

Report of the Examination of
Progressive Universal Insurance Company
Cleveland, Ohio
As of December 31, 2022

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Wisconsin Office of the
COMMISSIONER OF INSURANCE
FINANCIAL REGULATION

Tony Evers, Governor of Wisconsin
Nathan Houdek, Commissioner of Insurance

April 26, 2024

Honorable Nathan D. Houdek
Commissioner of Insurance
State of Wisconsin
125 South Webster Street
Madison, Wisconsin 53703

Commissioner:

In accordance with your instructions, a compliance examination has been made of the affairs
and financial condition of:

PROGRESSIVE UNIVERSAL INSURANCE COMPANY
Cleveland, Ohio

and this report is respectfully submitted.

I. INTRODUCTION

The previous examination of Progressive Universal Insurance Company (Progressive Universal or the company) was conducted in 2018 as of December 31, 2017. The current examination covered the intervening period ending December 31, 2022, and included a review of such subsequent transactions as deemed necessary to complete the examination.

The examination of the company was conducted concurrently with the examination of The Progressive Group. The Ohio Department of Insurance acted in its capacity as the lead state for the coordinated examinations. Work performed by the Ohio Department of Insurance was reviewed and relied on where deemed appropriate.

The examination was conducted using a risk-focused approach in accordance with the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook*. This approach sets forth guidance for planning and performing the examination of an insurance company to evaluate the financial condition, assess corporate governance, identify current and prospective risks (including those that might materially affect the financial condition, either currently or prospectively), and evaluate system controls and procedures used to mitigate those risks.

All accounts and activities of the company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with statutory accounting principles, annual statement instructions, and Wisconsin laws and regulations. The examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately at the end of the "Financial Data" section in the area captioned "Reconciliation of Surplus per Examination."

The company is annually audited by an independent public accounting firm as prescribed by s. Ins 50.05, Wis. Adm. Code. An integral part of this compliance examination was the review of the independent accountant's work papers. Based on the results of the review of these work papers, alternative or additional examination steps deemed necessary for the

completion of this examination were performed. The examination work papers contain documentation concerning the alternative or additional examination steps performed during the examination.

Actuarial Review by the Ohio Insurance Department

The company is a participant in a comprehensive reinsurance pooling agreement with Progressive Direct Insurance Company and certain affiliates (referred to as the Direct Pool). Accordingly, the company's net loss and loss adjustment expense reserves are the product of the reserves of the Direct Pool and the company's participation percentage in the pool.

An actuary on the staff of the Ohio Department of Insurance reviewed the adequacy of the company's loss reserves and loss adjustment expense reserves, as a function of its participation in the pool. The results of his work were reported to the examiner-in-charge.

II. HISTORY AND PLAN OF OPERATION

The company was organized under Illinois law in 1992. Ownership of the company was transferred to Progressive Direct Holdings, Inc., on January 1, 2004. Effective November 19, 2003, the company redomesticated to Ohio from Illinois. Effective December 21, 2004, Progressive Universal redomesticated to Wisconsin from Ohio.

In 2022, the company wrote direct premium in the following states:

Illinois	\$ 444,377,342	26.8%
Wisconsin	399,841,359	24.1
Oregon	338,795,046	20.4
Iowa	191,759,215	11.5
Nebraska	105,373,763	6.4
New Hampshire	93,034,857	5.6
All others	<u>85,837,620</u>	<u>5.2</u>
Total	<u>\$1,659,019,202</u>	<u>100.0%</u>

The company is licensed in Hawaii, Illinois, Iowa, Maine, Nebraska, New Hampshire, North Carolina, Ohio, Oregon, Virginia, Wisconsin, and Wyoming. The company is also a qualified or accredited reinsurer in the state of New York.

The major products marketed by the company include private passenger auto liability, auto physical damage, inland marine, and other liability–occurrence. The major products are written directly by the company, through the internet, mobile devices, or over the phone.

The company does not have any employees or facilities. Management and administrative services are provided to the company by affiliates, pursuant to services agreements described in the “Affiliated Companies” section of this report. The company’s major operations are conducted in Mayfield Village, Ohio (the corporate headquarters for The Progressive Group). Additional support services are provided by Progressive Direct Insurance Company’s personnel in a network of call centers and claim administration offices throughout the United States.

