



# Illinois Department of Insurance

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BRUCE RAUNER  
Governor

JENNIFER HAMMER  
Director

March 8, 2017

Scott W. Ziegler, President  
Progressive Direct Insurance Company  
Progressive Universal Insurance Company  
6300 Wilson Mills Road  
Mayfield Village, OH 44143-2182

Richard R. Crawley, President  
Progressive Northern Insurance Company  
6300 Wilson Mills Road  
Mayfield Village, OH 44143-2182

Re: Progressive Direct Insurance Company, NAIC 16322  
Progressive Northern Insurance Company, NAIC 38628  
Progressive Universal Insurance Company, NAIC 21727  
*Market Conduct Examination Report Closing Letter*

Dear Mr. Ziegler and Mr. Crawley:

The Department has reviewed your companies' proof of compliance and deems it adequate and sufficient. Therefore, the Department is closing its file on this exam.

I intend to ask the Director to make the Examination Report and Stipulation and Consent Order available for public inspection as authorized by 215 ILCS 5/132. At the Department's discretion, specific content of the report may be subject to redaction for private, personal, or trade secret information prior to making the report public. However, any redacted information will be made available to other regulators upon request.

Please contact me if you have any questions.

Sincerely,

Jack Engle, MCM  
Assistant Deputy Director-Market Conduct and Analysis  
Illinois Department of Insurance  
320 West Washington- 5th Floor  
Springfield, IL 62767  
217-558-1058  
E-mail: [Jack.Engle@Illinois.gov](mailto:Jack.Engle@Illinois.gov)

**PROGRESSIVE DIRECT INSURANCE COMPANY  
PROGRESSIVE NORTHERN INSURANCE COMPANY  
PROGRESSIVE UNIVERSAL INSURANCE COMPANY**

**EXAMINATION REPORT**

## MARKET CONDUCT EXAMINATION

DATE OF EXAMINATION: February 29, 2016 through July 15, 2016

EXAMINATION OF: Progressive Direct Insurance Company  
NAIC #16322

Progressive Northern Insurance Company  
NAIC #38628

Progressive Universal Insurance Company  
NAIC #21727

LOCATION: 6300 Wilson Mills Road  
Mayfield Village, Ohio 44143

PERIOD COVERED BY EXAMINATION: December 1, 2014 through November 30, 2015  
(Complaints reviewed for the period September 1, 2014 through November 30, 2015)

EXAMINERS: Timothy R. Nutt, Examiner-in-Charge  
Tim Kelley, Senior Examiner  
Nicole Richards, Examiner  
John Watts, Examiner

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## I. SUMMARY

A comprehensive market conduct examination of Progressive Direct Insurance Company (PDIC), Progressive Northern Insurance Company (PNIC) and Progressive Universal Insurance Company (PUIC) was performed to determine compliance with Illinois statutes and the Illinois Administrative Code.

The following represents general findings, however specific details are found in each section of the report.

