STATE OF MISSOURI

DEPARTMENT OF COMMERCE & INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

***In Re*:**	)	
	)	
PROGRESSIVE PREFERRED INSURANCE COMPANY (NAIC #37834)	)	**Market Conduct Examination No. 360269**
	)	
	)	

ORDER OF THE DIRECTOR

NOW, on this 28th day of April, 2026, Director Angela L. Nelson, after consideration and review of the market conduct examination report of Progressive Preferred Insurance Company (NAIC #37834) (hereinafter "PPIC"), examination report number #360269, prepared and submitted by the Division of Insurance Market Regulation (hereinafter "Division") pursuant to §374.205.3(3)(a)[1], does hereby adopt such report as filed. After consideration and review of the Stipulation of Settlement and Voluntary Forfeiture ("Stipulation"), relating to the market conduct examination #360269, the examination report, relevant work papers, and any written submissions or rebuttals, the findings and conclusions of such report are deemed to be the Director's findings and conclusions accompanying this order pursuant to §374.205.3(4). The Director does hereby issue the following orders:

This order, issued pursuant to §374.205.3(4) and §374.046.15 RSMo, is in the public interest.

IT IS THEREFORE ORDERED that the Director does hereby approve the Stipulation as agreed to by PPIC and the Division.

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[1] All references, unless otherwise noted, are to Revised Statutes of Missouri 2016.

IT IS FURTHER ORDERED that PPIC shall not engage in any of the violations of statutes and regulations set forth in the Stipulation, shall implement procedures to place it in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri, shall maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation.

IT IS FURTHER ORDERED that PPIC shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of $3,000.00, payable to the Missouri State School Fund.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 28th day of April, 2026.

Angela L. Nelson
Director

IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI

***In Re*:**	)	
	)	
PROGRESSIVE PREFERRED	)	**Market Conduct Examination No. 360269**
INSURANCE COMPANY (NAIC # 37834)	)	

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter the "Division"), and Progressive Preferred Insurance Company (NAIC #37834) (hereinafter "PPIC"), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Commerce and Insurance (hereinafter the "Department"), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State of Missouri;

WHEREAS, PPIC has been granted a certificate of authority to transact the business of insurance in the State of Missouri;

WHEREAS, the Division conducted a market conduct examination of PPIC, Examination No. 360269; and

WHEREAS, based on the claims review section of the market conduct examination of PPIC, the Division alleges that:

1. In three claims, PPIC did not send a letter at 45 days to the insured setting forth the reasons additional time was needed for the investigation, in violation of § 375.1007(3) and 20 CSR 100-1.050(1)(C).[1]

2. For one claim, PPIC did not notify the insured in writing within 15 days advising of the

[1] All references, unless otherwise noted, are to Revised Statutes of Missouri 2016.

denial of a claim, in violation of § 375.1007(3) and 20 CSR 100-1.050(1)(A).

3. For two claims, PPIC did not promptly provide necessary claim forms, instructions, and reasonable assistance to a first-party claimant within ten (10) working days of notification of a claim, implicating the provisions of § 375.1007(2) and in violation of 20 CSR 100-1.030(3).

4. In three claims, PPIC did not provide an appropriate reply within 10 working days on all communications from a claimant where a response is expected, implicating the provisions of § 375.1007(2) and in violation of 20 CSR 100-1.030(1)(B).

5. In 14 instances in 13 claims, PPIC did not maintain adequate documentation in its claim files, in violation of § 374.205.2(2) and 20 CSR 100-8.040(3)(B).

6. In four claims, PPIC misrepresented relevant facts and policy provisions to a first-party claimant, implicating the provisions of § 375.1007(1) and in violation of 20 CSR 100-1.020(1)(A).

7. In two claims, PPIC did not adopt and implement reasonable standards for the prompt settlement of a claim, in violation of § 375.1007(3).

8. In 13 claims, PPIC did not effectuate prompt, fair, and equitable settlement of claims submitted in which liability had become reasonably clear, in violation of § 375.1007(4).

9. In 14 claims, PPIC failed to implement reasonable standards for the settlement of claims and did not effectuate fair and equitable settlements by mischaracterizing the condition of vehicles in total loss settlements, in violation of § 375.1007(3) and (4).

10. In 46 instances in 45 claims, PPIC did not effectuate prompt, fair, and equitable settlement by obscuring individual characteristics of comparable vehicles used in calculating total loss settlements, in violation of § 374.205.2(2), § 375.1007(3), § 375.1007(4), 20 CSR 100-8.040(2) and 20 CSR 100-8.040(3)(B)1.

11. In 71 instances in 68 claims, PPIC did not implement reasonable standards and effectuate prompt, fair, and equitable settlement of claims by failing to itemize depreciation

deductions in total loss settlements, in violation of § 375.1007(3) and 20 CSR 100-1.050(2)(E).

