

Progressive: Making the next mile count

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A strategy case for MBA students and working professionals

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This is a fictional decision exercise built from public information available by the cutoff. The committee, assignment, and alternatives below are hypothetical; they are not represented as Progressive management's actual plans or decisions.

A profitable rebound-and a new question

On November 4, 2024, Progressive filed its quarterly report for the period ended September 30. The numbers described a company again growing quickly after a deliberate effort to restore underwriting profitability. Personal-auto applications had surged, marketing had expanded, and the companywide combined ratio was below its stated ceiling for growth. The strategic question was where to put the next increment of attention: continue broadening Progressive's Snapshot telematics offer, or keep the rollout measured while relying on pricing-model improvements and the company's wider acquisition and retention system.

Imagine you are a member of a **fictional** Progressive product-and-distribution committee preparing a recommendation for 2025. You have been asked to assess the pace and focus of continuous-monitoring Snapshot among new personal-auto customers. You may recommend a faster rollout, a measured rollout, or a different staged approach. You have no assumed budget allocation or participation target; the public information in this case does not provide those figures.

The business Progressive was trying to grow

Progressive sells personal auto through both direct channels and a network of more than 40,000 independent insurance agencies. Its personal-lines strategy combines pricing segmentation, marketing, service, and bundles. In its 2023 annual report, Progressive said it had slowed new business to help achieve its underwriting goals, since new business generally has a higher combined ratio than renewal business. The company also described a 2024 operational goal: grow as fast as possible subject to earning a companywide calendar-year combined ratio of 96 or better. (1)

During 2023, Progressive was rolling out product model 8.8 and began rolling out model 8.9 in January 2024. At 2023 year-end, model 8.8 was available in 24 states that represented 47% of personal-auto net premiums written and 50% of policies in force. The company said its product models added segmentation power and helped its competitiveness for bundled customers. By September 30, 2024, the latest segmentation model was available in states representing about 70% of countrywide personal-auto premium. These are product-model reach measures, not Snapshot participation measures. (1)(2)

The company reported Q3 2024 net premiums written of \$19.46 billion, up 25% year over year, and net premiums earned of \$18.30 billion, up 23%. Its reported companywide combined ratio was 89.0, compared with 92.4 in Q3 2023. Personal-auto policies in force reached 22.8 million at September 30, up 17% year over year. (2)(3)

The underwriting improvement had several reported contributors. Progressive said Q3 personal-auto accident frequency fell 5% year over year while severity rose 1%. Prior accident years added 0.7 points of favorable development to the companywide Q3 combined ratio. Hurricane Helene contributed 3.1 loss-ratio points companywide. The combined ratio is an underwriting measure; investment income is reported separately. (2)

Growth brings costs and channel differences

Progressive said it had shifted its focus from restoring target profitability toward growth, competitive rates, and customer experience. Q3 personal-auto rates rose less than 1% in the aggregate; nine states had small rate decreases. For the first nine months of 2024, the aggregate countrywide personal-auto rate increase was 3%, following 19% in 2023. Management expected vehicle rates to remain stable in Q4, an expectation as of the filing date. (2)

In Q3, personal-lines premiums written grew 29%, with Agency and Direct channels growing 26% and 31%. New personal-auto applications increased 110% compared with the same quarter in 2023. Progressive attributed the application increase primarily to higher advertising, lifting temporary non-rate restrictions, and efforts to return to independent-agent quote flows. Companywide advertising spend increased nearly 400% in the quarter, and year-to-date advertising costs reached \$2.8 billion. Progressive said it would continue media spending while it remained on track for its profitability target and could acquire customers at or below its target acquisition cost. (2)

The channels were not behaving identically. Q3 Direct auto quote volume rose 138%, while conversion declined 9%; management attributed the lower conversion mainly to more casual shoppers. Agency auto quote volume increased 40%, and conversion improved 43%. Direct auto's trailing 12-month policy life expectancy declined year over year, which management associated with competitive conditions and increased shopping. Agency auto life expectancy lengthened. (2)

These figures describe the overall business. They do not say whether Snapshot enrollment changed quote conversion, retention, or claim costs.