<b>TABLE OF TOTAL VIOLATIONS</b>						
<b>Crit # Co</b>	<b>Statute/ Rule</b>	<b>Description of Violation</b>	<b>Population</b>	<b>Files Reviewed</b>	<b>Number of Violations</b>	<b>Error %</b>
2 PDIC	50 Ill. Adm. Code 919.80(b)(2)	Claims, First Party Paid — No written explanation for delay that exceeded 40 days	2,516	8	1	13%
4 PNIC	50 Ill. Adm. Code 919.80(c)	Claims, First Party Paid — Information required by Exhibit A not provided	17,446	54	2	4%
5 PUIC	50 Ill. Adm. Code 919.80(c)	Claims, First Party Paid — Information required by Exhibit A not provided	15,450	48	1	2%
6 PUIC	50 Ill. Adm. Code 919.80(b)(2)	Claims, First Party Paid — No written explanation for delay that exceeded 40 days	15,450	48	1	2%
7 PNIC	215 ILCS 5/143.15	Mobile Home Underwriting, Risk Selection — No specific reason for cancellation	55	55	1	2%
9 PNIC	50 Ill. Adm. Code 919.80(b)(2)	Claims, First Party Closed-Without-Payment — No written explanation for delay that exceeded 40 days	8,356	51	1	2%
12 PDIC	50 Ill. Adm. Code 919.80(c)	Claims, Total Loss — Information required by Exhibit A not provided	198	6	1	17%
13 PNIC	50 Ill. Adm. Code 919.80(c)	Claims, Total Loss — Information required by Exhibit A not provided	1,656	53	5	9%
15 PUIC	50 Ill. Adm. Code 919.80(c)	Claims, Total Loss — Information required by Exhibit A not provided	1,501	48	7	15%
16 PNIC	215 ILCS 5/143.17(e)	Mobile Home Underwriting, Risk Selection — No specific reason for nonrenewal	17	17	2	12%
19 PNIC	215 ILCS 5/143b	Claims, Subrogation — No return of deductible	165	34	1	3%
21 PNIC	215 ILCS 5/143.14(a)	Mobile Home Cancellations — No proof of mailings	1,226	114	3	3%
22 PDIC	50 Ill. Adm. Code 919.50(a)	Claims, Third Party Paid — No offer of payment within 30 days	741	6	1	17%
27 PNIC	50 Ill. Adm. Code 919.50(a)(2)	Claims, Third party closed-without-payment — No denial letter within 30 days	2,369	51	1	2%
28 PUIC	50 Ill. Adm. Code 919.50(a)(2)	Claims, Third party closed-without-payment — No denial letter within 30 days	2,407	52	4	8%

**TABLE OF TOTAL VIOLATIONS**

<b>Crit # Co</b>	<b>Statute/ Rule</b>	<b>Description of Violation</b>	<b>Population</b>	<b>Files Reviewed</b>	<b>Number of Violations</b>	<b>Error %</b>
29 PNIC	50 Ill. Adm. Code 919.50(a)(1)	Claims, Mobile Home closed-without-payment — No denial letter within 30 days	341	82	1	1%
30 PNIC	ILCS 215 5/141.02(3)	Producer Terminations — Failure to give terminated agent timely notice	1,879	114	1	1%
33 PNIC	50 Ill. Adm. Code 919.50(a)(1)	Claims-Mobile Home Paid — No denial letter within 30 days	499	83	1	1%
34 PUIC	50 Ill. Adm. Code 919.50(a)(1)	Claims-Mobile Home closed-without-payment — No denial letter within 30 days	9	9	2	22%
35,36 PUIC	50 Ill. Adm. Code 926.40(b)(1) and (2)	DOI Complaint — Lack of supporting documentation for response	39	39	2	5%
37 PNIC	215 ILCS 5/143.17(e)	PPA Underwriting, Risk Selection — No specific reason for nonrenewal	509	58	1	2%
39 PUIC	ILCS 215 5/143d(b)	Non-DOI Complaints — No response to written complaint	48	48	1	2%
40 PNIC	215 ILCS 5/805.1(a)	Underwriting-New Business Mobile Home — No waiver for Mine Subsidence Coverage	1,957	114	8	7%
41,42 PNIC	50 Ill. Adm. Code 926.40(b)(1) and (2)	DOI Complaints — Lack of supporting documentation for response	29	29	2	7%
43 PUIC	215 ILCS 5/149	Underwriting, PPA Renewals — Premium discount not applied	152,294	55	4	7%

## **II. BACKGROUND**

### Progressive Direct Insurance Company

Progressive Direct Insurance Company (PDIC) is a wholly-owned subsidiary of Progressive Direct Holdings, Inc., whose ultimate parent is The Progressive Corporation, an insurance holding company. PDIC was incorporated in the State of Ohio in September 1986, for the purpose of transacting insurance business. PDIC is a property and casualty insurer and is part of The Progressive Insurance Group, which consists of 57 companies, 34 of which are insurance companies. The Company is currently transacting the following lines of business: Inland Marine, Other Liability, Other Private Passenger Auto Liability, Private Passenger Auto No-Fault, and Private Passenger Auto Physical Damage.

