RESEARCH / EARNINGS AND VALUATION

Progressive Stock Q3 2026: Policies Up 6% With a Combined Ratio of 88.7

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> **As of:** Figures are as of Progressive's third-quarter 2026 results: the September and quarterly results released on 14 October 2026 (Form 8-K) and the Form 10-Q for the quarter ended 30 September 2026, filed on 2 November 2026. Progressive's fiscal year is the calendar year, so its Q3 2026 covers July to September 2026. The share price used in our valuation is the NYSE close of PGR on 2 November 2026, $233.92. Analyst data were accessed on 2 November 2026. Published 2 November 2026.

The short answer. Progressive stock Q3 2026 is a story of more customers paying a little less each. Progressive reported total revenues of $23,192m for the three months to 30 September 2026, up 3.0%, and net income of $2,542m, or $4.37 a share, against $2,615m and $4.45 a year earlier. Policies in force rose 6.3% to 40.5 million and the combined ratio, claims and expenses as a share of earned premiums, was 88.7, well inside the company's goal of 96, but average premium per personal auto policy fell 2% as Progressive cut rates in response to competition. The shares fell 4.2% on results day and closed at $233.92 on 2 November 2026, up 2.7% for the year. Our discounted cash flow model values the shares at $324.01, about 1.39 times the price; the gap comes mainly from a low 6.92% cost of equity, while the model assumes margins come down from today's levels.

Key takeaways

- **Revenue grew 3%.** Total revenues were $23,192m, up from $22,512m. Net premiums earned rose 4.9% to $21,869m and investment income 12.0% to $1,035m, but securities produced a net realized loss of $170m against a $295m gain a year earlier.
- **Earnings dipped on investment losses.** Net income fell 2.8% to $2,542m and diluted earnings per share to $4.37 from $4.45. Pre-tax income before realized gains and losses rose about 12%.

- **Underwriting stayed strong.** The companywide combined ratio was 88.7, against 89.5 a year earlier, an underwriting margin of 11.3%. A year earlier the ratio included 4.6 points of Florida policyholder credits; without them it would have been 84.9.
- **Customers kept coming.** Policies in force rose 6.3% to 40.49 million, with direct auto up 7.9% and agency auto up 6.7%. Net premiums written rose 4.3% to $22,301m, slower than policy growth because average premiums fell.
- **Prices are falling.** Average written premium per policy fell 2% in personal auto and 3% in core commercial auto. Progressive said it faces "continued increase in competition in the marketplace".
- **Our value: $324.01 a share,** against a $233.92 close on 2 November 2026. Across costs of equity from 5.92% to 7.92% and terminal growth from 1.5% to 3.5% the model gives $243.71 to $531.93. Analysts' average target is $230.38.
- **What to watch.** Claim severity, which rose 4% in personal auto; the pace of rate cuts; the size of the annual variable dividend declared in December; and the $1.0bn of notes due in early 2027.

Key numbers from Progressive's Q3 2026 earnings

$23.19bn Q3 2026 total revenues, up 3.0%; net premiums earned $21.87bn, up 4.9% FORM 10-Q	**88.7** Companywide combined ratio, against 89.5 a year earlier; underwriting margin 11.3% FORM 10-Q
$4.37 Diluted EPS, against $4.45; net income $2,542m, down 2.8% FORM 10-Q	**40.5m** Policies in force at 30 September 2026, up 6.3% 8-K EX 99
$22.30bn Net premiums written, up 4.3% 8-K EX 99	**$324.01** QSILabs DCF value per share QSILABS DCF

MEASURE	Q3 2026	Q3 2025	CHANGE
Net premiums written	$22,301m	$21,384m	+4.3%
Net premiums earned	$21,869m	$20,849m	+4.9%
Investment income	$1,035m	$924m	+12.0%
Net realized gains (losses) on securities	-$170m	$295m	n/a
Total revenues	$23,192m	$22,512m	+3.0%
Income before income taxes	$3,236m	$3,323m	-2.6%
Net income	$2,542m	$2,615m	-2.8%
Diluted earnings per share	$4.37	$4.45	-1.8%
Combined ratio	88.7	89.5	-0.8 points
Policies in force (30 September)	40.49m	38.08m	+6.3%

Source: Progressive Form 10-Q for the quarter ended 30 September 2026 and September and Q3 2026 results (Form 8-K, Exhibit 99).

Progressive Q3 2026 earnings: what happened

Progressive released its September and third-quarter results on 14 October 2026 and filed its Form 10-Q on 2 November. Total revenues rose $680m, or 3.0%, to $23,192m. Net premiums earned, the premiums for cover already provided, rose 4.9% to $21,869m, and investment income rose 12.0% to $1,035m, which Progressive put down mainly to growth in invested assets. Against that, the investment portfolio produced net realized losses of $170m, mostly holding-period losses on securities, where a year earlier it had $295m of gains.

That swing explains the fall in earnings. Income before income taxes fell 2.6% to $3,236m and net income 2.8% to $2,542m, or $4.37 a diluted share against $4.45. Leaving out realized gains and losses, pre-tax income rose from $3,028m to $3,406m, about 12%. The effective tax rate was 21.4%. For the first nine months revenues were $68,989m, up 6.3%, net income $8,671m, up 3.8%, and diluted earnings per share $14.83, up from $14.21.