12. In 14 claims, PPIC did not document the basis of salvage quotes used for owner retained settlements, in violation of § 375.1007(3), 20 CSR 100-8040(2), and 20 CSR 100-8.040(3)(B).

13. PPIC failed to adopt and implement reasonable standards when selecting, implementing and monitoring a software system that was used to prepare estimates to ensure disclosure of the use of parts not made by the original equipment manufacturer, in violation of § 375.1007(3) and 20 CSR 100-1.050(2)(D)2.

14. PPIC failed to effectuate a prompt, fair, and equitable settlement by not including the required disclosure when preparing any customer estimates based on the use of automobile part(s) not made by the original equipment manufacturer, in violation of § 375.1007(4) and 20 CSR 100-1.050(2)(D)2.

15. In four claims, PPIC did not provide a reasonable and accurate explanation for the basis of a claims denial and did not include a reference to policy provisions or conditions when denying coverage to the first-party insureds, implicating the provisions of § 375.1007(12) and in violation of 20 CSR 100-1.050(1)(A).

16. In one claim, PPIC did not send a letter at 45 days to their insured, setting forth the reasons additional time was needed for investigation, implicating the provisions of § 375.1007(3), and in violation of 20 CSR 100-1.050(1)(C).

17. In one claim, PPIC did not advise their insured of the denial of a claim within 15 working days, implicating the provisions of § 375.1007(3) and in violation of 20 CSR 100-1.050(1)(A).

18. In two claims, PPIC failed to maintain the claim files, as the records indicated first-party denial letters had been sent but were not found in the files, in violation of § 374.205.2(2) and

20 CSR 100-8.040(3)(B)1.

19. In two claims, PPIC misrepresented relevant facts and policy provisions to the first-party claimant, implicating the provisions of § 375.1007(1).

20. In two claims, PPIC did not attempt to effectuate prompt, fair, and equitable settlement of claims submitted by denying coverage when coverage payment was due, in violation of § 375.1007(4).

21. In one claim, PPIC did not implement reasonable standards for the prompt investigation and settlement of the claim by incorrectly informing the insured that no coverage was available without completing any investigation or identifying that a premium payment was received, when coverage was ultimately available, implicating the provisions of § 375.1007(3).

22. In one claim, PPIC did not attempt in good faith to effectuate a fair and equitable settlement by issuing payment under liability coverage to another PPIC claim file for damages that the insured was not liable for, resulting in an overpayment, in violation of § 374.1007(4).

23. In one claim, PPIC did not provide a reasonable and accurate explanation of the basis for a denial. PPIC did not provide a specific policy provision, condition or exclusion in the denial letter provided to the insured that referenced a Named Driver Exclusion Endorsement, in violation of § 375.1007(12) and 20 CSR 100-1.050(1)(A).

24. In one claim, PPIC did not document that it promptly provided a reasonable and accurate explanation to a first-party claimant in writing as required by § 375.1007(12), implicating the provisions of § 375.1007(3) and in violation of 20 CSR 100-1.050(1)(A).

25. In one claim, PPIC did not provide a reasonable and accurate explanation when coverage for a loss was denied, in violation of § 375.1007(12) and 20 CSR 100-1.050(1)(A).

26. In one claim, PPIC did not implement reasonable standards for the prompt investigation and settlement of the claim by failing to provide a reasonable and accurate explanation for the

basis of a claims denial, implicating the provisions of § 375.1007(3) and in violation of 20 CSR 100-1.050(1)(A).

WHEREAS, the Division and PPIC have agreed to resolve the issues raised in the market conduct examination as follows:

A. Scope of Agreement. This Stipulation of Settlement and Voluntary Forfeiture (hereinafter "Stipulation") embodies the entire agreement and understanding of the signatories with respect to the subject matter contained herein. The signatories hereby declare and represent that no promise, inducement or agreement not herein expressed has been made, and acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. Remedial Action. PPIC agrees to take remedial action, bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain those remedial actions at all times. Such remedial actions shall include the following:

1. PPIC agrees that, where a sales tax affidavit has been issued to a total loss claimant, it will maintain a copy of the affidavit in the claim file.

2. PPIC agrees to document conditioning scores in its claim files with clarity and specificity as required by 20 CSR 100-8.040(3)(B). PPIC agrees that when a motor vehicle total loss is valuated, the determination of the actual cash value of the total loss vehicle must be supported by documentation maintained in the claim file. PPIC also agrees that the documentation shall be in sufficient detail and clear enough for the adjuster to explain the adjustments and to show how each of the adjustments were calculated for the comparable vehicles to the insured and to the Department if necessary. PPIC further agrees that any adjustment in the value shall be itemized, measurable, verifiable, and appropriate in amount pursuant to 20 CSR 100-1.050(2)(E). The basis for any adjustment in settlement shall be maintained in writing in PPIC's claim file.