The following table is a summary of the net insurance premiums written by the company in 2022. The growth of the company is discussed in the “Financial Data” section of this report.

Line of Business	Direct Premium	Reinsurance Assumed	Reinsurance Ceded	Net Premium
Inland marine	\$16,989,683	\$6,826,574	\$16,989,683	\$6,826,574
Other liability – occurrence	6,029,633	2,035,364	6,029,633	2,035,364
Other liability – claims made		4,000		4,000
Private passenger auto no-fault (personal injury)	35,902,823	57,136,403	35,902,823	57,136,403
Other private passenger auto liability	889,342,993	371,949,805	889,342,993	371,949,805
Other commercial auto liability		2,625,739		2,625,739
Private passenger auto physical damage	710,754,069	254,515,151	710,754,069	254,515,151
Commercial auto physical damage		660,620		660,620
	<hr/>	<hr/>	<hr/>	<hr/>
Total All Lines	<u>\$1,659,019,202</u>	<u>\$695,753,656</u>	<u>\$1,659,019,202</u>	<u>\$695,753,656</u>

Progressive Universal participates in Progressive’s Direct Pool. The Direct Pool consists of seven insurance companies that primarily write their business through the Direct (1-800-PROGRESSIVE and Internet) channel. The Direct Pool writes private passenger automobile insurance and other specialty insurance coverages and related services in the United States. In addition, the Direct Pool writes some business that is generated through a general agency agreement with Progressive Advantage Agency, Inc. The Direct Pool also writes commercial automobile business through both the Agency channel and Direct channel that consists primarily of liability and physical damage insurance for automobiles and trucks owned by small businesses, with the majority of customers insuring three or fewer vehicles. The reinsurance pooling agreement is further described in the section of this report titled “Reinsurance.”

III. MANAGEMENT AND CONTROL

Board of Directors

The board of directors consists of five members. All directors are elected annually to serve a one-year term. Officers are elected at the board's annual meeting. Members of the company's board of directors may also be members of other boards of directors in the holding company group. The board members currently receive no additional compensation for serving on the board.

Currently, the board of directors consists of the following persons:

Name and Residence	Principal Occupation	Term Expires
Patrick Kevin Callahan Chardon, Ohio	Personal Lines President The Progressive Group of Insurance Companies	2024
Daniel Joseph Witalec Orange Village, Ohio	General Manager Marketing Strategy & Intel The Progressive Group of Insurance Companies	2024
Michael Vincent Esposito Aurora, Ohio	Auto Product Development Leader The Progressive Group of Insurance Companies	2024
Charlotte Marie Elek Solon, Ohio	Business Leader Field Marketing The Progressive Group of Insurance Companies	2024
Meghan Louise McArdle Friesen Highland Heights, Ohio	Personal Lines General Manager The Progressive Group of Insurance Companies	2024

Officers of the Company

The officers serving at the time of this examination are as follows:

Name	Office
Charlotte Marie Elek	President
Michael Robert Uth	Secretary
Daniel Joseph Witalec	Treasurer
Michael Vincent Esposito	Vice President
Carl Gordon Joyce	Vice President
Gregory Frank Mischlich	Assistant Secretary
Sandra Lee Rihvalsky	Assistant Treasurer

Committees of the Board

The company's bylaws allow for the formation of certain committees by the board of directors. The committees at the time of the examination are listed below:

Executive Committee

Charlotte Marie Elek Chair
Daniel Joseph Witalec
Meghan Louise McArdle Friesen

Investment Committee

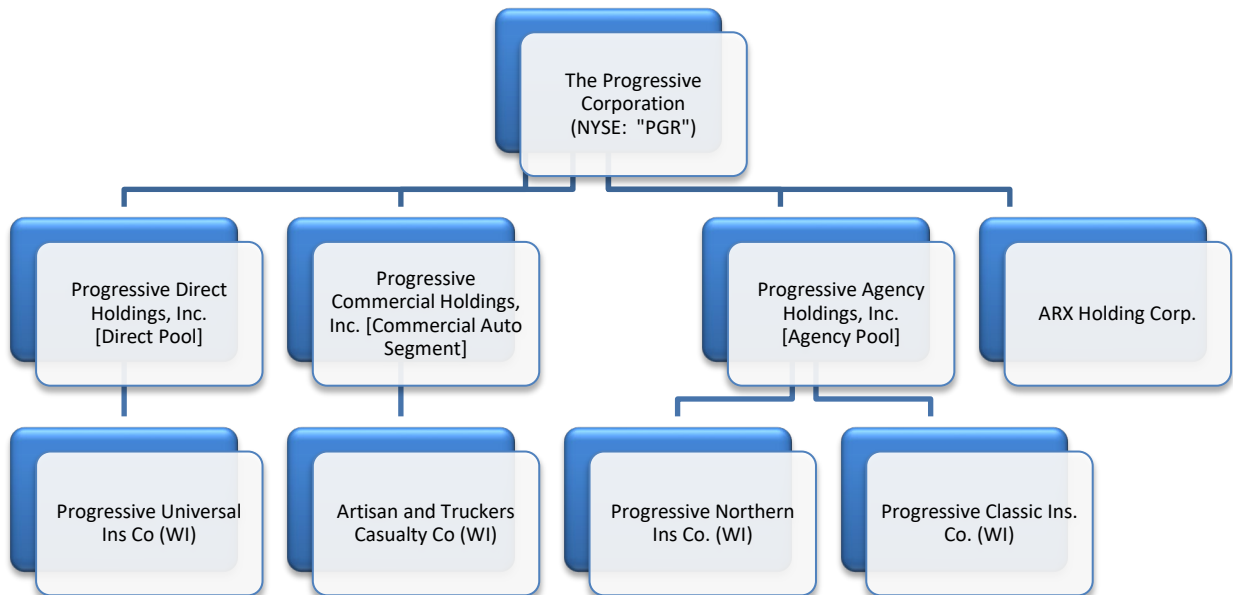
Charlotte Marie Elek, Chair
Daniel Joseph Witalec
Meghan Louise McArdle Friesen

IV. AFFILIATED COMPANIES

Progressive Universal is a member of an insurance holding company system under TPC, the ultimate parent company of The Progressive Group. The Progressive Group is organized into segments under separate holding companies, including a Commercial Lines segment (under Progressive Commercial Holdings, Inc.), and a Personal Lines segment. The Personal Lines segment is subdivided into two channels: a Direct Channel, which includes business written directly through the Internet, mobile devices, or over the phone (organized under Progressive Direct Holdings, Inc.), and an Agency Channel, which includes business written by a network of over 40,000 independent agencies located throughout the U.S. (organized under Progressive Agency Holdings, Inc.). Below is an abbreviated organizational chart which depicts the organization of Progressive's business segments, as well as the other Wisconsin-domiciled insurers. A brief description of the significant affiliates follows the organizational chart.

Organizational Chart (Abbreviated)

As of December 31, 2022



The Progressive Corporation (TPC)

The Progressive Corporation is an Ohio-domiciled insurance holding company that was formed in 1965. TPC became publicly traded after an initial public offering in 1971, and its common stock is currently listed on the New York Stock Exchange (ticker symbol PGR). As of December 31, 2022, the audited financial statements of TPC reported assets of \$75,465 million, liabilities of \$59,574 million, and shareholders' equity of \$15,891 million. Operations for 2022 produced net income of \$721.5 million.

Progressive Direct Holdings, Inc. (Direct Holdings)

Progressive Direct Holdings, Inc., is a Delaware-domiciled insurance holding company formed in 2003. The company has virtually no expenses, and revenue is solely from dividends from its subsidiaries and any gain/loss on the investments in subsidiaries.

Progressive Direct Insurance Company (Progressive Direct)

Progressive-Direct Insurance Company, a property casualty insurer domiciled in Ohio, provides administrative services through affiliated agreements discussed below. As of December 31, 2022, the audited financial statements of Progressive Direct reported assets of \$14,084,884,818, liabilities of \$9,778,020,190, and capital and surplus of \$4,306,864,628. Operations for 2022 produced net income of \$640,850,707.

Agreements with Affiliates

In addition to common staffing and management control, various written agreements affect Progressive Universal's relationship with its affiliates. The pooling agreement is described in the "Reinsurance" section of the report. A brief summary of the other agreements follows:

1. Type: Consolidated Tax Allocation Agreement
Parties: Progressive Universal along with other members of the Progressive holding company system
Effective: August 1, 2005, Amended and restated as of June 1, 2021
Terms: The agreement establishes that an estimated consolidated tax liability will be computed quarterly for The Progressive Corporation, with each member company's recoverable or payable equal to the amount that the member company would have reported on a nonconsolidated basis. Settlements are to be made within 90 days of each quarter in which The Progressive Corporation is required to make a federal income tax estimated payment.