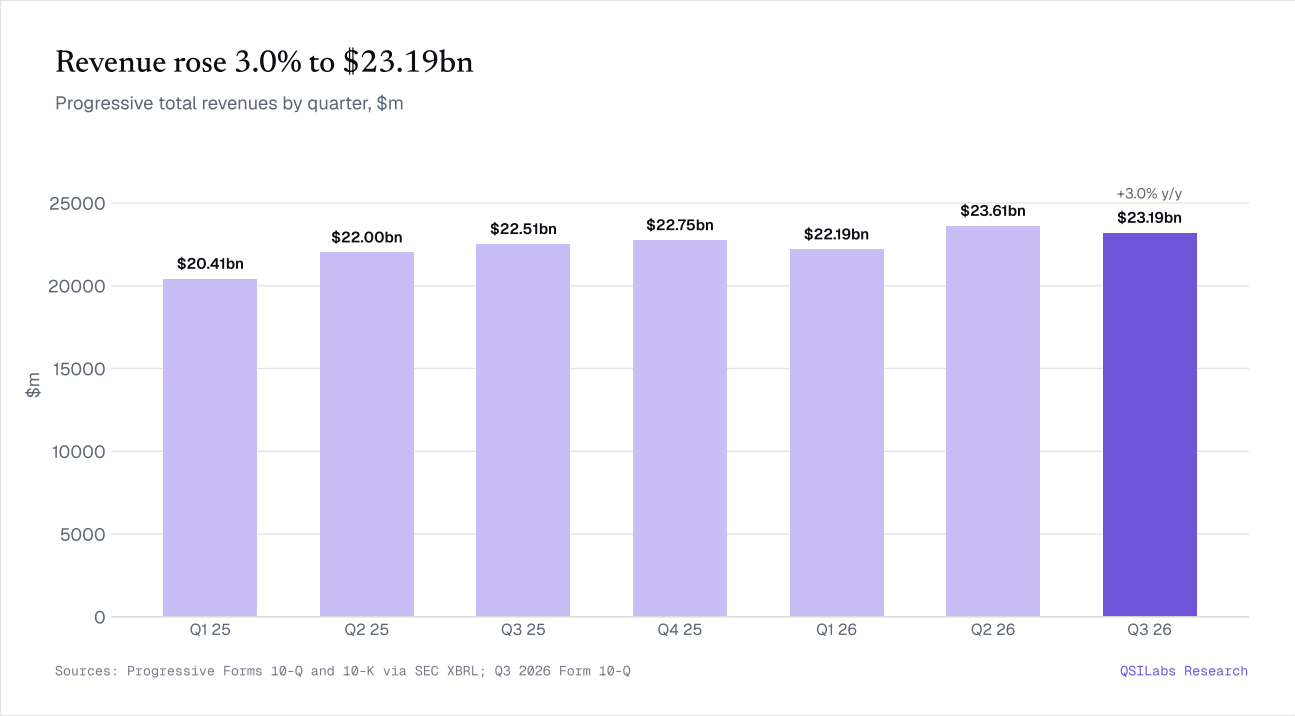


FIGURE 1 Progressive's total revenues rose 3.0% to $23.19bn in Q3 2026, held back by $170m of net realized losses on securities.

Comprehensive income, which adds the change in the market value of bonds Progressive holds, was much weaker: $645m, against $2,899m a year earlier, because the fixed-income portfolio lost $1,898m of value in the quarter. The portfolio's total return was -1.5% in the quarter, while the recurring book yield rose to 4.3% from 4.2%.

PROGRESSIVE FROM LATE 2025 TO NOVEMBER 2026

15 DEC 2025	PGR closes at $236.36, its 52-week closing high	Yahoo Finance
31 DEC 2025	2025 revenues $87.67bn and pre-tax income $14.22bn; PGR ends the year at $227.72	Form 10-K; Yahoo Finance
JANUARY 2026	Progressive pays an annual variable dividend of $13.50 a share, $7.9bn in total, with its $0.10 quarterly dividend	Form 10-Q
MARCH 2026	$1.5bn of senior notes issued, due 2031 and 2036	Form 10-Q
29 MAY 2026	PGR closes at $190.40, its 52-week closing low	Yahoo Finance
14 OCT 2026	September and Q3 results: combined ratio 88.7; PGR falls 4.2% to $213.46	8-K Ex 99; Yahoo Finance
2 NOV 2026	Form 10-Q filed; PGR closes at $233.92, the price used in our valuation	SEC EDGAR; Yahoo Finance
JAN AND MAR 2027	$500m of 2.45% notes and $500m of 2.50% notes mature	Form 10-Q

The market did not like the quarter at first. The shares fell 4.2% to $213.46 on 14 October, results day, then recovered to $233.92 by 2 November, 12.8% above the 30 September close of $207.31 and up 2.7% for 2026. Over the past 52 weeks they closed as high as $236.36 on 15 December 2025 and as low as $190.40 on 29 May 2026.