### Progressive Northern Insurance Company

Progressive Northern Insurance Company (PNIC) is a wholly-owned subsidiary of Drive Insurance Holdings, Inc., whose ultimate parent is The Progressive Corporation. PNIC was incorporated in the State of Wisconsin in August 1980, for the purpose of transacting insurance business. PNIC is currently licensed in 40 states and the District of Columbia. The Company is currently transacting the following lines of business: Homeowners Multiple Peril, Inland Marine, Other Liability, Other Private Passenger Auto Liability, Private Passenger Auto No-Fault, Private Passenger Auto Physical Damage, Commercial Auto No-Fault, Other Commercial Auto Liability and Commercial Auto Physical Damage.

### Progressive Universal Insurance Company

Progressive Universal Company (PUIC) is a wholly-owned subsidiary of Progressive Direct Holdings, Inc., whose ultimate parent is The Progressive Corporation. PUIC was incorporated in the State of Illinois in September 1992, for the purpose of transacting insurance business. PUIC re-domesticated to the State of Ohio in November 2003. The company re-domesticated again to the State of Wisconsin in December 2004. PNIC is currently licensed in 40 states. PUIC is currently transacting the following lines of business: Inland Marine, Other Liability, Other Private Passenger Auto Liability, Private Passenger Auto No-Fault, and Private Passenger Auto Physical Damage.

Progressive Direct Insurance Company, Progressive Northern Insurance Company and Progressive Universal Insurance Company (collectively referred to as “the Company”) have corporate offices located at 6300 Wilson Mills Road, Mayfield Village, Ohio 44143.

The Company markets its products through direct agents.

The 2014 and 2015 NAIC Annual Statements (Page 19 Illinois) reflect the following:

Year	Company	Business Line	Direct Premium Written	Direct Premium Earned	Direct Losses Paid	Direct Losses Incurred
2015	PDIC	Inland Marine	\$246,118	\$259,615	\$113,646	\$122,157
2015	PDIC	Other Liability-Occurrence	\$88,303	\$93,769	\$2,725	(\$1,585)
2015	PDIC	Private Passenger Auto no-fault (PIP)	\$0	\$0	\$9,174	\$9,399
2015	PDIC	Other Private Passenger Auto Liability	\$10,142,763	\$10,446,436	\$5,255,408	\$4,423,896
2015	PDIC	Private Passenger Auto Physical Damage	\$7,110,136	\$7,320,168	\$4,752,249	\$4,713,579
2015	PNIC	Homeowners Multiple Peril	\$5,763,070	\$5,521,201	\$2,231,079	\$2,424,925
2015	PNIC	Inland Marine	\$3,252,195	\$3,201,700	\$1,276,066	\$1,249,351
2015	PNIC	Other Liability-Occurrence	\$1,542,360	\$1,532,950	\$874,480	\$621,277
2015	PNIC	Other Liability-Claims made	\$0	\$0	\$4,465	(\$36,794)
2015	PNIC	Private Passenger Auto no-fault (PIP)	\$0	\$0	\$70,141	\$99,321
2015	PNIC	Other Private Passenger Auto Liability	\$96,329,379	\$95,424,239	\$53,317,087	\$57,444,379
2015	PNIC	Private Passenger Auto Physical Damage	\$67,003,322	\$65,240,083	\$40,913,921	\$41,013,593
2015	PUIC	Homeowners Multiple Peril	(\$503)	\$2,166	\$30,543	(\$63,135)
2015	PUIC	Inland Marine	\$947,768	\$900,048	\$433,062	\$427,323
2015	PUIC	Other Liability-Occurrence	\$457,329	\$440,185	\$320,945	\$255,436
2015	PUIC	Private Passenger Auto no-fault (PIP)	\$0	\$0	\$28,305	\$25,839
2015	PUIC	Other Private Passenger Auto Liability	\$84,571,489	\$80,322,605	\$35,533,135	\$41,689,311
2015	PUIC	Private Passenger Auto Physical Damage	\$54,044,056	\$51,014,236	\$38,219,835	\$38,591,251
2014	PDIC	Inland Marine	\$277,595	\$292,372	\$141,333	\$139,774
2014	PDIC	Other Liability-Occurrence	\$100,745	\$107,139	\$18,620	\$21,186
2014	PDIC	Private Passenger Auto no-fault (PIP)	\$0	\$0	\$540	\$5,408
2014	PDIC	Other Private Passenger Auto Liability	\$11,596,004	\$12,238,504	\$6,930,776	\$5,627,092
2014	PDIC	Private Passenger Auto Physical Damage	\$8,245,793	\$8,586,744	\$6,002,451	\$5,941,591
2014	PNIC	Homeowners Multiple Peril	\$5,310,370	\$2,665,223	\$562,387	\$788,561
2014	PNIC	Inland Marine	\$3,190,683	\$3,139,254	\$977,480	\$999,036
2014	PNIC	Other Liability-Occurrence	\$1,535,636	\$1,500,621	\$246,817	\$368,130
2014	PNIC	Other Liability-Claims made	\$0	\$0	\$507	\$981
2014	PNIC	Private Passenger Auto no-fault (PIP)	\$0	\$0	\$70,689	\$35,345
2014	PNIC	Other Private Passenger Auto Liability	\$94,073,486	\$94,294,572	\$55,406,404	\$52,072,186
2014	PNIC	Private Passenger Auto Physical Damage	\$63,558,723	\$63,310,146	\$41,392,399	\$40,691,050
2014	PUIC	Homeowners Multiple Peril	\$86,140	\$2,028,876	\$1,324,475	\$820,662
2014	PUIC	Inland Marine	\$844,095	\$803,787	\$394,641	\$395,779
2014	PUIC	Other Liability-Occurrence	\$415,873	\$385,566	\$17,440	\$235,895
2014	PUIC	Private Passenger Auto no-fault (PIP)	\$0	\$0	\$26,521	\$46,975
2014	PUIC	Other Private Passenger Auto Liability	\$71,968,144	\$70,806,159	\$36,007,264	\$34,260,205
2014	PUIC	Private Passenger Auto Physical Damage	\$45,812,516	\$44,530,661	\$32,866,259	\$32,188,540



### **III. METHODOLOGY**

The market conduct examination places emphasis on an insurer's systems and procedures used in dealing with insureds and claimants. The period under review was generally December 1, 2014 through November 30, 2015. The following categories were the general areas examined:

- A. Operations and Management
- B. Complaint Handling
- C. Marketing and Sales
- D. Producer Review
- E. Risk Selection
- F. Underwriting and Rating
- G. Claims

The review of these categories was accomplished through examination of individual policy and claim files, Company procedures, written interrogatories and interviews with Company personnel. Each of these categories was examined for compliance with Department of Insurance rules and regulations, and applicable state laws.

Criticisms were provided to the Company addressing violations discovered in the review processes. All valid criticisms were incorporated into this report.

The following methods were used to obtain the required samples and to assure a statistically accurate and methodical selection. The samples were developed from Company-generated data. The sample size was based on the most recent NAIC *Market Regulation Handbook*. Random samples were generated using Audit Command Language (ACL) software and the selected samples were provided to the Company for retrieval.

#### Operations and Management

The review of the Company's operations and management is designed to determine how the Company operates. Examiners reviewed both publicly available documents, such as prior market conduct examinations and annual statements, as well as internal documents such as Company procedures and internal audit reports.

#### Complaint Handling

Department of Insurance (DOI) Complaints and direct consumer (Non-DOI) complaints for the period September 1, 2014 through November 30, 2015, were reviewed for compliance with applicable state laws and Company guidelines.

DOI Complaints – The population request for this category consisted of complaints received from the Illinois Department during the experience period. The Company's complaint log was reconciled with the individual file information and the DOI records to determine the completeness and accuracy of the data recorded. Each complaint file, along with the underlying claim or underwriting file, was reviewed for compliance with regulatory requirements.