3. PPIC agrees to reimburse all claimants for underpayments identified in the exam report

that have not already been reimbursed. Payment of interest, pursuant to § 374.191, will be included with the reimbursement of the underpayment. A letter will be included indicating that, as a result of a Missouri Market Conduct examination, it was discovered that additional payments were owed on the claim.

4. PPIC agrees that, in assessing the value of total loss vehicles, it will categorize the condition of the vehicle based on the evidence contained in the claim file and will only accept the adjuster's real-time determination if that determination is supported by documentary evidence contained in the claim file.

5. PPIC agrees that it will include all inputs and other documentation in the claim file needed to determine how salvage value was calculated.

6. PPIC agrees that upon written request of the Department made in connection with a market conduct examination or investigation, it will work with its vendors to provide the Department with the full Vehicle Identification Number (VIN) and place of sale of comparable vehicles utilized by PPIC or its contractors, in connection with total loss claims, for determining the value of a total loss vehicle.

7. PPIC agrees that it will include all optional equipment on vehicles in determining valuations on total loss settlements.

8. PPIC agrees to retain copies of all claim denial letters in its claim files.

9. PPIC agrees to send a written denial letter referencing a specific policy provision, condition, or exclusion when a first-party claim is denied on the grounds of a specific policy provision, condition, or exclusion.

27. PPIC agrees to include the disclosure required by 20 CSR 100-1.050(2)(D)2 when preparing estimates based on the use of automobile parts not made by the original equipment manufacturer.

28. PPIC agrees that going forward, as long as it utilizes Mitchell as a third-party vendor, it will follow both PPIC's and Mitchell's guidelines and condition deductions for headliners as outlined by PPIC's and Mitchell's guidelines and training.

29. PPIC agrees to provide an appropriate reply and all necessary claim forms, instructions and reasonable assistance to claimants as required by 20 CSR 100-1.030(1) and (3) and 20 CSR 100-1.050(A) and (C).

30. PPIC agrees to provide a payment of $600.00 to the first-party claimant in claim number XX-XXX4409, together with payment of interest pursuant to § 374.191. PPIC shall utilize a professional address location system approved by the Division to attempt to locate and update the claimant's mailing address. If PPIC is unable to locate the claimant, PPIC shall remit the above payment to the Missouri State Treasurer's Office in accordance with the escheatment provisions of §§ 447.500-447.595. Proof of such payment shall be furnished to the Division.

31. PPIC agrees to contact the injured claimant in claim number XX-XXXX9128 to advise the first-party claimant regarding available uninsured motorist bodily injury coverage. PPIC shall utilize a professional address location system approved by the Division to attempt to locate and update the claimant's mailing address. PPIC shall process the claim in accordance with standard claim handling procedures, and shall pay the claimant any amount owed under the policy, together with interest pursuant to § 374.191. If PPIC has taken the steps described in this paragraph to locate the claimant and is unable to do so, it is not required to process the claim.

32. PPIC agrees to contact the first-party claimant in claim number XX-XXX8565 to obtain a copy of the receipt for the covered tow bill. If the claimant is unable to provide a copy of the receipt, PPIC shall determine a reasonable amount of payment sufficient to cover the tow bill, and shall make payment of that amount to the claimant, together with payment of interest pursuant to § 374.191. Proof of such payment shall be furnished to the Division.

16. PPIC agrees to reprocess UMR's medical claim submitted on behalf of the insured and pay the amount owed under the policy, together with payment of interest pursuant to § 374.191, in claim number XX-XXX0437. PPIC shall utilize a professional address location system approved by the Division to attempt to locate and notify the insured to provide payment. If PPIC is unable to locate the insured to provide payment, PPIC shall remit the payment to the Missouri State Treasurer's Office in accordance with the escheatment provisions of §§ 447.500-447.595. Proof of such payment shall be furnished to the Division.

C. Compliance. PPIC agrees to file documentation pursuant to section 374.205 with the Division, in a format acceptable to the Division, within 45 days of the entry of an Order approving this Stipulation, of any remedial action taken to implement compliance with the terms of this Stipulation.

D. Voluntary Forfeiture. PPIC agrees, voluntarily and knowingly, to surrender and forfeit the sum of $3,000.00, such sum payable to the Missouri State School Fund, in accordance with §§ 374.049.11 and 374.280.2, within fifteen (15) days of the date the Director of the Department (hereinafter "Director") signs the Order approving this Stipulation.

E. Effect of this Stipulation. This stipulation fully resolves all issues contained in the claims portion of Examination No. 360269. Examination of all other issues authorized by the Examination Warrant signed by the Director remains ongoing, and neither the Department nor PPIC waive any legal rights, claims or defenses relating to the ongoing portions of the examination.

F. Non-Admission. Nothing in this Stipulation shall be construed as an admission by PPIC, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above-referenced market conduct examination.

G. Waivers. PPIC, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights to procedural requirements, including notice and an

opportunity for a hearing, and review or appeal by any trial or appellate court, which may have otherwise applied to the market conduct examination No. 360269.