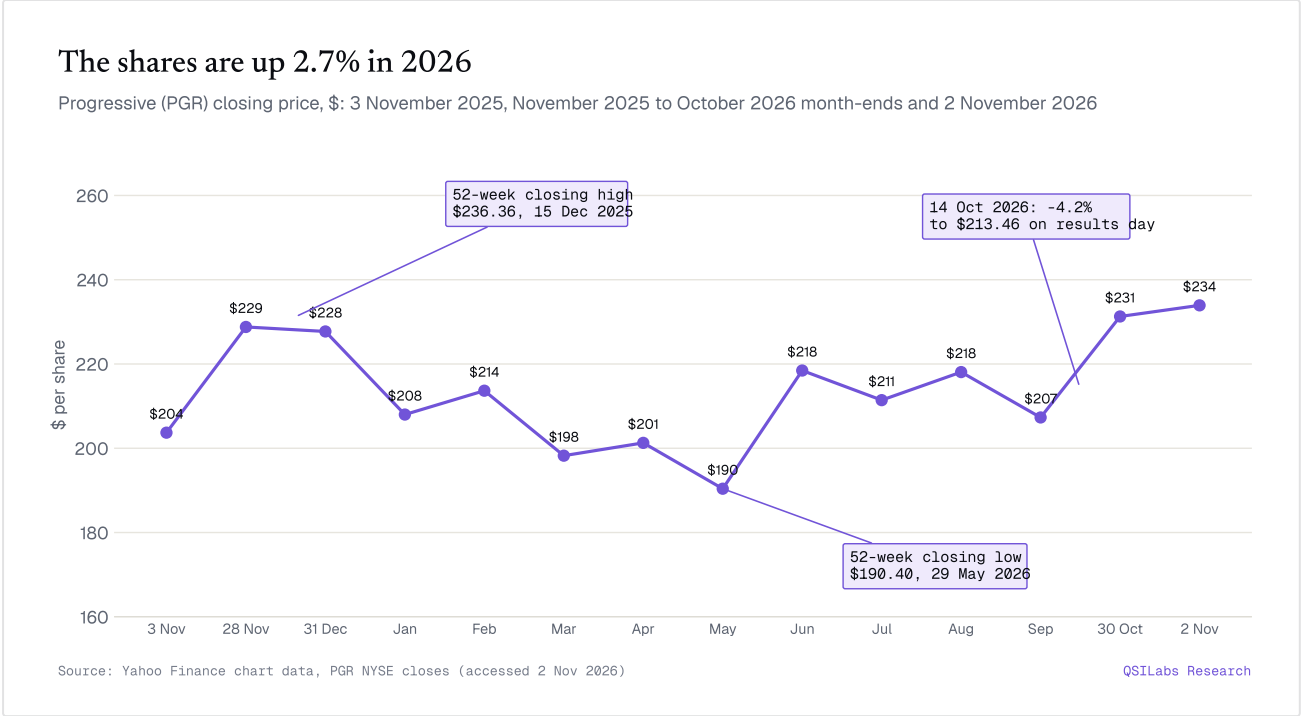


FIGURE 2 Progressive shares closed at $233.92 on 2 November 2026, up 2.7% for the year, after falling 4.2% on results day, 14 October.

Why did Progressive's combined ratio change?

Two things moved in opposite directions. The underwriting expense ratio fell 4.5 points to 20.6, mainly because the third quarter of 2025 included $950m of Florida personal auto policyholder credits, which added 4.6 points to that quarter's expense ratio. The loss and loss adjustment expense ratio rose 3.7 points to 68.1, which Progressive put down mainly to higher severity, the average cost of a claim. Net, the combined ratio improved to 88.7 from 89.5; without the Florida credits last year's ratio would have been 84.9, so underlying profitability fell by about 3.8 points.

Severity is the pressure point. Total personal auto incurred severity rose 4% in the quarter, with personal injury protection up 16%, largely in New York, and Progressive said higher medical costs and claims with plaintiff attorneys drove the increase. Frequency, the number of claims per policy, fell 3%. Catastrophe losses were $388m, 1.8 points of earned premiums, against $219m. On an accident-year basis, which leaves out changes to older reserves, the loss ratio was 70.5 against 66.6.

