

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF DELAWARE**

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| IN THE MATTER OF: | : | |
| | : | |
| PROGRESSIVE NORTHERN INSURANCE COMPANY | : | Docket No.: 2964-2015 |
| 6300 Wilson Mills Road | : | |
| Mayfield Village, OH 44143 | : | |
| NAIC #38628 | : | |

STIPULATION AND CONSENT ORDER

THIS STIPULATION AND CONSENT ORDER is entered into as of March 4, 2016, by and between Progressive Northern Insurance Company (the “Respondent”) and the State of Delaware Department of Insurance (the “Department”).

WHEREAS, Respondent is an Ohio domiciled insurance company which writes, among other things, automobile insurance in multiple states including the State of Delaware; and

WHEREAS, the Department, through its examiners, conducted a targeted market conduct examination #38628-13-729 (the “Examination”) of Respondent’s affairs and practices related to its private passenger automobile business with respect to company operations and management, complaint handling and claims; and

WHEREAS, the Department, through its examiners, prepared and provided to Respondent for review and comments draft versions of a report of the Examination; and

WHEREAS, Respondent has discussed the findings in the Examination with the Department and provided comments; and

WHEREAS, after considering Respondent’s comments, the Department, through its examiners, has prepared a final report of the Examination dated December 31, 2012 (the “Final Examination Report”); and

WHEREAS, among other findings contained in the Final Examination Report, the Department concluded that in seven (7) instances, Respondent's practices and procedures did not comply with 18 *Del Admin C.* §600-609.5.1.3 "Surcharge Plans" wherein the Respondent improperly applied a surcharge that exceeded the pro rata amount of the total amount of the claim paid (the "Violations"); and

WHEREAS, after communications with the Department, Respondent desires to resolve this matter without recourse to any administrative hearing or court action.

NOW, THEREFORE, IT IS AGREED, by and between Respondent and the Department as follows:

1. Respondent accepts the Final Examination Report, waives any right to a hearing thereon, and agrees that the Department may file the Final Examination Report without any further modifications.
2. Upon its execution of this Stipulation and Consent Order, Respondent shall pay to the Department an administrative penalty in the total amount of \$7,000 (the "Administrative Penalty") on account of the Violations.
3. Respondent shall make its check for the Administrative Penalty payable to the "State of Delaware."
4. The Department shall perform a follow up target examination of 2016 during the first quarter of 2017 to confirm that Respondent has a system in place to accurately calculate surcharges going forward.
5. The Department further reserves the right to issue a press release and send a letter to Respondent's policyholders concerning the terms of this Stipulation and Consent Order and such other related matters as the Department shall deem appropriate. Upon request by the

Department, Respondent shall provide the Department with updated contact information for the policyholders.

6. Respondent waives any right to challenge in an administrative or court proceeding any of the terms and conditions of this Stipulation and Consent Order.

7. This Stipulation and Consent Order is the free and voluntary act of the Respondent, and its terms are binding upon the Respondent and may be admitted into evidence in any judicial or administrative proceeding against the Respondent to enforce such terms. Respondent acknowledges that it has had a full opportunity to seek and receive advice of counsel on all matters related to this Stipulation and Consent Order.

8. This Stipulation and Consent Order contains all terms and conditions agreed to by the parties and constitutes the final agreement between the Respondent and the Department.

9. No change, amendment, or modification hereto shall be effective or binding unless it is in writing, dated, and signed by the parties.

10. If the Department fails to act on any one or more defaults by the Respondent, such failure to act shall not be a waiver of any rights hereunder on the part of the Department to declare the Respondent in default and to take such action as may be permitted by this Stipulation and Consent Order or by law.

11. This Stipulation and Consent Order may be signed in duplicate, and both documents shall be considered originals. The person executing this Stipulation and Consent Order on behalf of Respondent shall acknowledge his or her signature before a Notary Public and, by executing this Stipulation and Consent Order, certifies that he or she is duly authorized to execute this Stipulation and Consent Order on behalf of Respondent. Respondent agrees that an uncertified

copy of this Stipulation and Consent Order shall be valid as evidence in any proceeding for purposes of enforcement.

12. This Stipulation and Consent Order shall survive the Respondent and be enforceable against its successors, transferors, or assigns.

**PROGRESSIVE NORTHERN
INSURANCE COMPANY**

**DELAWARE INSURANCE
DEPARTMENT**



Name: PETER J. ALBERT
Title: SECRETARY

**Karen Weldin Stewart, CIR-ML
Insurance Commissioner**

STATE OF OHIO)
) SS.
COUNTY OF CUYAHOGA)

The foregoing instrument was acknowledged before me this 4th day of March 2016, by Peter J. Albert, who is personally known to me or who has produced _____ as identification, and who certified that he or she is duly authorized to execute this document on behalf of Respondent.

GIVEN under my Hand and Seal of office, the day and year aforesaid.


NOTARY PUBLIC

Margaret A. Rose
PRINT NAME

Margaret A. Rose
Notary Public - State of Ohio
My Commission Expires October 23, 2016
Recorded in Lake County

MY COMMISSION EXPIRES

Progressive Accounts Payable
P.O. Box 94568
Cleveland, OH 44101

PROGRESSIVE

DRAFT NUMBER
601977879

DELAWARE INSURANCE DEPARTMENT
841 SILVER LAKE BLVD
DOVER, DE 19904

ISSUE DATE: March 3, 2016

DRAFT AMOUNT: \$ *****7,000.00

RECEIVED
MAR 07 2016
DELAWARE INSURANCE DEPT

KEEP THIS TOP PORTION FOR YOUR RECORDS

PROGRESSIVE

Void if not presented within 90 days
After Date of Issue

Draft number: 56-389
601977879 412

Payable through:
PNC BANK N.A. 070
ASHLAND, OH
1-855-405-7467

DATE March 3, 2016

Pay exactly \$ *****7,000.00

SEVEN THOUSAND AND 00/100 *****

PAY TO DELAWARE INSURANCE DEPARTMENT
THE 841 SILVER LAKE BLVD
ORDER DOVER, DE 19904
OF:

By: *Thomas A. King*
Authorized Signature

⑈601977879⑈ ⑆041203895⑆ 4239694524⑈