Non-DOI Complaints – The population request for this category consisted of complaints received directly from consumers during the experience period. The Company’s complaint log was reconciled with the individual file information to determine the completeness and accuracy of the data recorded. Each complaint file, along with the underlying claim or underwriting file, was reviewed for compliance with regulatory requirements.

#### Marketing and Sales

The Marketing and Sales portion of the examination is designed to evaluate the representations made by the Company about its products or services. The items requested for this category consisted of all sales, advertising, producer training and producer communications created during the examination period. This review is typically based on judgmental sampling techniques.

#### Producer Review

Producer licensing and terminations were reviewed for compliance with statutory requirements. Samples were selected based on transactions occurring during the period under examination.

#### Risk Selection

Cancellations and nonrenewals were reviewed for compliance with statutory requirements and to ensure reasons for termination were valid and not unfairly discriminatory. Samples were selected based on transactions occurring during the period under examination.

#### Underwriting and Rating

The underwriting sample consisted of new and renewal business and was selected based on the inception and renewal date occurring during the period under examination. Policies were reviewed for rating accuracy, use of filed rates, use of filed forms, and compliance with Company underwriting guidelines.

#### Claims

Claims were selected based on settlement occurring within the period under examination. Claims were reviewed for compliance with policy contracts and endorsements, applicable sections of the Illinois Insurance Code (215 ILCS 5/1, *et seq.*) and the Illinois Administrative Code (50 Ill. Adm. Code 101 *et seq.*). Reviews were conducted of both claims paid and those closed without payment (CWP).

## SELECTION OF SAMPLES

### All Companies

	<u>Total</u>	<u>Number</u>	<u>Percentage</u>
C. Marketing and Sales			
1. Marketing and Sales	396	40	10.1%
D. Producer Review			
1. Producer Licensing	3,474	115	3.3%
2. Producer Terminations	1,879	114	6.1%

### Progressive Direct Insurance Company

	<u>Total</u>	<u>Number</u>	<u>Percentage</u>
B. Complaint Handling			
1. DOI Complaints	0	0	0%
2. Consumer (Non-DOI) Complaints	3	3	100%
E. Risk Selection			
1. Cancellations-First 60 days	0	0	0%
2. Cancellations-After 60 days	1,187	3	0.3%
3. Nonrenewals	39	4	10.3%
4. Rescissions	0	0	0%
F. Underwriting and Rating			
1. New Business	0	0	0%
2. Renewals	23,589	5	<.1%
G. Claims			
1. First Party Paid	2,516	8	0.3%
2. First Party CWP	1,235	8	0.6%
3. First Party Total Loss	198	6	3.0%
4. Third Party Paid	741	6	0.8%
5. Third Party CWP	82	7	8.5%
6. Subrogation	85	18	21.2%

**Progressive Northern Insurance Company**

		<u>Total</u>	<u>Number</u>	<u>Percentage</u>
B.	Complaint Handling			
	3. DOI Complaints	29	29	100%
	4. Consumer (Non-DOI) Complaints	27	27	100%
E.	Risk Selection			
	1. Cancellations-First 60 days	3,849	52	1.4%
	2. Cancellations-After 60 days	22,373	57	3%
	3. Nonrenewals	509	58	11.4%
	4. Rescissions	406	31	7.6%
	5. Property Cancel-First 60 days	55	55	100%
	6. Property Cancel-After 60 days	1,226	114	9.3%
	7. Property Nonrenewals	17	17	100%
	8. Property Rescissions	13	13	100%
F.	Underwriting and Rating			
	1. Auto New Business	42,708	58	1.4%
	2. Auto Renewals	175,100	56	<.1%
	3. Property New Business	1,957	114	5.8%
	4. Property Renewals	8,952	116	1.3%
G.	Claims			
	1. First Party Paid	17,446	54	0.3%
	2. First Party CWP	8,356	51	0.6%
	3. First Party Total Loss	1,656	53	3.2%
	4. Third Party Paid	7,284	56	0.8%
	5. Third Party CWP	2,369	51	2.2%
	6. Subrogation	165	34	20.6%
	7. Property Paid	499	83	16.6%
	8. Property CWP	341	82	24%