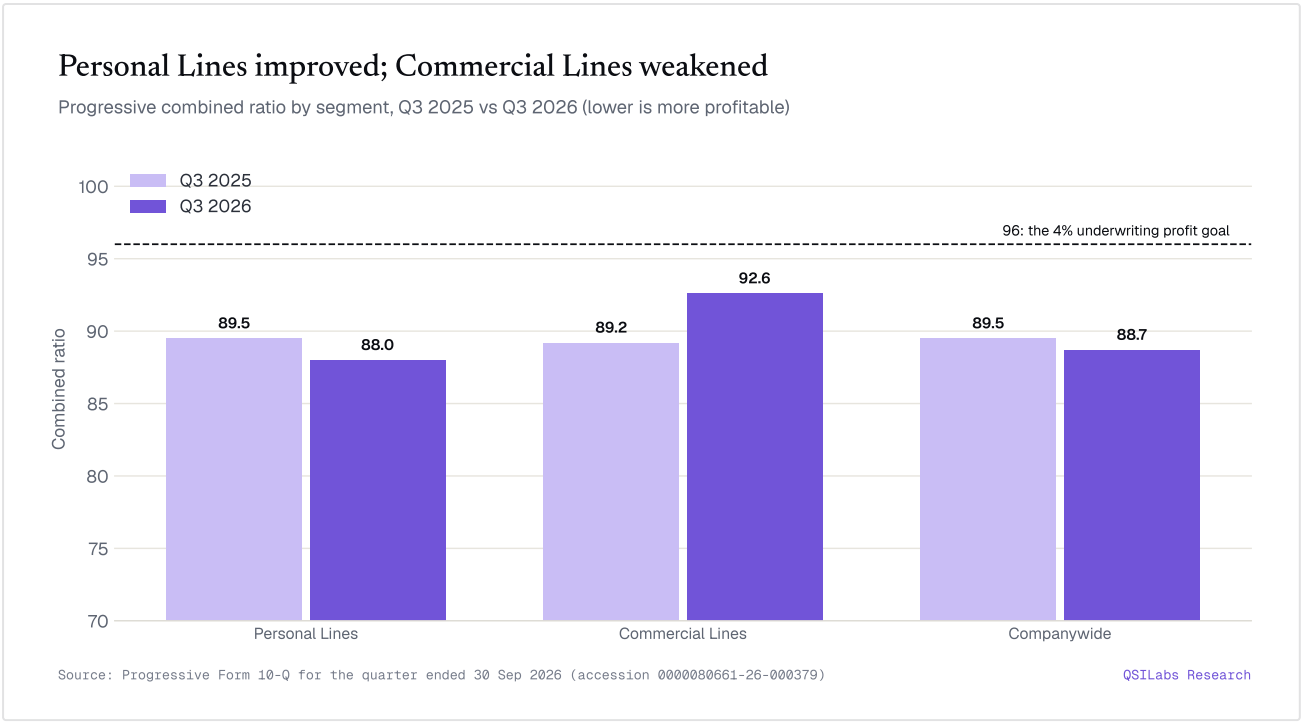


FIGURE 3 Personal Lines' combined ratio improved to 88.0 from 89.5 in Q3 2026, Commercial Lines' worsened to 92.6 from 89.2, and the companywide ratio was 88.7, all well inside Progressive's goal of 96.

Personal Lines, 89% of net premiums written, made an underwriting profit of $2,281m, a margin of 12.0%, against $1,898m and 10.5%. Personal vehicles earned an 11.3% margin and personal property 27.2%, helped by low catastrophe losses, past rate increases and lower claim frequency. Commercial Lines made $207m, a 7.4% margin, against $298m and 10.8%, as its loss ratio rose 4.5 points to 72.1.

Older reserves helped. In the first nine months Progressive released about $1,300m of personal auto reserves set aside for earlier years, mainly on lower than expected bodily injury severity, and about $210m in Commercial Lines. Releases like these do not recur automatically.

Over a longer period, profitability has swung widely. The pre-tax margin was 13.2% in 2019, 16.8% in 2020, 1.9% in 2022 and 16.2% in 2025; our model has 14.8% for 2026.

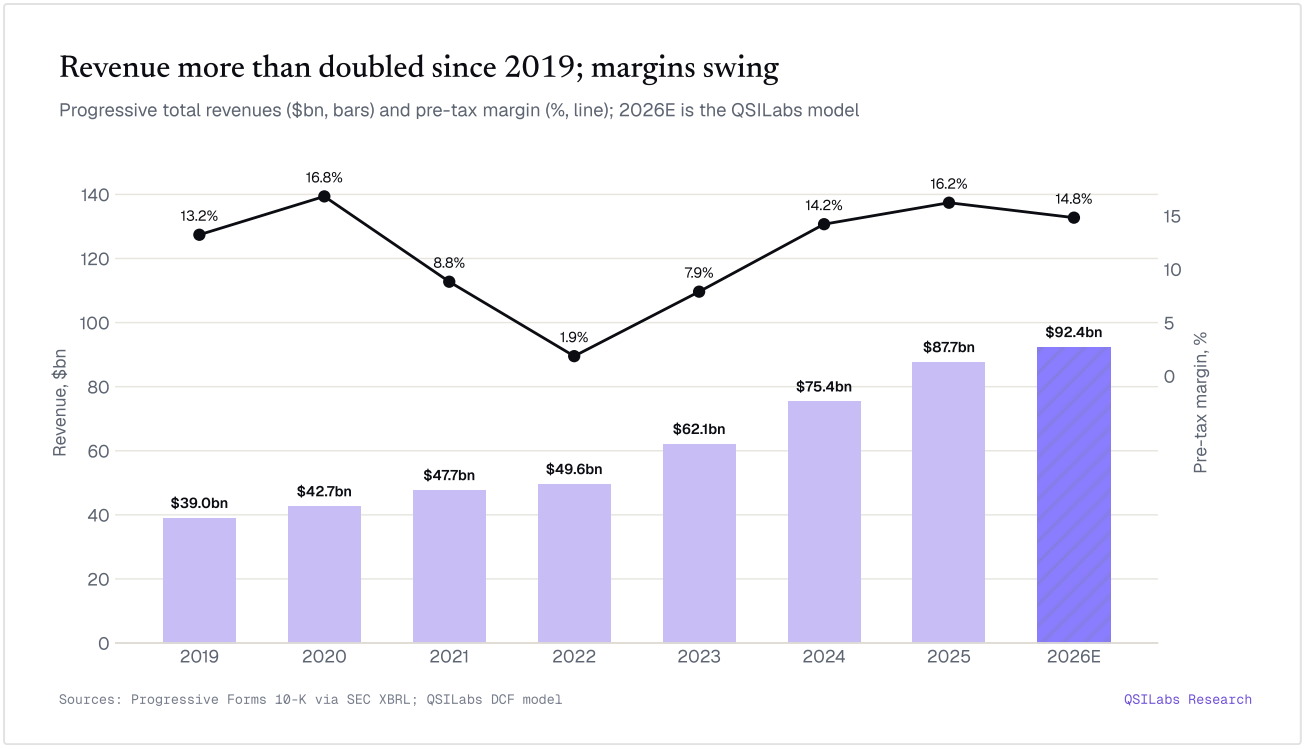


FIGURE 4 Progressive's total revenues rose from $39.0bn in 2019 to $87.7bn in 2025, and we model $92.4bn for 2026. The pre-tax margin fell to 1.9% in 2022 and recovered to 16.2% in 2025; we model 14.8% for 2026.