H. Amendments. No amendments to this Stipulation shall be effective unless made in writing and agreed to by authorized representatives of the Division and PPIC.

I. Governing Law. This Stipulation shall be governed and construed in accordance with the laws of the State of Missouri.

J. Authority. The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation, on behalf of the Division and PPIC, respectively.

K. Counterparts. This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single document. Execution by facsimile or by electronically transmitted signature shall be fully and legally effective and binding.

L. Effect of Stipulation. This Stipulation shall not become effective until entry of an Order by the Director of the Department approving this Stipulation.

M. Request for an Order. The signatories below request that the Director issue an Order approving this Stipulation and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: April 27, 2026

Teresa Kroll
Chief Market Conduct Examiner
Division of Insurance Market Regulation

DATED: 3/31/2026

Gregory Schwartz, Associate General Counsel
Progressive Preferred Insurance Company

MARKET CONDUCT EXAMINATION REPORT
of the Property and Casualty Business of

Progressive Preferred Insurance Company
NAIC #37834

Home Office:
6300 Wilson Mills Road
Mayfield Village, OH 44123

Missouri Examination #360269

Covering the Time Period of
January 1, 2017 through December 31, 2019

Claims Portion of the Examination Only

DIVISION OF INSURANCE MARKET REGULATION
DEPARTMENT OF COMMERCE & INSURANCE
STATE OF MISSOURI

JEFFERSON CITY, MISSOURI

Governor Mike Kehoe
State of Missouri

Missouri Department of
Commerce & Insurance
Angela L. Nelson, Director

Division of Insurance Market Regulation

April 27, 2026

Honorable Angela L. Nelson, Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Nelson:

In accordance with the market conduct examination warrant and in compliance with the statutory requirements of the State of Missouri, a targeted market conduct examination has been conducted of the specified lines of insurance and business practices of:

Progressive Preferred Insurance Company (NAIC #37834)

This examination was conducted as a desk examination at the offices of the Missouri Department of Commerce and Insurance (DCI) in Jefferson City, by the following DCI staff market conduct team members:

Shelly Herzing, Market Conduct Examiner-in-Charge
Darren Jordan, Market Conduct Examiner
Tad Herin, Market Conduct Examiner
Andrew Cope, Market Conduct Examiner

The examination results are contained in the attached report for your consideration. The report provides the scope of the examination, summarizes the applicable NAIC Market Regulation Handbook standards, testing performed, and lists the findings identified in reviews.

The Market Conduct team thanks you for the opportunity to serve the Missouri Department of Commerce and Insurance and the citizens of the great State of Missouri in conducting this examination.

Respectfully,

Teresa Kroll
Chief Examiner, Market Conduct
Missouri Department of Commerce and Insurance

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FOREWORD

The following is a Market Conduct Examination Report performed by DCI staff market conduct examiners in the Market Conduct Section of the Division of Insurance Market Regulation. The Division of Insurance Market Regulation is an area of the Department of Commerce and Insurance that is statutorily required to perform the functions of rate and form regulation and monitor marketplace activity in addition to other functions assigned by the Director. The Market Conduct Section is tasked with the responsibility of ensuring equitable treatment of Missouri policyholders. One mechanism for performing this duty is to conduct a market conduct examination to review insurers documents for compliance with Missouri statutes and regulations. Based on information obtained through market analysis, the Director of the Missouri Department of Commerce and Insurance determined the market activities of Progressive Preferred Insurance Company warranted additional scrutiny and an examination warrant was issued on June 3, 2020.

The following is a "report by exception." The report does not present a comprehensive overview of the insurer's practices. Rather, it contains a summary of the non-compliant activities discovered during the course of the examination regarding the Company's private passenger auto insurance. All unacceptable or non-compliant activities may not have been discovered. Failure to identify, comment upon, or criticize non-compliant practices, procedures, products or files in this state or other jurisdictions does not constitute acceptance or approval of such practices.

Pursuant to § 374.205.4, RSMo, all working papers, recorded information, documents and copies thereof produced by, obtained by, or disclosed to the Director or any person in the course of the examination are provided confidential treatment.

Statutory citations that were in effect during the time of the examination period were applied.

When used in this report:

- "Company" or "PPIC" refers to the Progressive Preferred Insurance Company
- "CSR" refers to the Missouri Code of State Regulations
- "DCI" refers to the Missouri Department of Commerce and Insurance
- "Director" refers to the Director of the Missouri Department of Commerce and Insurance
- "Division" refers to Division of Insurance Market Regulation
- "Handbook" refers to the 2020 NAIC *Market Regulation Handbook*
- "NAIC" refers to the National Association of Insurance Commissioners
- "RSMo" refers to the Revised Statutes of Missouri 2016, unless otherwise noted.