A data-driven offer with an adoption choice

Progressive's Snapshot program uses driving information to inform a driver's insurance price. In its Q3 filing, the company said Snapshot was available in every state except California and that mobile devices were chosen for the majority of new Snapshot enrollments. Its 2023 annual report had described continuous monitoring as rolled out for new customers in 30 states, representing about 50% of countrywide personal-auto net premiums written at year-end. "Available" and "chosen for new enrollments" do not reveal how many eligible customers enrolled, completed monitoring, or renewed. The filing did not report Snapshot-specific discounts, surcharges, claims experience, retention, or contribution margin. (1)(2)

This distinction matters to the committee. If participation is limited, accelerating outreach may build on a capability that helps Progressive distinguish risk and give customers useful feedback. But the most willing customers may differ from others before enrolling, and the price adjustment itself may affect behavior. The data need to be good enough to inform rates, and

customers must be comfortable enough with the offer to participate and stay.

A peer-reviewed study by Soleymanian, Weinberg, and Zhu used individual driving and policy data from another large U.S. insurer. In that study, monitored participants' daily hard-braking frequency was 21% lower by the end of six months on average, while mileage did not significantly change. The researchers used within-driver panel models, not randomized enrollment. Around 35% of participants withdrew before six months, and the authors noted that withdrawal could be related to driving behavior. The finding concerns a driving measure, not a 21% reduction in accidents or Progressive claims. (4)

Other research offers a caution about competitive durability. Reimers and Shiller's study of telematics program entry across insurers and states found early profit gains for firms introducing pay-how-you-drive programs, with those gains eroding as competitors entered. The published abstract summarizes a staggered-entry difference-in-differences design; it does not provide a Progressive-specific estimate. A separate theoretical paper finds that behavioral monitoring is useful only when the signal is sufficiently informative to support incentives that consumers accept. (5)(6)

Telematics also sits within state-specific rate regulation and consumer expectations. A multi-author NAIC Center for Insurance Policy and Research study discussed rate filing and approval, privacy, and interpretability concerns; it expressly described itself as research by its authors, not official NAIC policy. Progressive's filing establishes the program's state availability boundary but does not explain why Snapshot was not offered in California. (2)(7)

A competitor was also developing its offer. State Farm's 2023 Impact Report said Drive Safe & Save discounts participating customers based on driving behavior and that an app-based Accident Assistance feature became available nationwide in 2024 wherever that program was offered. The report gave no participation or financial-return figures. (8)

The committee's choice

For the next planning cycle, should Progressive put more emphasis on expanding continuous-monitoring Snapshot among eligible new personal-auto customers, or should it keep that rollout measured while concentrating on its product-model upgrades, acquisition, retention, and bundles?

A recommendation should address:

- Which customers, states, or distribution channels should receive priority, and what evidence supports that choice?
- What should Progressive learn before expanding further? Consider participation, completion, conversion, retention, loss frequency and severity, discount levels, customer understanding, and regulatory approval.
- How would you distinguish the effect of monitoring from self-selection, pricing changes, advertising, customer mix, or competitor actions?
- What conditions would cause you to accelerate, maintain, or slow the rollout?

No public source in this case provides Snapshot cohort economics or an incremental budget. If you introduce numerical assumptions, identify each one as hypothetical and test whether your recommendation changes when it moves.

Sources

1. [The Progressive Corporation 2023 Annual Report](#), printed pp. 30-31.
2. [The Progressive Corporation Form 10-Q for the quarter ended September 30, 2024](#), filed November 4, 2024, MD&A pp. 25-27 and 39-40. [SEC filing index](#).
3. [Progressive Reports September 2024 Results](#), October 15, 2024; Q3 results and September 30 policies-in-force tables.
4. Soleymanian, M., C. B. Weinberg, and T. Zhu (2019), "Sensor Data and Behavioral Tracking: Does Usage-Based Auto Insurance Benefit Drivers?," *Marketing Science* 38(1), 21-43, [published article](#); method detail from the authors' January 2017 [institutional manuscript](#), pp. 10-15, 18-24, 34-37.
5. Reimers, I. and B. R. Shiller (2019), "The Impacts of Telematics on Competition and Consumer Behavior in Insurance," *Journal of Law and Economics* 62(4), 613-632, [published article](#), abstract/design summary.
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7. Karapiperis, D. et al. (2015), "Usage-Based Insurance and Vehicle Telematics: Insurance Market and Regulatory Implications," NAIC Center for Insurance Policy and Research, [study](#), printed pp. 4-6, 19-27, 44-53; disclaimer at p. i.
8. [State Farm 2023 Impact Report](#), p. 12.