

Progressive

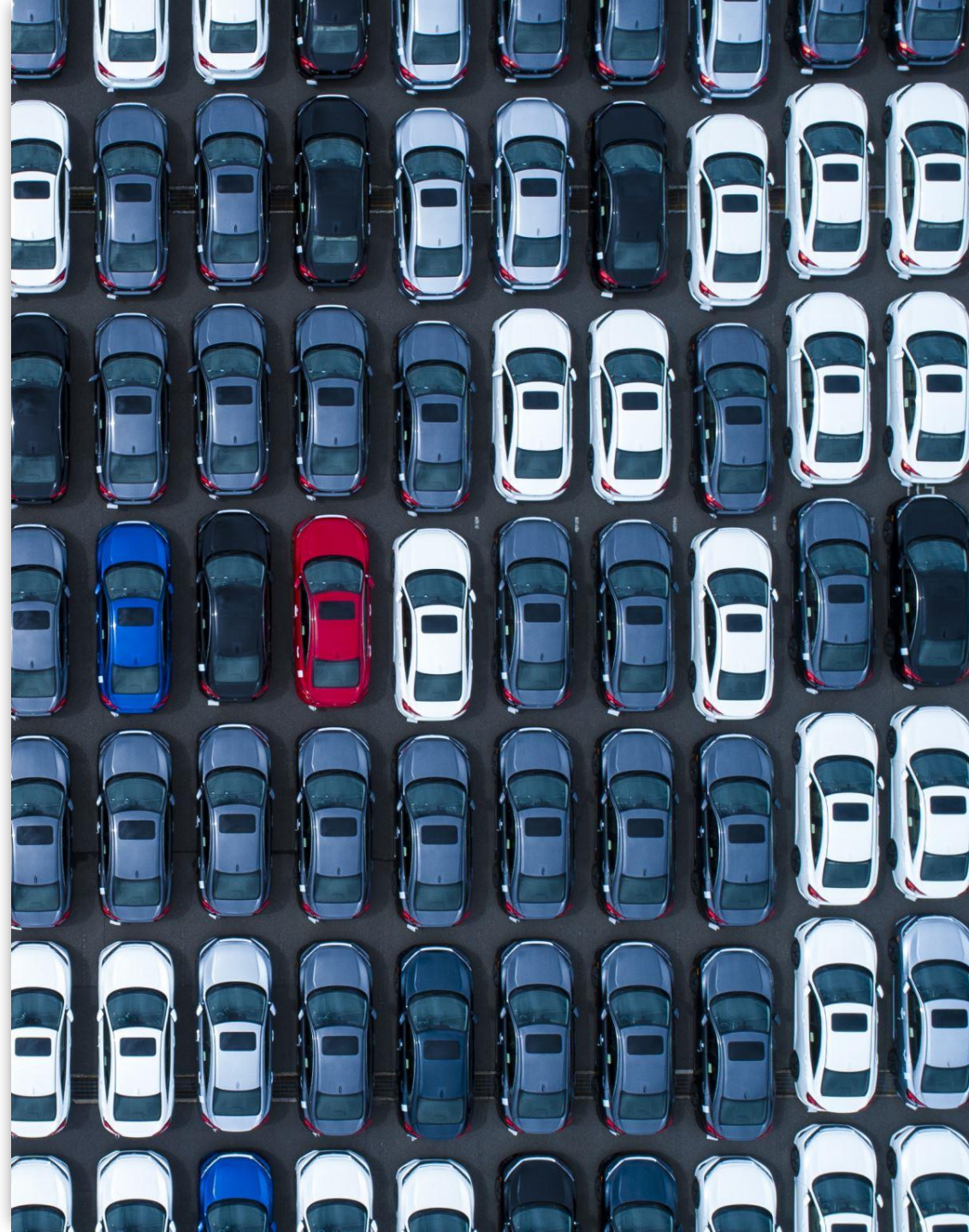
By: William Clark, Nevaeh Hehr, Maddy Urban, Sawyer Pertzborn

History of Progressive

- 1937- Joseph Lewis and Jack Greene started Progressive Mutual Insurance company
- 1956- Progressive Casualty Insurance Company is founded. First underwriters of nonstandard insurance
- 1964- became the first in Ohio to offer payment plan to nonstandard auto policyholders
- 1971- first public offering of Progressive stock
- 1992- Number 1 seller among independent agents
- 1995- become the first auto insurance group to launch a website
- 2004- launch TripSense

Progressive Today

- In 2022 became largest Motor Insurance Carrier in the United States
- With 13 Million Policies in action
- Also insure home, life, and pets
- Values= integrity, excellence, and profit
- Most popular products are insurance bundles



Top Competitors



What sets them apart?