**Progressive Universal Insurance Company**

		<u>Total</u>	<u>Number</u>	<u>Percentage</u>
B.	Complaint Handling			
	1. DOI Complaints	39	39	100%
	2. Consumer (Non-DOI) Complaints	48	48	100%
E.	Risk Selection			
	1. Cancellations-First 60 days	4,687	64	1.4%
	2. Cancellations-After 60 days	22,330	56	0.3%
	3. Nonrenewals	439	50	11.4%
	4. Rescissions	1,070	83	7.8%

F.	Underwriting and Rating			
1.	New Business	51,978	58	.1%
2.	Renewals	152,294	55	<.1%
G.	Claims			
1.	First Party Paid	15,450	48	0.3%
2.	First Party CWP	8,274	50	0.6%
3.	First Party Total Loss	1,501	48	3.2%
4.	Third Party Paid	6,188	47	0.8%
5.	Third Party CWP	2,407	52	2.2%
6.	Subrogation	151	31	20.5%
7.	Property Paid	9	9	100%
8.	Property CWP	14	14	100%

#### IV. FINDINGS

##### A. Operations and Management

No violations were noted.

##### B. Complaint Handling

###### 1. Department of Insurance Complaints

In four (4) complaints, the Company failed to provide supporting documentation in their response to the Department of Insurance as required by 50 Ill. Adm. Code 926.40(b)(1) and (2).

###### 2. Consumer (Non-Department of Insurance) Complaints

In one (1) complaint, the Company failed to provide a response as required by 215 ILCS 5/143d(b).

##### C. Marketing and Sales

No violations were noted.

##### D. Producer Review

###### 1. Producer Licensing

No violations were noted.

###### 2. Producer Terminations

In one (1) producer termination, the Company failed to notify the producer 180 days prior to termination as required by 215 ILCS 5/141.02(3).

##### E. Risk Selection

###### 1. Private Passenger Automobile Cancellations

No violations were noted.

###### 2. Private Passenger Automobile Nonrenewal

One (1) nonrenewal failed to provide a specific reason for the nonrenewal as required by 215 ILCS 5/143.17(e).

3. Mobile Homeowners Cancellations

One (1) cancellation failed to provide a specific reason for cancellation as required by 215 ILCS 5/143.15.

Three (3) cancellations failed to contain proof of mailing of the cancellation notice as required by 215 ILCS 5/143.14(a).

4. Mobile Homeowners Nonrenewals

Two (2) nonrenewals failed to provide a specific reason for nonrenewal as required by 215 ILCS 5/143.17(e).

F. Underwriting and Rating

1. Automobile – New Business

No violations were noted.

2. Automobile – Renewals

In four (4) policies, the Company erroneously printed a premium discount on the declaration page that had a value of 0%. This error was an inadvertent, unknowing violation of 215 ILCS 5/149. The company took immediate steps to correct the issue.

3. Mobile Homeowner – New Business

Eight (8) policies failed to provide Mine Subsidence coverage or contain a written waiver of coverage as required by 215 ILCS 5/805.1(a).

4. Mobile Homeowner – Renewals

No violations were noted.

G. Claims

1. Private Passenger Auto – First-party Paid

In three (3) claims, the Company failed to send a letter with the information required by Exhibit A of 50 Ill. Adm. Code 919.80(c).

In two (2) claims, the Company failed to provide a written explanation for delay and Notice of Availability of the Department of Insurance as required by 50 Ill. Adm. Code 919.80(b)(2).

2. Private Passenger Auto – First-party Closed Without Payment

In one (1) claim, the Company failed to provide a written explanation for delay and Notice of Availability of the Department of Insurance as required by 50 Ill. Adm. Code 919.80(b)(2).

