



## DEPARTMENT OF COMMERCE & INSURANCE

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

*In Re:*

PROGRESSIVE NORTHWESTERN  
INSURANCE COMPANY  
(NAIC #42919)

Market Conduct Examination No. 360270

### ORDER OF THE DIRECTOR

NOW, on this 9<sup>th</sup> day of April, 2025, Director Angela L. Nelson, after consideration and review of the market conduct examination report of Progressive Northwestern Insurance Company (NAIC #42919) (hereinafter "PNIC"), examination report number #360270, prepared and submitted by the Division of Insurance Market Regulation (hereinafter "Division") pursuant to §374.205.3(3)(a)<sup>1</sup>, 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 #360270, 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 PNIC and the Division.

<sup>1</sup> All references, unless otherwise noted, are to Revised Statutes of Missouri 2016.

**IT IS FURTHER ORDERED** that PNIC 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 PNIC 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 9th day of April, 2025.



*Angela L. Nelson*

Angela L. Nelson  
Director

**IN THE DEPARTMENT OF COMMERCE AND INSURANCE  
STATE OF MISSOURI**

***In Re:*** )  
 )  
**PROGRESSIVE NORTHWESTERN** ) **Market Conduct Examination No. 360270**  
**INSURANCE COMPANY (NAIC # 42919)** )

**STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter the “Division”), and Progressive Northwestern Insurance Company (NAIC #42919) (hereinafter “PNIC”), 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**, PNIC 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 PNIC, Examination No. 360270; and

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

1. In four instances PNIC did not send a 45 day letter to the insured setting forth the reasons additional time was needed for investigation, in violation of §375.1007 (3)<sup>1</sup>, §375.1005 and 20 CSR 100-1.050 (1) (C).

2. In four instances, PNIC did not provide an appropriate reply within 10 working days on all

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<sup>1</sup> All statutory references, unless otherwise noted, are to the 2016 Revised Statutes of Missouri.

communications, in violation of §375.1007 (2) , §375.1005 and 20 CSR 100-1.030 (1) (B).

3. In four instances, PNIC did not maintain a copy of a Missouri Sales Tax Affidavit in its claim files, in violation of §374.205.2 (2) and 20 CSR 100-8.040 (3) (B) 3.

4. In one instance, PNIC did not adequately maintain the claim file because the deductions applied to the insured's total loss settlement were not supported by documentation in the file and because correspondence received from a first party claimant was not fully captured or date stamped as received, in violation of §374.205.2 (2) and 20 CSR 100-8.040 (3) (B) 1.

5. In one instance, PNIC did not inform a first party claimant of applicable Medical Payments coverage, implicating the provisions of §375.1007 (1) and in violation of 20 CSR 100-1.020 (1) (A).

6. In four instances, PNIC did not include all optional equipment on insured's vehicles in total loss settlements, in violation of §375.1007 (4) and §375.1005.

7. In one instance, PNIC removed an applicable deduction on a claim, in violation of §375.1007 (3), §375.1007 (4) and §375.1005.

8. In 11 instances, PNIC incorrectly categorized the condition of an insured's vehicle in total loss settlements, in violation of §375.1007 (3), §375.1007 (4) and §375.1005.

9. In 17 instances, PNIC did not include identifying information for comparable vehicles used in calculating total loss settlements in violation of §375.1007 (3) & (4), §375.1005, 374.205.2 (2) and 20 CSR 100-8.040 (3) (B) 1.

10. In 24 instances, PNIC did not itemize depreciation deductions in total loss settlements, in violation of §375.1007 (3), §375.1005 and 20 CSR 100-1.050 (2) (E).

11. In three instances, PNIC did not document the basis for salvage quotes used for owner retained settlements, in violation of §375.1007 (3), §375.1005, 20 CSR 100-8.040 (2) and 20 CSR 100-8.040 (3) (B).

12. PNIC did not include a required disclosure when preparing estimates based on the use of automobile parts not made by the original equipment manufacturer, in violation of §375.1007 (3), §375.1007 (4), §375.1005 and 20 CSR 100-1.050 (2) (D) 2.

13. In two instances, PNIC did not maintain copies of correspondence with insureds in its claim files, in violation of §374.205.2 (2) and 20 CSR 100-8.040 (3) (B) 1.

14. In one instance, PNIC did not provide a reasonable and accurate explanation for a partial claim denial, implicating the provisions of §375.1007 (12) and in violation of 20 CSR 100-1.050 (1) (A).

**WHEREAS**, the Division and PNIC have agreed to resolve the issues raised in the market conduct investigation 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.** PNIC 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. PNIC 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. PNIC agrees to document conditioning scores in its claim files with clarity and specificity as required by 20 CSR 100-8.040 (3) (B). PNIC agrees that when a motor vehicle total loss is valued, the determination of the actual cash value of the total loss vehicle must be supported by documentation maintained in the claim file. PNIC 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 was calculated for the comparable vehicles to the insured and to the Department if necessary. PNIC 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 PNIC's claim file.