How fast is Progressive growing?

Faster in customers than in revenue. Policies in force rose 2.4 million, or 6.3%, to 40.49 million, and by 0.4 million in the quarter. Direct auto policies rose 7.9% to 16.85 million, agency auto 6.7% to 11.35 million and special lines, motorcycles, boats and recreational vehicles, 5.9% to 7.39 million. Property policies were flat at 3.65 million, after years of reducing exposure in weather-prone markets; Progressive said it is now selectively increasing availability, and new homeowners applications rose 22%.

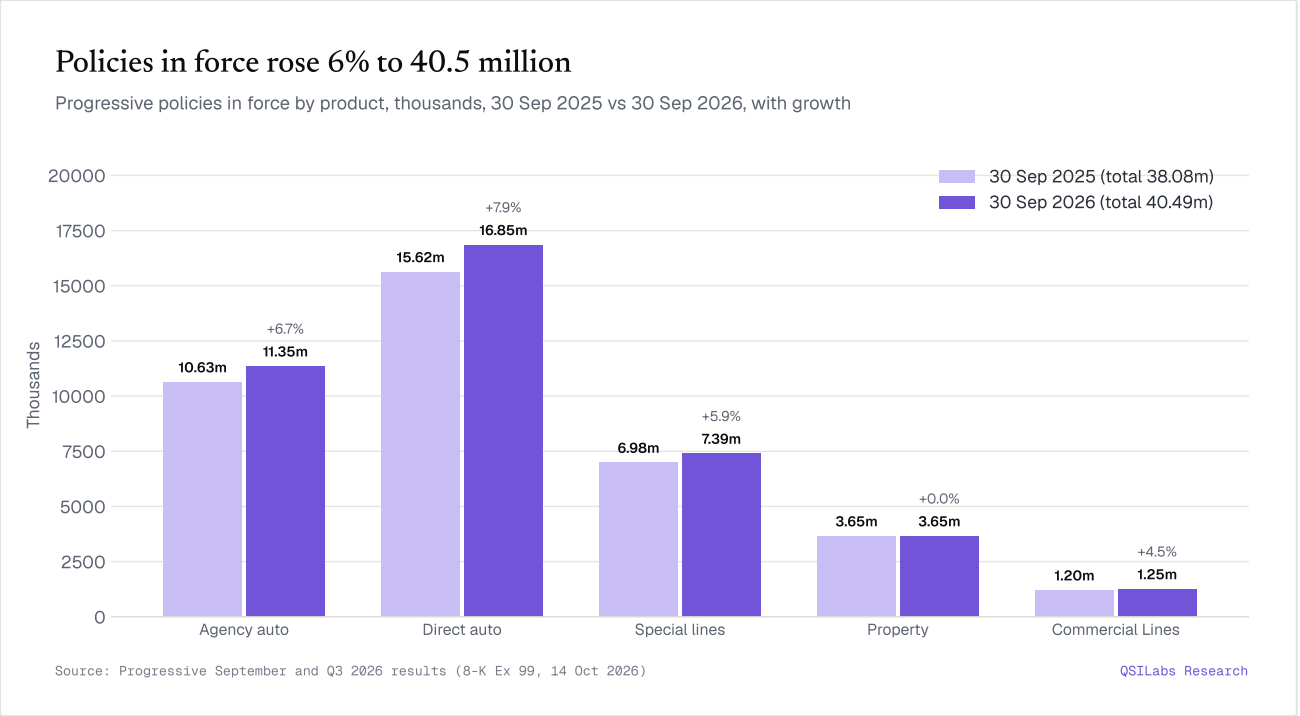


FIGURE 5 Progressive's policies in force rose 6.3% to 40.49 million at 30 September 2026; direct auto grew fastest, by 7.9%, and property was flat.

Premiums are growing more slowly. Net premiums written rose 4.3% to $22,301m. Progressive said growth in policies was "in part, offset by a decrease in average written premiums per policy, due to aggregate rate decreases taken over the last 12 months in response to increased competition in the marketplace". Average written premium per policy fell 2% in personal auto, 1% in personal property and 3% in core commercial auto; personal auto rates were flat across the country in the third quarter.

New business is slowing. Applications for new personal vehicle policies fell 1% while renewal applications rose 9%, so growth now relies more on keeping customers. Commercial Lines grew faster, with net premiums written up 9% and policies in force up 5%, after targeted rate cuts and more spending on advertising and agent incentives.

The industry is slowing too. The Swiss Re Institute expects US property and casualty premium growth "to slow to 3% in 2026 and 3.5% in 2027", and Verisk and APCIA reported that industry net written premium growth slowed to 2.1% in the first half of 2026, from 5.2%.

How strong is Progressive's capital?

Strong, and growing. Total capital, debt plus shareholders' equity, was $42.9bn at 30 September, up $5.7bn in 2026, and shareholders' equity was $34,485m, or $59.51 a share. Debt was $8,389m after $1.5bn of senior notes issued in March, 19.6% of total capital, inside

Progressive's policy of less than 30%. Estimated statutory surplus, the capital regulators count, was $35.6bn, and a non-insurance holding-company subsidiary held another $5.8bn of investments.

Regulators watch premiums written against surplus. Progressive's 10-K says 3 to 1 "is generally the target for our vehicle businesses"; at the end of 2025 the ratio was 2.9 to 1 on $83.2bn of premiums and $28.4bn of surplus. Since then surplus has risen to $35.6bn while premiums grew about 5%, which on our arithmetic leaves the insurance companies with more capital than that target requires.