3. Private Passenger Auto – Third-party Paid

In one (1) claim, the Company failed to pay the claim within 30 days after liability had been determined as required by 50 Ill. Adm. Code 919.50(a).

4. Private Passenger Auto – Third-party Closed Without Payment

In five (5) claims, the Company failed to provide a written explanation for denial within 30 days as required by 50 Ill. Adm. Code 919.50(a)(2).

5. Private Passenger Auto – Total Loss

In 13 claims, the Company failed to send a letter with the information required by Exhibit A of 50 Ill. Adm. Code 919.80(c).

6. Private Passenger Auto – Subrogation

In one (1) claim, the Company failed to return the deductible from the net subrogation recovery as required by 215 ILCS 5/143b.

7. Mobile Homeowners – Paid

In three (3) claims, the Company failed to provide a written settlement explanation with Notice of Availability of the Department of Insurance within 30 days as required by 50 Ill. Adm. Code 919.50(a)(1).

8. Mobile Homeowners – Closed Without Payment

In one (1) claim, the Company failed to provide a written denial with Notice of Availability of the Department of Insurance within 30 days as required by 50 Ill. Adm. Code 919.50(a)(1).



STATE OF SOUTH CAROLINA

SS

COUNTY OF LEXINGTON

Timothy R. Nutt, being first duly sworn upon his/her oath, deposes and says:

That he was appointed by the Director of Insurance of the State of Illinois (the "Director") as Examiner-In Charge to examine the insurance business and affairs of Progressive Direct Insurance Company, Progressive Northern Insurance Company and Progressive Universal Insurance Company, (the "Company"), NAIC #16322, #38628, #21727;

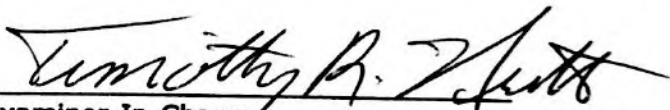
That the Examiner-In-Charge was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Company with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish the Director with a statement of the condition and operation of the Company's business and affairs and the manner in which the Company conducts its business;

That neither the Examiner-In-Charge nor any other persons so designated nor any members of their immediate families is an officer of, connected with, or financially interested in the Company nor any of the Company's affiliates other than as a policyholder or claimant under a policy or as an owner of shares in a regulated diversified investment company, and that neither the Examiner-In-Charge nor any other persons so designated nor any members of their immediate families is financially interested in any other corporation or person affected by the examination;


That an examination was made of the affairs of the Company pursuant to the authority vested in the Examiner-In-Charge by the Director of Insurance of the State of Illinois;

That he was the Examiner-in-Charge of said examination and the attached report of examination is a full and true statement of the condition and operation of the insurance business and affairs of the Company for the period covered by the Report as determined by the examiners;

That the Report contains only facts ascertained from the books, papers, records, or documents, and other evidence obtained by investigation and examined or ascertained from the testimony of officers or agents or other persons examined under oath concerning the business, affairs, conduct, and performance of the Company.

  
Examiner-In-Charge

Subscribed and sworn to before me  
this 23<sup>rd</sup> day of August, 2016.

  
Notary Public Canner A. Thomas  
Exp. - May 4<sup>th</sup>, 2026



**STATE OF ILLINOIS**  
**DEPARTMENT OF INSURANCE**



IN THE MATTER OF:

**PROGRESSIVE NORTHERN INSURANCE COMPANY  
PROGRESSIVE UNIVERSAL INSURANCE COMPANY  
6300 WILSON MILLS ROAD  
MAYFIELD VILLAGE, OH 44143-2182**

STIPULATION AND CONSENT ORDER

WHEREAS, the Acting Director of the Illinois Department of Insurance ("Department") is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of this State; and

WHEREAS, Progressive Northern Insurance Company, NAIC 38628, and Progressive Universal Insurance Company, NAIC 21727, collectively referred to as "the Company", are authorized under the insurance laws of this State and by the Acting Director to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Company was conducted by a duly qualified examiner of the Department pursuant to Sections 132, 401, 402, 403, and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403, and 5/425); and