2. Type: Cash Management Agreement

Parties: Progressive Universal, Progressive Casualty Insurance Company (Casualty) and other Progressive affiliates

Effective: January 1, 1998

Terms: All cash receipts or disbursements attributable to Progressive Universal and the other affiliates named in the agreement are deposited in or withdrawn from a centralized account (Cashier Account) that is managed by Casualty. Pursuant to the terms of the agreement, Progressive Universal has a balance in this account that reflects its claim against or obligation to the Cashier Account. Casualty provides the Company with monthly statements that show the month-end balances. Account balances are considered loans and interest is payable to or receivable from the Company's account depending on the balance. The provisions of an Interest Agreement to which Progressive Universal is a party govern the rate of interest. Each participant to the agreement receives a quarter-end balance that represents a net amount against any other intercompany transaction. Settlements are to be in cash or readily marketable securities valued at market value.

3. Type: Interest Agreement

Parties: Progressive Universal, Progressive Casualty Insurance Company, and other Progressive affiliates

Effective: January 1, 1977

Terms: This agreement establishes the variable interest rate that governs each entity's participation in Casualty's Cashier Account as noted in the Cash Management Agreement in #2 above. Interest is to be computed at the prevailing 90-day U.S. Treasury bill rate on the last day of each month rounded to the nearest quarter of a percent.

4. Type: Investment Services Agreement

Parties: Progressive Universal along with other participating affiliates and Progressive Capital Management Corp. (Progressive Capital). (Progressive Capital was formerly known as PPLP Corporation, then Progressive Partners, Inc., until it changed its name to that currently used on June 8, 1998.)

Effective: July 16, 1992, Amended and Restated as of March 1, 2023

Terms: Progressive Capital provides investment management services to members of the Progressive holding company system named in the agreement. The agreement requires each of the participating companies to reimburse Progressive Capital for an equitable portion of the costs and expenses it incurs in providing its services. Progressive Capital does not charge any additional management fees to the participating companies.

5. Type: Joint Servicing (Cost Allocation) Agreement

Parties: Progressive Universal and Progressive Direct

Effective: July 1, 2007

Terms: The Company provides Progressive Direct with underwriting and loss adjustment services for specific business produced, and Progressive Direct provides the Company with similar services for other specific business provided. In exchange for these services, the companies charge management fees based on each company's use of the other's services.

6. Type: General Agency Agreement

Parties: Progressive Universal and Progressive Advantage Agency, Inc. (Agency) and other Progressive affiliates

Effective: December 1, 2006

Terms: Agency will act as participating companies' respective general agent in the states of California, Kentucky, Louisiana, Washington, and other such states as the parties may agree upon.

V. REINSURANCE

The company's reinsurance portfolio and strategy at the time of the examination are described below. A list of the companies that have a significant amount of reinsurance in force at the time of the examination follows. The contracts contained proper insolvency provisions.

Effective December 27, 2003, the company and seven of its affiliates participate in an affiliated reinsurance pooling agreement (the Direct Pool), under which 100% of the underwriting business of each member company, net of external reinsurance, is ceded to Progressive Direct. The combined premiums, losses, and expenses are then retroceded to each Direct Pool member, based on predetermined pooling percentages. The current pooling percentages, effective as of January 1, 2019, are as follows:

Participation:	
Progressive Direct Insurance Company	77.0%
Progressive Marathon Insurance Company	6.0
Progressive Max Insurance Company	6.0
Progressive Advanced Insurance Company	4.0
Progressive Universal Insurance Company	4.0
Progressive Premier Insurance Company of Illinois	2.0
Progressive Paloverde Insurance Company	0.5
Progressive Choice Insurance Company	0.5
Mountain Laurel Assurance Company	<u>0.0</u>
 Total	 <u>100.0%</u>