SCOPE OF EXAMINATION

The market conduct examiners reviewed the Company's business practices to determine compliance with Missouri insurance laws and regulations during the scope of the examination. This market conduct examination was performed in accordance with §§ 374.110, 374.190, 374.205, 375.938, and 375.1009, RSMo, which empowers the Director of the DCI to examine property and casualty companies.

The primary period covered by this review is January 1, 2017 through December 31, 2019, unless otherwise noted. Errors found outside of this time period may also be included in the report. The examination consisted of a review of the following lines of insurance and business areas:

Private Passenger Automobile Insurance

I. Claims
II. Underwriting and Rating
III. Marketing
IV. Operations and Management
V. Complaint Handling

Private passenger automobile insurance is the liability and physical damage insurance coverage that individual citizens carry on their vehicles driven for personal use. With regard to this line of business, market conduct examiners were tasked with reviewing the Company's private passenger automobile insurance in the State of Missouri. This report addresses the claims portion of the exam only. A report addressing any findings for the balance of the areas reviewed will be forthcoming in a separate report. Some areas of review were the Company's total loss valuations, denials and closed without payment claims.

METHODOLOGY

The examiners utilized the Handbook standards when planning for and conducting their reviews. Applicable Handbook standards associated with identified errors are specifically cited in the Examination Findings section of this report. When determining which files to review, the examiners conducted both census reviews and sample reviews, as appropriate.

A review of all records in the population for a test is referred to as a census review. When a population is too large for a census review, the test is conducted by reviewing a sample of systematically selected number of records from within a population. With regards to sampling, the examiners referenced the guidance provided by the Handbook and utilize two sampling methodologies discussed in the sampling chapter: random and stratified. Under a random sampling methodology, all items in the target population have an equal chance of appearing in a sample. Under stratified sampling, the sample is obtained by performing a separate and independent random sample on a subpopulation of interest. The methodology used for each specific test is set out in the Examination Findings section of this report. Unless otherwise noted, the examiners selected all files on a random basis where a sample of a larger population was taken.

Samples were tested for compliance with standards established by the NAIC and the Department. When assessing compliance with the Unfair Trade Practices Act or Unfair Claims Settlement Practices Act, the examiners considered if the Company's actions were committed with such frequency to indicate a general business practice or if the actions were committed in conscious disregard of the law. One mechanism used by the examiners to assess if a general business practice violation occurred is to compare the Company's observed error ratio for such a practice against the NAIC benchmark error ratios of 7% for claims practices errors and 10% for unfair trade practices errors. Observed error ratios which exceed these benchmarks are presumed to occur at

such frequency to indicate a general business practice. Where a general business practice was identified, error ratios are set forth in the tables.

COMPANY PROFILE

Progressive Preferred Insurance Company ("PPIC") is a wholly-owned subsidiary of Drive Insurance Holdings, Inc., whose ultimate parent is The Progressive Corporation, an insurance holding company. PPIC was incorporated in the State of Ohio in September of 1979 for the purpose of transacting insurance business, except life insurance, in various classes of insurance as set forth in the insurance laws. PPIC is rated "A+" by A.M. Best.

PPIC is property and casualty insurer and is part of The Progressive Insurance Group, which consists of 86 companies, of which 48 are insurance companies.

PPIC is currently licensed in the following states: Alaska, Arizona, Colorado, Delaware, District of Columbia, Georgia, Hawaii, Idaho, Indiana, Iowa, Kentucky, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington and West Virginia. PPIC is currently transacting the following lines of business: Homeowners Multiple Peril, Commercial 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. The written premium, market share, and incurred losses for the last year of the exam timeframe is captured in the table below. Premium has trended down from $14,206,428 in 2017 to $11,276,577 in 2019 for Missouri Private Passenger Automobile.

Progressive Preferred Insurance Company Financial Reporting 2019			
Line of Business	**Written Premium**	**Market Share**	**Incurred Losses**
Missouri Private Passenger Automobile	$11,276,577	.26%	$6,731,232
Missouri Total – All Property & Casualty	$12,559,814	.11%	$7,097,610
Missouri Total – All Lines of Business	$12,559,814	.04%	$7,097,610
Nationwide Total – All Lines of Business	$1,229,722,540	---	$733,263,335

EXECUTIVE SUMMARY

Compliance issues were found in the claims business area examined for private passenger automobile coverage. The following is a summary of the findings:

CLAIMS

- The Company did not timely investigate and resolve claims.

- The Company did not handle claims in accordance with policy provisions and applicable statutes, rules and regulations.
- The Company did not promptly acknowledge communications.
- The Company did not adequately document claim files.
- The Company did not disclose policy benefits, coverages, or provisions.
- The Company did not effectuate prompt, fair, and equitable claim settlements.
- The Company did not implement reasonable standards for the settlement of claims.
- The Company did not handle the denial of claims in accordance with state law.