Progressive returns capital in two ways. It pays a quarterly dividend of $0.10 a share, $58m a quarter, and an annual variable dividend: $13.50 a share, $7.9bn in total, was paid in January 2026 alongside the regular dividend. In the first nine months it also bought back 7.7 million shares for $1.6bn. Progressive said it buys back stock "when we believe our shares are trading below our determination of long-term fair value".

Progressive stock Q3 2026: is PGR undervalued?

On our numbers, yes. Our model values Progressive at $324.01 a share, about 1.39 times the $233.92 close on 2 November 2026.

We value Progressive as an insurer, on the cash it can pay to shareholders. Pre-tax income already includes interest on debt and income on the investment portfolio, so we take net income and deduct the capital Progressive must keep in its insurance companies as premiums grow, set at its 3-to-1 premiums-to-surplus target. That leaves free cash flow to equity of $9.29bn in 2026, $7.91bn in 2027, $8.78bn in 2030 and $10.06bn in 2035. We discount it at the cost of equity and, because debt is serviced inside that cash flow, do not deduct it again. We add $0.78bn for cash generated between 30 September and 2 November, net of the October dividend, giving an equity value of $188.2bn.

The cost of equity is 6.92%: a US 10-year Treasury yield of 5.12% plus a beta of 0.40 times an equity risk premium of 4.46%. The beta is the global property and casualty insurance industry's unlevered beta of 0.385 relevered at Progressive's debt-to-equity ratio of 0.06. The risk premium is the US premium because Progressive sells almost entirely in the United States. Debt is 5.8% of capital. After 2035 we assume growth of 2.5% a year; that terminal value is 67.4% of the total value.

Plainly, the value is high because the discount rate is low. Insurance shares have moved little with the market, so the industry beta is low, and Progressive's own five-year beta, 0.24

according to StockAnalysis, is lower still. At the US industry cost of equity of 7.28%, which uses a US beta of 0.48, the model gives $300.09; on Progressive's own beta, a 6.19% cost of equity, it gives $387.07.

Our forecast for Progressive

Revenue is $92.35bn in 2026: nine-month revenues of $68,989m plus a fourth quarter at the third quarter's rate before realized gains and losses, $23,362m. That is 5.3% above 2025. We do not use S&P Global's consensus 2026 revenue of $87.08bn, published by StockAnalysis, because it is below the $91.74bn Progressive has already reported over the last 12 months. For 2027 we take consensus growth of 5.33%. From 2028 to 2030 we use 3.5% a year, Swiss Re's forecast for industry premium growth in 2027, close to the S&P Global consensus three-year forecast of 3.43% a year, and then fade growth to 2.5% by 2035.

The pre-tax margin is 14.8% in 2026, from consensus earnings per share of $18.46, which implies fourth-quarter net income of about $2.11bn. For 2027 consensus earnings per share of $16.31 give a margin of 12.4%, lower because analysts expect rate cuts and higher severity to squeeze underwriting. We then move the margin in a straight line over five years to 11.25%, Progressive's pre-tax margin over 2016 to 2025 taken as a whole (total pre-tax income divided by total revenue, from its SEC filings), and hold it there from 2032. That is above the 10.5% simple average of those 10 years because the later, larger years were more profitable. Tax is 21.3%, Progressive's effective rate for the first nine months.