3. PNIC agrees to reimburse all claimants for underpayments identified in the exam report which 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. PNIC 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. PNIC agrees that it will include all inputs and other documentation in the claim file needed to determine how salvage value was calculated.

6. PNIC 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 PNIC or its contractors, in connection with total loss claims, for determining the value of a total loss vehicle.

7. PNIC agrees to date stamp all correspondence received from a claimant or the claimant's representative.

8. PNIC agrees to disclose to first party claimants all pertinent benefits, coverages, or

other provisions of an insurance policy under which a claim is presented.

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

10. PNIC agrees to retain copies of all claim denial letters in its claim files.

11. PNIC 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.

12. PNIC 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.

13. PNIC agrees to reimburse the nine claimants identified in the PNIC examination workpapers whose headliners were mis-rated by refunding the difference between the value of a headliner as originally scored and the value of a headliner scored as outlined by the Company's training guidelines. 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.

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

C. **Compliance.** PNIC 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.** PNIC agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$3,000, 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. 360270. Examination of all other issues authorized by the Examination Warrant signed by the Director remain ongoing, and neither the Department nor PNIC 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 PNIC, 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.** PNIC, 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.360270 .

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

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 PNIC, 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 (hereinafter “Director”) 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 5, 2025

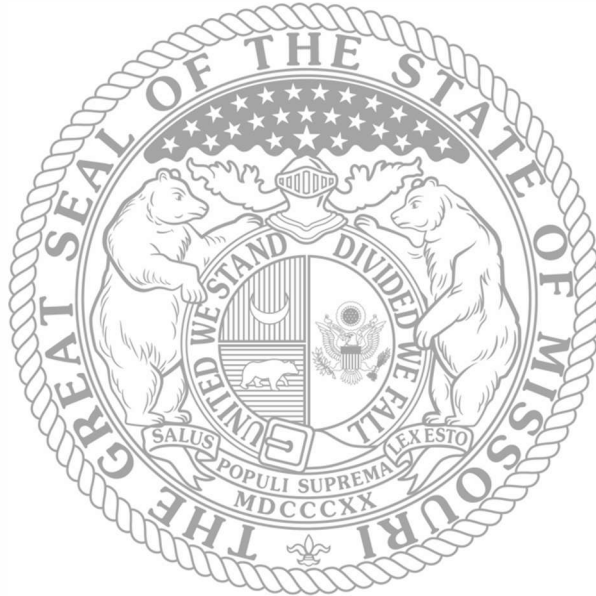


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Teresa Kroll  
Chief Market Conduct Examiner  
Division of Insurance Market Regulation

DATED: March 14, 2025



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Gregory E. Schwartz  
Associate General Counsel  
Progressive Northwestern Insurance Company



**MARKET CONDUCT EXAMINATION REPORT**  
of the Property and Casualty Business of

**Progressive Northwestern Insurance Company**  
**NAIC # 42919**

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

Missouri Examination # 360270

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



## Division of Insurance Market Regulation

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April 4, 2025

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 your 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 Northwestern Insurance Company (NAIC #42919)**

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,

A handwritten signature in blue ink, appearing to read "T. Kroll", written over a horizontal line.

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 and review of insurer's documents and behavior in the market for compliance with Missouri statutes and regulations. One mechanism for performing this duty is to conduct a market conduct examination. Based on information obtained through market analysis, the Director of the Missouri Department of Commerce and Insurance determined the market activities of Progressive Northwestern 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 "PNWIC" refers to the Progressive Northwestern 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 Northwestern Insurance Company (“PNWIC”) is a wholly-owned subsidiary of Drive Insurance Holdings, Inc., whose ultimate parent is The Progressive Corporation, an insurance holding company. PNWIC was incorporated in the State of Washington in September of 1982 for the purpose of transacting insurance business, except life insurance, in various classes of insurance as set forth in the insurance laws. PNWIC re-domesticated to the State of Ohio in December of 2004. PNWIC is rated "A+" by A.M. Best.

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

PNWIC is currently licensed in the following states: Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Georgia, Hawaii, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan (accredited reinsurer), Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, and Wisconsin. PNWIC 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. 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 up from \$13,197,047 in 2017 to \$13,257,242 in 2019 for Missouri Private Passenger Automobile.

