales (P/S)	1.54	1.35	3.10	0.80	2.09	1.35
Earnings Yield	7.99%	8.61%	5.07%	13.94%	7.62%	9.89%
Debt/Equity	0.19	0.15	0.56	0.32	0.20	0.04
Cash Flow (\$/share)	14.55	4.53	8.99	21.07	22.71	4.42
Growth Score	A	-	-	A	D	D
Hist. EPS Growth (3-5 yrs)	30.12%	18.53%	8.16%	5.15%	25.94%	32.41%
Proj. EPS Growth (F1/F0)	27.05%	23.11%	8.50%	56.00%	5.15%	5.01%
Curr. Cash Flow Growth	115.86%	15.00%	6.86%	415.05%	-3.64%	33.19%
Hist. Cash Flow Growth (3-5 yrs)	14.76%	11.62%	7.43%	5.41%	11.38%	19.94%
Current Ratio	0.29	0.48	1.19	0.43	0.27	0.04
Debt/Capital	16.29%	13.85%	38.01%	22.74%	17.19%	4.28%
Net Margin	12.57%	10.57%	12.78%	12.53%	16.53%	9.67%
Return on Equity	33.88%	16.51%	17.00%	35.42%	12.93%	15.81%
Sales/Assets	0.75	0.34	0.53	0.58	0.23	0.26
Proj. Sales Growth (F1/F0)	9.10%	3.46%	5.81%	7.20%	6.50%	NA
Momentum Score	A	-	-	A	A	F
Daily Price Chg	-0.26%	-0.26%	0.88%	0.03%	-0.12%	0.85%
1 Week Price Chg	-4.50%	1.08%	0.10%	-1.05%	0.69%	3.84%
4 Week Price Chg	-1.16%	2.30%	3.51%	-4.35%	4.13%	7.17%
12 Week Price Chg	-7.89%	4.68%	2.87%	-3.65%	10.66%	-8.93%
52 Week Price Chg	-6.54%	11.43%	15.24%	5.91%	13.69%	7.93%
20 Day Average Volume	3,141,957	191,322	3,013,825	1,713,874	2,003,878	168,094
(F1) EPS Est 1 week change	0.41%	0.00%	0.00%	1.32%	0.06%	0.00%
(F1) EPS Est 4 week change	0.57%	0.00%	0.00%	4.06%	0.71%	-5.04%
(F1) EPS Est 12 week change	-1.51%	8.24%	0.69%	32.94%	9.75%	-0.53%
(Q1) EPS Est Mthly Chg	1.92%	0.00%	0.00%	7.46%	0.82%	NA

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	A
Momentum Score	A
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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