- Created Snapshot which provides customers with cheaper rates when you allow Progressive to track your driving

Industry Regulations

- Minimum liability coverage amounts are:
 - \$10,000 for property damage
 - \$25,000 for the injury or death of one person
 - \$50,000 for the injury or death of more than one person
- Proof of insurance
 - Drivers and owners of motor vehicles are required to show proof of insurance at traffic stops and accidents if requested by law enforcement
- Selling insurance
 - Wisconsin requires each person selling insurance to hold an insurance license



Other Interesting Facts

- First insurer to allow consumers the opportunity to buy an auto insurance policy in real time online.
- First to offer drive-in claims service
- No. 99 on Fortune 500
- Nearly 27 billion miles logged through Snapshot
- Insures over 1.2 million watercraft

Progressive's Shareholder Structure

By: Sawyer Pertzborn, Nevaeh Hehr, Maddy Urban, William Clark

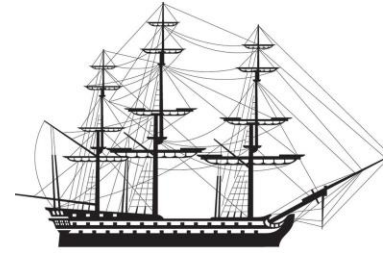
Basics of Institutional Shareholders

- Institutional ownership is 85.15%
- Total shares outstanding (in millions) is 586
- Total value of holdings (in millions) is \$125,215
- The main role of institutional investors in a firm are:
 - Managing the funds on behalf of their clients
 - Shaping the market trends
 - Influencing the prices of securities through their activity



Who Are They?

- Vanguard Group Inc.
 - 8.92%
- Blackrock Inc.
 - 8.27%
- State Street Corporation
 - 4.16%
- Bank of America
 - 2.90%
- Massachusetts Financial Services Co.
 - 2.47%



Vanguard®



BlackRock®

Discussion about Institutional Shareholders

BlackRock

- American multinational investment company founded in 1988
- 10 trillion in total assets

Vanguard

- American registered Investment Advisor founded in 1975
- 8.5 trillion in total assets

State Street Corporation

- American global financial services and bank holding company founded in 1792
- 325.6 billion in total assets



Blockholders

- Hold at least 5% of a company's shares or bonds
- Can influence decisions within a company
 - Board Composition
 - Strategic Direction
 - Voting on Major Issues
- Institutional Blockholders
 - Vanguard: 8.92% of shares
 - Blackrock: 8.27% of shares

Management of Progressive and Executive Risk Taking

Nevaeh Hehr, William Clark,
Sawyer Pertzborn, Maddy
Urban



President and CEO of Progressive

- **Tricia Griffith**
- Age 59
- Became CEO on July 1st 2016
- Originally Joined Progressive in 1988 as claims representative
- Bachelor's degree from Illinois State University
- Graduated from the Wharton School of Business' Advanced Management Program
- Not Chairman



Chief Commercial Lines President

- **Karen Bailo**
- Named Chief Commercial Line Officer in in October 2020
- Responsible for many things including Profit and Loss
- Bachelor's degree from the University of South Carolina
- MBA from the Weatherhead School of Management





The Chief Investment Officer

- **Jonathon Bauer**
- Named Chief Investment Officer in 2020
- Oversees Progressive's Investment Strategy
- Joined Progressive in 2006
- Has economics and political science degree from the University of Michigan
- MBA from Columbia University

Other Managers and Chairman

- Chairman
 - Lawton W. Fitt
 - Chairman since 2009
- Other Managers
- Steve Broz
 - Chief Information officer
- Pat Callaham
 - Personal Lines President



Key features of Executive Risk Taking

- Data Driven Decisions
- Innovative Focus
- Investing in Technology
- Must be able to **adapt** and and continue to make the **correct decisions**



Week 8 Progressive

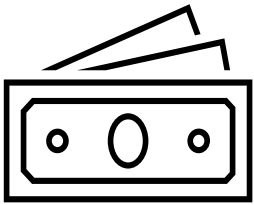
Nevaeh Hehr, William Clark, Sawyer Pertzborn, Maddy Urban

Capital Structure

- 91.7% of cash and invested assets in bonds
- 5.6% in common and preferred stock
- 2.6% in cash
- Financial leverage 27.6%
 - Down from 2023- 31.3%
- Balance operating risk with the risk of investing



SIFI



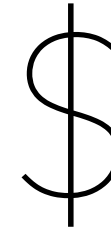
Size and Market Impact

- Third-largest auto insurer in U.S
- 14% of market shares



Mitigate Risk

- Partner with third party companies
- Allows Progressive to expand especially in regions where insurance claims can be high



Liquidity Position

- Hold Treasury bills and short-term investments which can be quickly converted to cash
- Cash premium payments from customers
- These highly liquid assets ensure they can meet claim obligations

SIFI Cont.