Nonaffiliated Ceding Contracts

1. Type: Umbrella Excess of Loss

Reinsurer:	Employers Mutual Casualty Company	15%
	Waypoint Underwriting Management LLC On Behalf of Accident Fund Insurance Company Of America	15%
	Waypoint Underwriting Management LLC On Behalf of Insurance Company of the West	15%
	Swiss Re	55%

- Scope: Reinsurance of the excess liability under the Personal Umbrella Liability for coverages required for non-resident drivers under the motor vehicle financial responsibility law or the motor vehicle compulsory insurance law following the provisions of the Company's Policies when they include or are deemed to include so-called "Out of State Insurance" provisions

Retention:	\$1,000,000
Coverage:	Each Loss Occurrence, Each Insured \$4,000,000 in excess of \$1,000,000 Maximum Liability - \$16,000,000
Premium:	Premium Rate 5.75% Deposit Premium \$1,289,155 Minimum Premium (80%) \$1,031,324
Effective date:	January 1, 2022, through January 1, 2023
Termination:	The Company may terminate the share of the Reinsurer at any time, either during the term or after the expiration of this Contract, by giving written notice to the Reinsurer in the event the Reinsurer experiences one or more Special Termination Event(s). The effective date of termination shall be the date selected by the Company, which may be a date that is retroactively applied up to a maximum of 90 days prior to the earliest of either the date of public announcement or the date of discovery, as applicable, of the Reinsurer experiencing one or more Special Termination Event(s), subject to the condition that such selected date must be the last day of a calendar month.

The company has an Allocation Agreement (Umbrella XOL) with several affiliates and Waypoint Underwriting Management LLC for and on behalf of Insurance Company of the West, with respect to the Umbrella Excess of Loss Reinsurance Contract, for the period January 1, 2021, to January 1, 2022, and any renewals thereof. The Umbrella XOL Contract applies for any liability exceeding \$16,000,000 for all losses occurring during any term of the Umbrella XOL Contract. Each party to the contract is responsible for a portion of that excess liability.

VI. FINANCIAL DATA

The following financial statements reflect the financial condition of the company as reported to the commissioner of insurance in the December 31, 2022, annual statement.

Adjustments made as a result of the examination are noted at the end of this section in the area captioned "Reconciliation of Surplus per Examination." Also included in this section are schedules that reflect the growth of the company and the compulsory and security surplus calculation.

Progressive Universal Insurance Company
Assets
As of December 31, 2022

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$396,941,213	\$	\$396,941,213
Cash, cash equivalents, and short-term investments	11,396,318		11,396,318
Receivable for securities	2,337,937		2,337,937
Securities lending reinvested collateral assets			
Investment income due and accrued	2,085,541		2,085,541
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	44,804,711	7,634,431	37,170,280
Deferred premiums, agents' balances, and installments booked but deferred and not yet due	256,500,450		256,500,450
Reinsurance:			
Amounts recoverable from reinsurers	12,129,699		12,129,699
Net deferred tax asset	12,643,138	46,021	12,597,117
Receivables from parent, subsidiaries, and affiliates	80,395,688		80,395,688
Write-ins for other than invested assets:			
State unearned surcharge recoverable	108,916		108,916
VA uninsured motorist refund	38,881		38,881
Prepaid expenses	137,222	137,222	0
Overflow pages	<u>7,688</u>	<u>7,688</u>	<u>0</u>
Total Assets	<u>\$819,527,402</u>	<u>\$7,825,362</u>	<u>\$811,702,040</u>

**Progressive Universal Insurance Company
Liabilities, Surplus, and Other Funds
As of December 31, 2022**

Losses		\$230,090,249
Reinsurance payable on paid loss and loss adjustment expenses		3,199,585
Loss adjustment expenses		50,490,700
Commissions payable, contingent commissions, and other similar charges		225,328
Other expenses (excluding taxes, licenses, and fees)		236,507
Taxes, licenses, and fees (excluding federal and foreign income taxes)		6,249,060
Current federal and foreign income taxes		3,333,904
Net deferred tax liability		
Unearned premiums		189,319,622
Advance premium		7,255,469
Ceded reinsurance premiums payable (net of ceding commissions)		832,957
Drafts outstanding		58,706,635
Write-ins for liabilities:		
State Plan Liability		2,383,125
Escheatable Property		531,002
Miscellaneous Other Liabilities		<u>174,238</u>
Total Liabilities		<u>\$553,028,381</u>
Common capital stock	\$ 2,502,500	
Gross paid in and contributed surplus	46,818,551	
Unassigned funds (surplus)	<u>209,352,608</u>	
Surplus as Regards Policyholders		<u>258,673,659</u>
Total Liabilities and Surplus		<u>\$811,702,040</u>