<b>Progressive Northwestern Insurance Company Financial Reporting 2019</b>			
<b>Line of Business</b>	<b>Written Premium</b>	<b>Market Share</b>	<b>Incurred Losses</b>
Missouri Private Passenger Automobile	\$13,257,242	.31%	\$7,290,119
Missouri Total – All Property & Casualty	\$18,583,971	.16%	\$10,006,031
Missouri Total – All Lines of Business	\$18,583,971	.06%	\$10,006,031
Nationwide Total – All Lines of Business	\$587,760,982	---	\$1,466,526,671

## **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 failed to timely investigate claims.
- The Company failed to handle claims in accordance with policy provisions and applicable statutes, rules and regulations.
- The Company failed to promptly acknowledge communications.
- The Company failed to adequately document claim files.
- The Company failed to disclose policy benefits, coverages, or provisions.
- The Company failed to effectuate prompt, fair, and equitable claim settlements.
- The Company failed to implement reasonable standards for the settlement of claims.
- The Company failed to 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 noncompliance 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 census of 32 paid claim (Claims Paid) files from the data supplied by the Company were reviewed to determine if claims were paid appropriately and timely and in accordance with Missouri law.
2. A census of 56 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, 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	32	32	Census	375.205	18	NA
				375.1007(1)	1	3.13%
				375.1007(2)	4	12.50%
				375.1007(3)	29	90.63%
				375.1007(4)	22	68.75%
CWP	56	56	Census	374.205	2	NA
				374.205	2	NA

The examiners found the following errors in their reviews.

### 1. Paid Claims

Finding 1: In four instances in 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 2: For one claim, the Company did not provide an appropriate reply within 10 working days on all communications. The Company received a letter of representation for a third-party claimant and no attempt was made to respond other than attempting an unsuccessful call to the attorney 31 working days after the communication had been received.

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

Finding 3: For one claim, the Company did not provide an appropriate reply within 10 working days on all communications. The Company did not respond to a subrogation demand received from a third-party claimant's insurance carrier until after 67 working days had passed.

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

Finding 4: In three instances in one claim, the Company did not provide an appropriate reply within 10 working days on all communications. The Company did not respond to two medical subrogation demands received on behalf of a third-party claimant. Additionally, the Company did not respond to a request for documents needed to evaluate the third-party claimant's injuries until 16 working days had passed.

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

Finding 5: In one claim, the Company did not provide an appropriate reply within 10 working days on all communications. The Company did not respond to subrogation demands received from a utility company until after 115 working days had passed.

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

Finding 6: In three instances in two claims, the Company did not maintain a copy of the Missouri Sales Tax Affidavit for a total loss settlement in the claim files.

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

Finding 7: In one claim, the Company did not maintain the claim file because the ratings and deductions applied to the insured's total loss settlement were not supported by the available documentation and correspondence received from the first-party claimant was not fully captured or receipt date stamped.

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

Finding 8: In two instances in one claim, the Company did not maintain the claim file as neither a copy of the Missouri Sales Tax Affidavit for a total loss settlement nor a letter of representation was included in the claim file.

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

Finding 9: In one claim, the Company misrepresented facts or policy provisions related to coverages at issue by failing to inform the first-party claimant of applicable Medical Payments Coverage.

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

Finding 10: In four 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 11: In one claim, the Company did not implement reasonable standards and did not effectuate prompt, fair, and equitable settlement of a claim by removing an applicable deduction, resulting in an overpayment.

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

Finding 12: In 11 claims, the Company did not implement reasonable standards for the settlement of claims and failed to effectuate a fair and equitable settlement of a claim by incorrectly categorizing the condition of the insured's vehicle in total loss settlements, resulting in underpayments.

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

Finding 13: In 17 instances in 16 claims, the Company did not effectuate prompt, fair and equitable settlement by obscuring individual characteristics of comparable vehicles used in calculating total loss settlements. By failing to include any identifying information for these comparable vehicles in the claim files, the Company precluded any attempt to ascertain if the comparable vehicles were truly comparable.

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

Finding 14: In 24 instances in 23 claims, the Company did not implement reasonable standards and effectuate prompt, fair and equitable settlement by failing to itemize depreciation deductions in total loss settlements. As deductions were not itemized, examiners were unable to determine if the reductions were appropriate in calculating fair and equitable settlements.

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

Finding 15: In three claims, the Company did not document the basis of salvage quotes used for owner-retained settlements.

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

Finding 16: 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.

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

Finding 17: The Company did not effectuate prompt, fair and equitable settlement by not including the required disclosure when preparing 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)<sup>2</sup>

## **2. Denied/Closed Without Payment Claims**

Finding 18: In one claim, the Company did not maintain the claim file as the records indicated email correspondence had been received from the insured with a claim payment demand as well as an email response sent from the Company. The referenced correspondence was not found in the file.

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

Finding 19: In one claim, the Company did not maintain the claim file as the records indicated a first-party denial letter had been sent, but the referenced first-party denial letter was not found in the file.

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

Finding 20: In one claim, the Company did not provide a reasonable and accurate explanation for a partial denial or for an exclusion that applied to Collision Coverage. The Company did provide the insured a written denial but did not reference the applicable exclusion in the denial letter.

Reference: § 375.1007(12), 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 Northwestern Insurance Company (NAIC #42919), Missouri Examination Number SBS #360270. The findings in the final report were extracted from the Market Conduct Examiner's Draft Report, dated October 21, 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 4, 2025

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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