EXAMINATION FINDINGS

I. CLAIMS

The claims portion of the examination provides a review of the Company's compliance with Missouri statutes and regulations regarding claims handling practices such as the timeliness of handling, accuracy of payment, adherence to contract provisions, and compliance with Missouri statutes and regulations. The following Handbook standards were considered:

- Chapter 20 Claims:
  - Standard 2: Timely investigations are conducted.
  - Standard 3: Claims are resolved in a timely manner.
  - Standard 4: The regulated entity responds to claim correspondence in a timely manner.
  - Standard 5: Claims files are adequately documented.
  - Standard 6: Claims are properly handled in accordance with policy provisions and applicable statutes (including HIPAA), rules and regulations.
  - Standard 9: Denied and closed without payment claims are handled in accordance with policy provisions and state law.

In accordance with these Handbook standards, the examiners:

A. Requested and reviewed policies, procedures, and guidelines that pertained to claim handling procedures, including the investigation and payment of claims, for compliance with Missouri statutes and regulations.

B. Requested and reviewed the policy provisions and requirements to pay claims in accordance with policy provisions and that policy provisions are congruent with statutes, rules and regulations.

C. Selected and requested claims files from data supplied by the Company. Reviews of the files were conducted to determine adherence to policy provisions, company procedures and guidelines, and Missouri statutes and regulations. The samples were selected in two areas as follows:

   1. A random sample of 83 paid claim (Claims Paid) files out of a field of 760 from the data supplied by the Company were reviewed to determine if claims were paid

appropriately and timely and in accordance with Missouri law and if total loss claims were valued appropriately, clearly documented, and handled in accordance with Missouri law. In addition, the inputs to the total loss valuation system and policies and procedures applicable to total losses were reviewed to evaluate them in practical application.

2. A census of 35 denied/closed without payment (CWP) claim files from the data supplied by the Company were reviewed to determine if claims were closed without payment or denied appropriately and timely and in accordance with Missouri law.

The sample type, field size, sample size, errors and ratios are set out in the table below:

Claims Error Ratio Table						
Area of Review	**Field Size**	**Sample Size**	**Sample Method**	**Citations**	**# of Errors**	**Error Ratio**
Claims Paid	760	83	Random	375.1007(1)	4	4.82%
				375.1007(2)	5	6.02%
				375.1007(3)	80	96.39%
				375.1007(4)	56	67.47%
				375.1007(12)	4	4.82%
				374.205	50	NA
CWP	35	35	Census	375.1007(1)	2	5.71%
				375.1007(3)	2	5.71%
				375.1007(4)	4	11.43%
				375.1007(12)	4	11.43%
				374.205	2	NA

The examiners found the following errors in their reviews.

1. Claims Paid

Finding 1: For three claims, the Company did not send a letter at 45 days to their insured setting forth the reasons additional time was needed for investigation.

Reference: § 375.1007(3), RSMo, and 20 CSR 100-1.050(1)(C)

Finding 2: For one claim, the Company did not advise their insured of the acceptance or denial of a claim within 15 working days.

Reference: § 375.1007(3), RSMo, and 20 CSR 100-1.050(1)(A)

Finding 3: For one claim, the Company did not promptly provide necessary claim forms, instructions, and reasonable assistance to a first-party claimant within ten (10) working days of notification of a claim.

Reference: § 375.1007(2), RSMo, and 20 CSR 100-1.030(3)

Finding 4: For one claim, the Company did not promptly provide necessary claim forms, instructions and reasonable assistance to a first-party claimant within ten (10) working days of notification of a claim.

Reference: § 375.1007(2), RSMo, and 20 CSR 100-1.030(3)

Finding 5: For one claim, the Company did not provide an appropriate reply within 10 working days on all communications from a claimant.

Reference: § 375.1007(2), RSMo, and 20 CSR 100-1.030(1)(B)

Finding 6: For one claim, the Company did not provide an appropriate reply within 10 working days on a communication from a claimant.

Reference: § 375.1007(2), RSMo, and 20 CSR 100-1.030(1)(B)

Finding 7: For one claim, the Company did not provide an appropriate reply within 10 working days on a communication from a claimant.

Reference: § 375.1007(2), RSMo, and 20 CSR 100-1.030(1)(B)

Finding 8: For nine claims, the Company did not maintain a copy of the Missouri Sales Tax Affidavit for a total loss settlement in the claim file.

Reference: § 374.205.2(2), RSMo, 20 CSR 100-8.040(3)(B)3, and Company Retention Schedule

Finding 9: In two instances for one claim, the Company did not maintain a copy of the Missouri Sales Tax Affidavit or supporting documentation for condition ratings used to determine a vehicle's settlement value.

Reference: § 374.205.2(2), RSMo, and 20 CSR 100-8.040(3)(B) and Company Retention Schedule

Finding 10: For one claim, the Company did not adequately maintain the claim file with the insured's dispute regarding the prior damage deductions for the total loss of their vehicle, which specific damages had been claimed by the insured, whether an investigation was completed for the customer's dispute, and what explanation was provided to the customer as to why damages were denied.