Progressive Universal Insurance Company
Summary of Operations
For the Year 2022

Underwriting Income		
Premiums earned		\$671,332,498
Deductions:		
Losses incurred	\$463,389,822	
Loss adjustment expenses incurred	65,143,747	
Other underwriting expenses incurred	<u>124,167,298</u>	
Total underwriting deductions		<u>652,700,867</u>
Net underwriting gain (loss)		18,631,631
Investment Income		
Net investment income earned	7,445,155	
Net realized capital gains (losses)	<u>(1,167,726)</u>	
Net investment gain (loss)		6,277,429
Other Income		
Net gain (loss) from agents' or premium balances charged off	(11,894,027)	
Finance and service charges not included in premiums	26,227,094	
Write-ins for miscellaneous income:		
Interest Income of Intercompany Balances	2,526,879	
Miscellaneous Other Income	<u>158,370</u>	
Total other income		<u>17,018,316</u>
Net income (loss) after dividends to policyholders but before federal and foreign income taxes		41,927,376
Federal and foreign income taxes incurred		<u>10,427,786</u>
Net Income (Loss)		<u>\$ 31,499,590</u>

Progressive Universal Insurance Company
Cash Flow
For the Year 2022

Premiums collected net of reinsurance		\$648,676,302
Net investment income		7,700,761
Miscellaneous income		<u>18,294,841</u>
Total		674,671,904
Benefit- and loss-related payments	\$444,409,144	
Commissions, expenses paid, and aggregate write-ins for deductions	188,019,036	
Federal and foreign income taxes paid (recovered)	<u>8,298,340</u>	
Total deductions		<u>640,726,520</u>
Net cash from operations		33,945,384
Proceeds from investments sold, matured, or repaid:		
Bonds	<u>\$164,873,774</u>	
Total investment proceeds	164,873,774	
Cost of investments acquired (long-term only):		
Bonds	167,917,495	
Miscellaneous applications	<u>2,337,937</u>	
Total investments acquired	<u>170,255,432</u>	
Net cash from investments		(5,381,658)
Cash from financing and miscellaneous sources:		
Dividends to stockholders	4,700,000	
Other cash provided (applied)	<u>(12,467,408)</u>	
Net cash from financing and miscellaneous sources		<u>(17,167,408)</u>
Net Change in Cash, Cash Equivalents, and Short-Term Investments		11,396,318
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u> </u>
End of Year		<u>\$ 11,396,318</u>

**Progressive Universal Insurance Company
Compulsory and Security Surplus Calculation
December 31, 2022**

Assets		\$811,702,040
Less liabilities		<u>553,028,381</u>
Adjusted surplus		258,673,659
Annual premium:		
Lines other than accident and health	\$695,753,656	
Factor	<u>20%</u>	
Compulsory surplus (subject to a minimum of \$2 million)		<u>139,150,731</u>
Compulsory Surplus Excess (Deficit)		<u>\$119,522,928</u>
Adjusted surplus (from above)		258,673,659
Security surplus (140% of compulsory surplus, factor reduced 1% for each \$33 million in premium written in excess of \$10 million, with a minimum factor of 110%)		<u>166,980,877</u>
Security Surplus Excess (Deficit)		<u>\$ 91,692,782</u>

**Progressive Universal Insurance Company
Analysis of Surplus
For the 5-Year Period Ending December 31, 2022**

The following schedule details items affecting surplus during the period under examination as reported by the company in its filed annual statements:

	2022	2021	2020	2019	2018
Surplus, beginning of year	\$235,730,516	\$231,510,569	\$206,924,130	\$174,224,694	\$143,434,132
Net income	31,499,590	24,940,419	78,350,585	48,023,268	37,176,471
Change in net unrealized capital gains/losses	(3,305,853)	(152,847)			
Change in net deferred income tax	735,687	298,583	1,443,554	1,037,580	1,425,883
Change in non-admitted assets	(1,286,281)	3,633,792	(3,207,700)	(361,412)	(811,792)
Dividends to stockholders	(4,700,000)	(24,500,000)	(52,000,000)	(16,000,000)	(7,000,000)
Surplus, End of Year	<u>\$258,673,659</u>	<u>\$235,730,516</u>	<u>\$231,510,569</u>	<u>\$206,924,130</u>	<u>\$174,224,694</u>