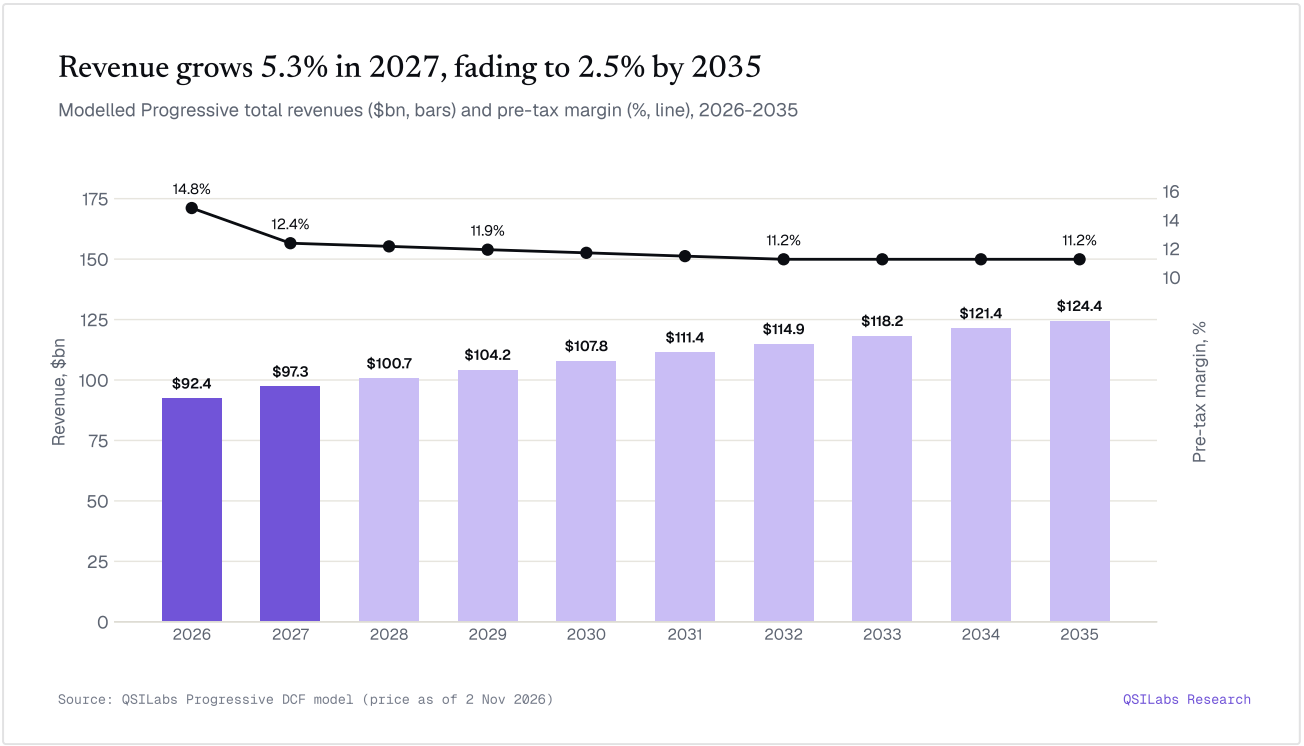


FIGURE 6 We forecast revenue rising from $92.4bn in 2026 to $97.3bn in 2027 and $124.4bn in 2035, with the pre-tax margin falling from 14.8% in 2026 to 11.25% from 2032.

Our previous model, priced at the 20 October close of $221.93, gave $324.96. It used revenue growth of 6.0% in 2028 and 2029 falling to 3.0% in 2035 without a cited source, a 21% tax rate and the US industry cost of equity of 7.28%. Run in today's model, that old growth and margin path gives $352.90, so the sourced forecast takes $28.89 off. Deducting the $8,389m of debt and adding the $5.8bn of holding-company investments, rather than leaving both inside the cash flow, gives $319.56.

How the number moves if you argue with us

The table shows our value per share at different costs of equity and terminal growth rates. Even at a 7.92% cost of equity and 1.5% terminal growth, the corner of the grid, the model gives $243.71, about 1.04 times the share price.

COST OF EQUITY	GROWTH 1.5%	GROWTH 2.0%	GROWTH 2.5%	GROWTH 3.0%	GROWTH 3.5%
5.92%	$354.43	$381.83	$417.23	$464.76	$531.93
6.42%	$318.23	$338.82	$364.66	$398.05	$442.88
6.92%	$288.76	$304.59	**$324.01**	$348.38	$379.88
7.42%	$264.31	$276.72	$291.66	$309.97	$332.96
7.92%	$243.71	$253.59	$265.30	$279.39	$296.66

A simpler two-stage cross-check in the same workbook gives $291.26.