Reference: § 374.205.2(2), RSMo, and 20 CSR 100-8.040(3)(B)(1)

Finding 11: For one claim, the Company did not maintain the claim file with a letter regarding subrogation efforts, although the file indicated that a letter had been sent.

Reference: § 374.205.2.(2), RSMo, 20 CSR 100-8.040(3)(B), and Company Retention Schedule

Finding 12: For one claim, the Company did not maintain the claim file to show the insured's dispute and supporting documentation of the valuation of their vehicle.

Reference: § 374.205.2(2), RSMo, and 20 CSR 100-8.040(3)(B)

Finding 13: For one claim, the Company did not disclose that comprehensive coverage was available to a first-party claimant.

Reference: § 375.1007(1), RSMo, and 20 CSR 100-1.020(1)(A)

Finding 14: For one claim, the Company did not disclose that uninsured motorist bodily injury coverage was available to an injured first-party claimant.

Reference: § 375.1007(1), RSMo, and 20 CSR 100-1.020(1)(A)

Finding 15: For one claim, the Company did not disclose the policy provision, Our Rights to Recovery Payment, to a first-party claimant for a loss in which there was a potential for subrogation.

Reference: § 375.1007(1), RSMo, and 20 CSR 100-1.020(1)(A)

Finding 16: For one claim, the Company misrepresented relevant facts and policy provisions to a first-party claimant when the Company informed the insured by denial letter and an explanation of benefits letter that the applicable medical payments coverage limits had been reached. After the limits had been exhausted, the Company received a $600.00 refund which would have allowed the insured to submit additional claims had the insured been informed.

Reference: § 375.1007(1), RSMo, and 20 CSR 100-1.020(1)(A)

Finding 17: For one claim, the Company did not adopt and implement reasonable standards by not extending payment for a covered tow bill incurred by a first-party claimant.

Reference: § 375.1007(3), RSMo

Finding 18: For 12 claims, the Company did not effectuate a fair and equitable settlement of a claim by failing to include all optional equipment of an insured's vehicle in the total loss settlements, resulting in underpayments.

Reference: § 375.1007(4), RSMo

Finding 19: For one claim, the Company did not attempt to effectuate prompt, fair and equitable settlement of claims submitted when the Company received medical bills in the amount of $1,560.00, issued payment up to the policy limit of $1,000.00, and then sent the insured a denial explaining the policy limit had been reached. After the

Company denied the damages exceeding the policy limit, the Company received a $600.00 refund for bills paid. The Company did not notify the insured of the refund or issue payment for the $560.00 of medical bills previously denied.

Reference: § 375.1007(4), RSMo

Finding 20: For 14 claims, the Company did not implement reasonable standards for the settlement of claims and failed to effectuate fair and equitable settlements by incorrectly categorizing the condition of the insured's vehicle in the total loss settlements.

Reference: §§ 375.1007(3) and 375.1007(4), RSMo

Finding 21: For one claim, the Company did not implement reasonable standards for the settlement of a claim by incorrectly calculating the payment due to an insured for a total loss settlement, resulting in an overpayment.

Reference: § 375.1007(3), RSMo

Finding 22: For 46 instances in 45 claims, the Company did not effectuate prompt, fair and equitable settlement by obscuring individual characteristics of comparable vehicles used in calculating total loss settlements.

Reference: §§ 374.205.2(2), 375.1007(3), 375.1007(4), RSMo, 20 CSR 100-8.040(2) and 20 CSR 100-8.040(3)(B)1

Finding 23: For 71 instances in 68 claims, the Company did not implement reasonable standards and effectuate prompt, fair and equitable settlement of claims by failing to itemize depreciation deductions in total loss settlements.

Reference: § 375.1007(3), RSMo, and 20 CSR 100-1.050(2)(E)

Finding 24: For 14 claims, the Company did not document the basis of salvage quotes used for owner retained settlements.

Reference: § 375.1007(3), RSMo, 20 CSR 100-8.040(2) and 20 CSR 100-8.040 (3)(B)

Finding 25: The Company did not adopt and implement reasonable standards when selecting, implementing and monitoring an estimating software system that was used to prepare estimates. The estimates were noncompliant because they did not have a required disclosure with notification on the use of automobile part(s) not made by the original equipment manufacturer.

Reference: § 375.1007(3), RSMo, and 20 CSR 100-1.050 (2)(D)2

Finding 26: The Company did not effectuate prompt, fair and equitable settlement by not including the required disclosure when preparing any customer estimates based on the use of automobile part(s) not made by the original equipment manufacturer.

Reference: § 375.1007(4), RSMo, and 20 CSR 100-1.050(2)(D)2

Finding 27: For two claims, the Company did not provide a reasonable and accurate explanation for the basis of a claims denial and did not include a reference to policy provisions or conditions when denying coverage to the first party insured.