WHEREAS, as a result of the Market Conduct Examination, the Department examiner filed a Market Conduct Examination Report which is an official document of the Department; and

WHEREAS, the Market Conduct Examination Report cited various areas in which the Company was not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Department Regulations (50 Ill. Adm. Code 101 *et seq.*); and

WHEREAS nothing herein contained, nor any action taken by the Company in connection with this Stipulation and Consent Order, shall constitute, or be construed as, an admission of fault, liability or wrongdoing of any kind whatsoever by the Company; and

WHEREAS, the Company is aware of and understand their various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, 407, and 407.2 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, the Company understands and agrees that by entering into this Stipulation and Consent Order, they waive any and all rights to notice and hearing; and

WHEREAS, the Company and the Acting Director, for the purpose of resolving all matters raised by the report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

NOW, THEREFORE, IT IS AGREED by and between the Company and the Acting Director as follows:

1. The Market Conduct Examination indicated various areas in which the Company was not in compliance with provisions of the Illinois Insurance Code and Department Regulations; and
2. The Acting Director and the Company consent to this Order requiring the Company to take certain actions to come into compliance with provisions of the Illinois Insurance Code and Department Regulations.

THEREFORE, IT IS HEREBY ORDERED by the undersigned Acting Director that the Company shall:

1. Institute and maintain policies and procedures whereby the Company shall provide on the notice of nonrenewal, a specific explanation of the reasons for nonrenewal as required by 215 ILCS 5/143.17(e).
2. Institute and maintain policies and procedures whereby the Company shall include mine subsidence coverage at a separately stated premium, unless waived in writing by the insured as required by 215 ILCS 5/805.1(a).
3. Institute and maintain policies and procedures for responding to complaints whereby the Company shall provide adequate documentation which explains all actions taken or not taken and shall provide to the Department the documents necessary to support the Company's position on complaints as required by 50 Ill. Adm. Code 926.40(b)(1) and 50 Ill. Adm. Code 926.40(b)(2).
4. Institute and maintain policies and procedures whereby the Company shall provide the insured an explanation of the basis of the lower offer or denial on first party claims within 30 days after determination of liability as required 50 Ill. Adm. Code 919.50(a)(1).
5. Institute and maintain policies and procedures whereby the Company shall provide a reasonable written explanation for denial on third party claims within 30 days after the initial determination of liability as required by 50 Ill. Adm. Code 919.50(a)(2).
6. Institute and maintain policies and procedures whereby the Company shall provide the insured with, at a minimum, the information contained in Exhibit A, within seven (7) days of determination of the total loss as required by 50 Ill. Adm. Code 919.80(c).
7. Submit to the Acting Director of Insurance, State of Illinois, proof of compliance with the above six (6) orders within 30 days of execution of this Order.

8. Pay to the Acting Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$1,750.00 to be paid within 30 days of execution of this Order.

NOTHING contained herein shall prohibit the Acting Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code including, but not limited, to levying additional forfeitures, should the Company violate any of the provisions of this Stipulation and Consent Order or any provisions of the Illinois Insurance Code or Department Regulations.

On behalf of PROGRESSIVE NORTHERN INSURANCE COMPANY

Christina L. Crews  
Signature

Christina L. Crews  
Name

Assistant Secretary  
Title

On behalf of PROGRESSIVE UNIVERSAL INSURANCE COMPANY

Jennifer Mineo  
Signature

Jennifer Mineo  
Name

Assistant Vice President  
Title

Subscribed and sworn to before me this  
2 day of February 2017.

Linda R. Layton  
Notary Public



LINDA R. LAYTON  
NOTARY PUBLIC, STATE OF OHIO  
LAKE COUNTY  
My Commission Expires 7/15/2017

DEPARTMENT OF INSURANCE of the  
State of Illinois:

Jennifer Hammer  
Jennifer Hammer  
Acting Director

DATE 2/6/17