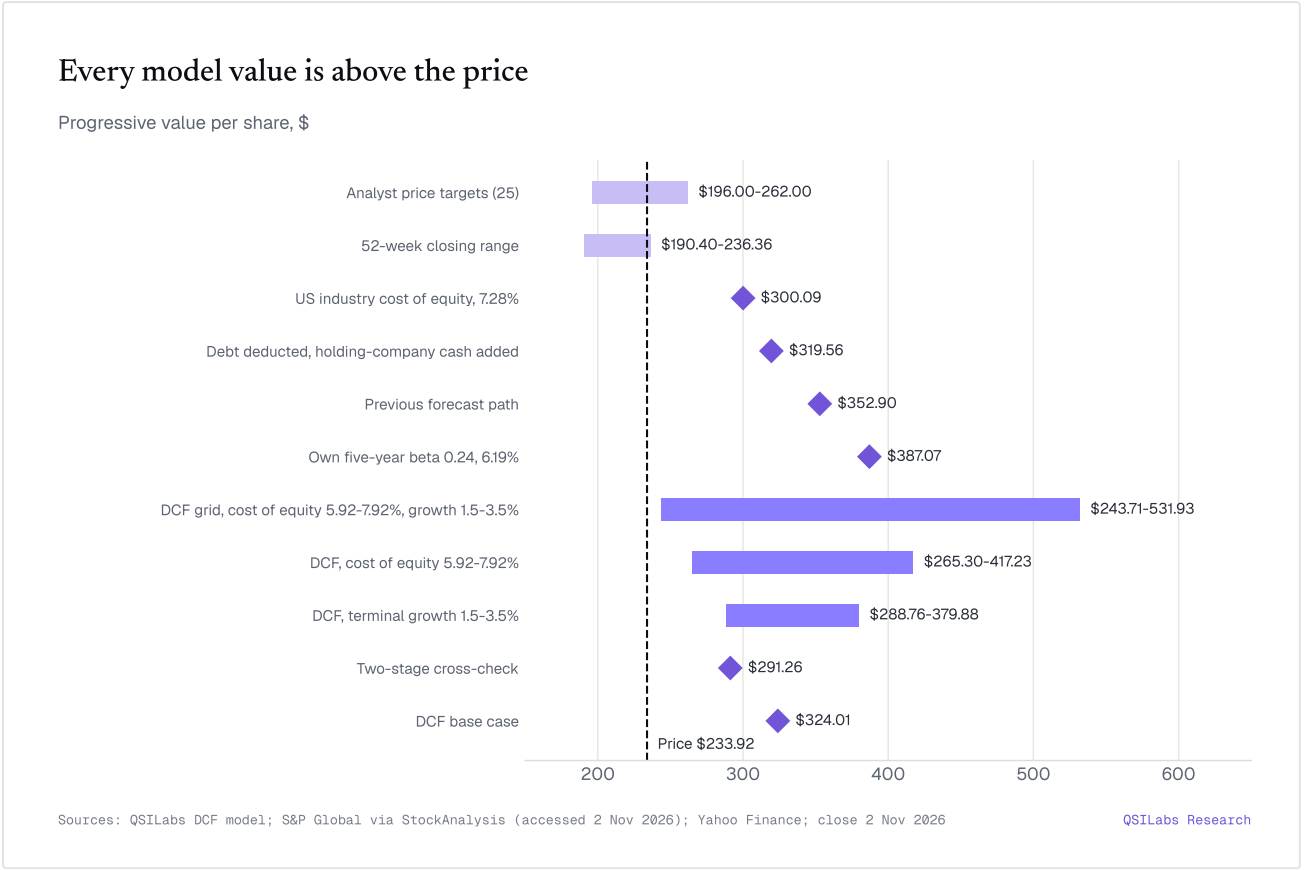


FIGURE 7 Every version of our model gives a value above the $233.92 share price, from $243.71 to $531.93; analysts' price targets range from $196 to $262.

For the share price to be right on our method, investors would need a cost of equity above 8% with low terminal growth, or margins well below the 11.25% Progressive has averaged over the last decade.

Risks to the Progressive investment case

- **Severity.** Personal auto claim severity rose 4% in the quarter and the accident-year loss ratio rose 3.9 points. If costs keep rising faster than premiums, margins will fall faster than we assume.
- **Price competition.** Progressive is cutting rates to keep growing, and average premiums are already falling. A long soft market would slow revenue and squeeze margins together.
- **Reserve releases.** About $1.5bn of favourable development on older reserves helped the first nine months. If reserves prove too low instead, earnings would fall.
- **Catastrophes and property.** Personal property is reopening to new business in some markets, which adds weather risk; catastrophe losses rose to $388m in the quarter.
- **Investments.** The $99.2bn portfolio lost value in the quarter as bond prices fell, cutting comprehensive income to $645m.
- **Valuation risk.** Our value relies on a 6.92% cost of equity. At 7.92% and 1.5% terminal growth it falls to $243.71, close to the price.

FAQ

What value does QSILabs put on Progressive stock?

Our discounted cash flow model gives $324.01 a share, against a $233.92 close on 2 November 2026. Across costs of equity from 5.92% to 7.92% and terminal growth from 1.5% to 3.5% the value ranges from $243.71 to $531.93. A two-stage cross-check gives $291.26.

Should I buy Progressive stock after the Q3 2026 results?

We do not give personal advice. Underwriting was strong and customers grew 6%, but premiums per policy are falling and claim costs are rising. On our numbers the shares trade below the value of their cash flows, but that depends on a low cost of equity. Read the sensitivity table and the risks above before deciding.

How much did Progressive earn last quarter?

Progressive reported net income of $2,542m for the third quarter of 2026, the three months to 30 September, down 2.8% from $2,615m, on total revenues of $23,192m. Diluted earnings

per share were $4.37, against $4.45.

What was Progressive's combined ratio in Q3 2026?

The companywide combined ratio was 88.7, against 89.5 a year earlier: 88.0 in Personal Lines and 92.6 in Commercial Lines. For the first nine months it was 87.5. Progressive's goal is a 4% underwriting profit, a combined ratio of 96.

How many customers does Progressive have?

Progressive had 40.49 million policies in force at 30 September 2026, up 6.3% from 38.08 million: 16.85 million direct auto, 11.35 million agency auto, 7.39 million special lines, 3.65 million property and 1.25 million commercial.

Is Progressive cutting car insurance prices?

Yes, on average. Progressive said it took aggregate rate decreases over the last 12 months in response to competition, and average written premium per personal auto policy fell 2% in the third quarter. Countrywide personal auto rates were flat in the quarter itself.

Does Progressive pay a dividend?

Yes. It pays $0.10 a share each quarter and an annual variable dividend, which was $13.50 a share, paid in January 2026. Over the last 12 months PGR paid $13.90 a share, about 5.9% of the $233.92 close on 2 November 2026; the variable dividend changes every year.

What price target do analysts have for PGR?

The 25 analysts compiled by StockAnalysis have an average target of $230.38, about 1.5% below the $233.92 close on 2 November 2026, with a low of $196 and a high of $262. Their consensus rating is Hold.

How much debt does Progressive have?

Progressive had $8,389m of debt at 30 September 2026, 19.6% of total capital. $500m of 2.45% notes mature in January 2027 and $500m of 2.50% notes in March 2027.

Who runs Progressive?

Susan Patricia Griffith is president and chief executive officer of Progressive, and John Sauerland is vice president and chief financial officer, according to its 2025 Form 10-K.

Sources

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11. QSILabs Progressive discounted cash flow model (internal; price as of 2 Nov 2026)

About this analysis

Written by QSI Labs Research. We read Progressive's filings (the Form 10-Q for the quarter ended 30 September 2026, the September and third-quarter results filed with the SEC on Form 8-K, the Form 10-K for 2025 and annual and quarterly data in SEC XBRL) and value the company with a discounted cash flow model built for insurers: revenue and pre-tax margin are forecast year by year to 2035, and the cash left for shareholders after Progressive keeps the capital its insurance companies need is discounted at the cost of equity, with a terminal value after that. Forecasts are QSILabs estimates based on S&P Global consensus and the Swiss Re Institute's forecast for US property and casualty premiums; every reported figure is cited to its source. Figures as of Q3 2026 results; price as of the 2 November 2026 close.

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