Growth of Progressive Universal Insurance Company

Year	Admitted Assets	Liabilities	Surplus as Regards Policyholders	Net Income
2022	\$811,702,040	\$553,028,381	\$258,673,659	\$31,499,590
2021	724,430,956	488,700,440	235,730,516	24,940,419
2020	657,305,851	425,795,282	231,510,569	78,350,585
2019	596,998,565	390,074,435	206,924,130	48,023,268
2018	520,832,986	346,608,292	174,224,694	37,176,471
2017	440,265,497	296,831,365	143,434,132	22,371,983

Year	Gross Premium Written	Net Premium Written	Premium Earned	Loss and LAE Ratio	Expense Ratio	Combined Ratio
2022	\$2,354,772,858	\$695,753,656	\$671,332,498	78.7%	15.4%	94.1%
2021	2,123,078,882	633,458,230	619,535,570	77.2	18.3	95.5
2020	1,970,754,089	577,675,755	565,278,511	63.0	21.7	84.7
2019	1,830,177,747	530,123,003	515,167,618	71.1	17.9	89.0
2018	1,593,450,186	459,450,802	440,346,014	72.0	17.1	89.1
2017	1,332,227,250	380,083,265	364,000,596	73.6	16.9	90.5

During the period under examination, Progressive Universal Insurance Company reported an 84.5% increase in assets, an 86.2 % increase in liabilities, and an 80.3% increase in surplus. The company remained profitable and financially stable despite the natural catastrophes, the COVID-19 pandemic, and the increasing cost of insurance losses. The company reported a substantial increase in net income of 250%, or \$78 million, in 2020 compared to the year 2017 of \$22 million, which dropped to \$31 million in 2022. The unusual change in net income was due to the increase in premium growth in the commercial segments due to the greater demand for shipping services during the pandemic. The loss and LAE ratio remained stable and was at its lowest in 2020 at 63.0% to offset the highest expense ratio of 21.7% that year, resulting in a combined ratio of 84.7%, which was at the lowest in its range within the examined period. In 2022, the combined ratio was 94.1% compared to the industry average of 102.5%, according to the NAIC US Property & Casualty Industry Report published on the NAIC website.

Reconciliation of Surplus per Examination

No adjustments were made to surplus as a result of the examination. The amount of surplus reported by the company as of December 31, 2022, is accepted.

VII. SUMMARY OF EXAMINATION RESULTS

Compliance with Prior Examination Report Recommendations

The were no specific comments or suggestions in the previous examination report.

Summary of Current Examination Results

The current examination resulted in no adverse comments or recommendations.

VIII. CONCLUSION

The company was incorporated under Illinois law in 1992. Ownership of the company was transferred to Progressive Direct Holdings, Inc., on January 1, 2004. Effective December 21, 2004, Progressive Universal redomesticated to Wisconsin from Ohio.

Progressive Universal has no employees. All operations are conducted by employees of Progressive subsidiaries in accordance with their business practices and internal controls. Management operations and claim services are provided under a joint management services agreement with Progressive Direct Insurance Company.

The company participates in a pooling reinsurance agreement as a member of the Direct Pool and assumes a 4% share of the pooled business.

The previous examination of Progressive Universal Insurance Company resulted in no recommendations and no adjustments to surplus. The current examination also resulted in no adverse comments or recommendations. No adjustments were made to surplus as a result of the examination. The amount of surplus reported by the Company as of December 31, 2022, is accepted.

IX. ACKNOWLEDGMENT

The courtesy and cooperation extended by the officers and employees of the company during the course of the examination are acknowledged.

In addition to the undersigned, the following representatives of the Office of the Commissioner of Insurance, State of Wisconsin, participated in the examination:

Name	Title
Takoda Boyd	Insurance Financial Examiner
Nick Hartwig, AFE	Quality Control Specialist
Jerry DeArmond, CFE	Reserve Specialist

Respectfully submitted,

SLA. Careaga

Ana Careaga
Examiner-in-Charge