Reference: § 375.1007(12), RSMo, and 20 CSR 100-1.050(1)(A)

Finding 28: For one claim, the Company did not provide a reasonable and accurate explanation for denying prior damage to the vehicle.

Reference: § 375.1007(12), RSMo, and 20 CSR 100-1.050(1)(A)

Finding 29: For one claim, the Company did not provide a reasonable and accurate explanation for denying some medical bills.

Reference: § 375.1007(12), RSMo, and 20 CSR 100-1.050(1)(A)

2. Denied/Closed Without Payment Claims

Finding 30: For one claim, the Company did not send a letter at 45 days to their insured, setting forth the reasons additional time was needed for investigation.

Reference: § 375.1007(3), RSMo, and 20 CSR 100-1.050(1)(C)

Finding 31: For one claim, the Company did not advise their insured of the acceptance or denial of a claim within 15 working days.

Reference: § 375.1007(3), RSMo, and 20 CSR 100-1.050(1)(A)

Finding 32: For two claims, the Company did not maintain the claim files as the records indicated first-party denial letters had been sent but were not found in the files.

Reference: § 374.205.2(2), RSMo, and 20 CSR 100-8.040(3)(B)1

Finding 33: For one claim, the Company misrepresented relevant facts and policy provisions to the first-party claimant. The Company incorrectly denied the third-party claim for damages to property because the policy excludes liability coverage for property owned by an insured. The property was not owned by the Named Insureds. It was owned by a business entity and third-party damages were owed.

Reference: § 375.1007(1), RSMo

Finding 34: For one claim, the Company misrepresented relevant facts and policy provisions to the first-party claimant. The Company incorrectly indicated to the insured that there was no coverage for this loss when coverage did apply.

Reference: § 375.1007(1), RSMo

Finding 35: For one claim, the Company did not attempt to effectuate prompt, fair and equitable settlement by incorrectly denying coverage for a claim submitted under liability coverage.

Reference: § 375.1007(4), RSMo

Finding 36: For one claim, the Company did not attempt to effectuate prompt, fair and equitable settlement of claims by incorrectly stating there was no coverage available for this loss.

Reference: § 375.1007(4), RSMo

Finding 37: For one claim, the Company did not implement reasonable standards when the Company incorrectly informed the insured no coverage was available for this loss without completing any investigation or identifying that a premium payment was received and coverage was ultimately available.

Reference: § 375.1007(3), RSMo

Finding 38: For one claim, the Company did not effectuate a fair and equitable settlement by issuing payment under liability coverage to another Progressive claim file for damages the insured was not liable for, resulting in an overpayment.

Reference: § 375.1007(4), RSMo

Finding 39: For one claim, the Company did not provide a specific policy provision, condition or exclusion in the denial letter provided to the insured that referenced a Named Driver Exclusion Endorsement. The letter did not reference the endorsement unique to this policy and excluded driver.

Reference: § 375.1007(12), RSMo, and 20 CSR 100-1.050(1)(A)

Finding 40: For one claim, the Company did not document that it promptly provided a reasonable and accurate explanation to a first-party claimant in writing as required by § 375.1007(12). The claim files did note denial letters were sent, but without a copy of the letter or specific language used, compliance with the cited code could not be confirmed.

Reference: § 375.1007(3), RSMo, and 20 CSR 100-1.050(1)(A)

Finding 41: For one claim, the Company did not provide a reasonable and accurate explanation when coverage for this loss was denied. The claim file indicated a draft denial letter was sent to a supervisor for review, but no documentation was found indicating a letter was actually sent to the first-party claimant and the Company was unable to produce any denial letter.

Reference: § 375.1007(12), RSMo, and 20 CSR 100-1.050(1)(A)

Finding 42: For one claim, the Company did not provide a reasonable and accurate explanation when the file documented that a denial letter was sent to the Named Insured for this loss as required by § 375.1007(12). The claim files did note denial letters were sent, but without a copy of the letter or specific language used, compliance with the cited code could not be confirmed.

Reference: § 375.1007(3), RSMo, and 20 CSR 100-1.050(1)(A)

FINAL EXAMINATION REPORT SUBMISSION AND ACKNOWLEDGEMENT

Attached hereto is the Division of Insurance Market Regulation's final report of the examination of Progressive Preferred Insurance Company (NAIC #37834), Missouri Examination Number SBS #360269. The findings in the final report were extracted from the Market Conduct Examiner's Draft Report, dated September 12, 2024. Any changes from the text of the Market Conduct Examiner's Draft Report reflected in this final report were made by the Chief Market Conduct Examiner or with the Chief Market Conduct Examiner's approval. This final report has been reviewed and approved by the undersigned.

The courtesy and cooperation extended by the officers and employees of the Company during the course of the Examination are hereby acknowledged.

April 27, 2026
Date

Teresa Kroll
Chief Examiner, Market Conduct

This examination was conducted by and the draft report was produced by the following team members:

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