Regulations

- Helps ensure that drivers are accountable for the risk of driving by requiring car insurance in almost every state

Social Impact

- Progressive has gifted over a thousand vehicles to veterans and funded housing programs for families in need

Financial Stability

- Financial rating of 'AA' which is very strong
- Always able to pay its policies and contracts



Asset Allocation

- Total assets= \$88.69 Billion
 - 17.53% increase from 2022
- Total Debt= 6.9 Billion
- Total liabilities= 68.4 Billion
- Total Investment Assets: 65.999 Billion
 - 61.994 Million in Bonds
- Net Property, Plant, Equipment: 1.053 Million
- Total Cash Only: 100 Million



Week 10 Progressive M&A Activities

By: Nevaeh Hehr, William Clark, Maddy Urban, Sawyer Pertzborn

M&A Activities

- In 2021, they took over Protective Insurance
 - Paid \$338 million for the company
 - Shareholders of Protective received \$23.30 per share in sale
 - Protective old products are now known as Progressive Fleet & Specialty Products or Progressive Fleet for short



Motivation



Strengthen market position



Gain access to a strong customer base



Expand product portfolio

Payment

- All-cash payment from liquid investments they had on hand
- Ensured a quick completion, making it more attractive to Protective shareholders

Capital Market Reactions

- Acquisition was announced February 16st, 2021
- Market Context:
 - S & P 500 0.18%
 - Nasdaq 100: 0.447%
- Progressive Stock 1.58%
- Progressive Completed Acquisition on June 1st, 2021
- Market Context
 - S & P 500 0.344%
 - Nasdaq 100: 0.367%
- Progressive Stock 0.15%



Comments

- This was a great idea by the Board of Directors
 - One share of Progressive Corp stock is \$255.49 (as of today)
 - Now it's the second-largest car insurance provider in the United States
- Shareholders should have been excited with this news originally
 - The buyers of the company usually pay a premium above the current market price

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Progressive SnapShot

Week 12

By: Nevaeh Hehr, William Clark, Maddy Urban,
Sawyer Pertzborn



What is Progressive SnapShot

- Device that plugs into your car and tracks driving
 - Tracks: braking, acceleration, mileage, phone use, time spent driving, and late night driving
- Drivers can use mobile app to view driving statistics
 - Snap shot uses some of your phones sensors to track driving



How Does Progressive Snapshot Reduce Rates

- Progressive uses the driving data from Snapshot to put drivers into tiers
 - The tiers are determined through regulations and general good driving practices
 - *Higher Tier = High Quality of Driving = Low Insurance Premium*
 - **ONLY** The Monthly Insurance Premium is affected by Snapshot
-

Insurance Claims and Deductible

- Submit Claim
 - Can Submit Claim through Progressive website, Mobile app, or Claims center
 - Progressive claims representative will likely call and ensure the process is going smoothly
- Deductible is dependent on the insurance policy that the driver has selected
 - The deductible is not affected by Snapshot

Snapshot Exclusions

- Drivers who participate in risky driver behavior may not be eligible for Snapshot or will experience higher premiums
- Vehicles must have an OBO-II port
- Some Drivers may feel uncomfortable sharing their driving data





Week 13

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Capital Market Performance

By: Nevaeh Hehr, William Clark, Maddy
Urban, Sawyer Pertzborn

Market Performance

- Current Stock Price: **254.56** (12/07/2024)
 - Year to Date Performance
 - Up **59.82%** YTD
 - S&P 500 up **27.68%**
 - 1 Month Performance
 - High of **268.73**
 - Low of **256.56**

Financial Analysts' Opinion

Considered a “**moderate-buy**”

- “**moderate-buy**”: stock that is expected to outperformance expectations but not far exceed them

Outperformed competitors like Chubb Limited

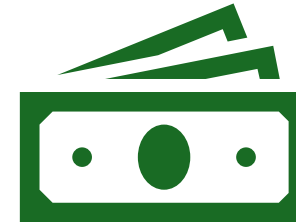
- Chubb Limited is a Swiss P& C Insurance company
- Chubb Limited growth of **25.36%** YTD
- Progressive growth of **59.82%** YTD
- Progressive is more the **2x** the growth YTD compared with Chubb Limited

Growth Opportunities



Progressive is considered a Top Company for Long Term Growth

- **Earnings** are expected to grow by **114.6%** over the next year.
- **Sales** are expected to grow by **20.5%**
- **Growth Per Share** is expected to be between **\$0.24** and **\$13.11**



Cash Flow

- **45.7%** increase in reported cash flow is expected
- Progressive has had **6.5%** increase in cash flow over the past 3 years

Sources

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