

Report
of the
Examination of
Progressive Northern Insurance Company
Cleveland, Ohio
As of December 31, 2017

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State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tony Evers, Governor
Mark V. Afable, Commissioner

Wisconsin.gov

March 25, 2019

125 South Webster Street • P.O. Box 7873
Madison, Wisconsin 53707-7873
Phone: (608) 266-3585 • Fax: (608) 266-9935
ociinformation@wisconsin.gov
oci.wi.gov

Honorable Mark V. Afable
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 NORTHERN INSURANCE COMPANY
Cleveland, Ohio

and this report is respectfully submitted.

I. INTRODUCTION

The previous examination of Progressive Northern Insurance Company (Progressive Northern or the company) was conducted in 2013 as of December 31, 2012. The current examination covered the intervening period ending December 31, 2017, and included a review of such 2018 and 2019 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 the 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." Emphasis was placed on those areas of the company's operations accorded a high priority by the examiner-in-charge when planning the 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 with respect to the alternative or additional examination steps performed during the course of the examination.

Actuarial Review by the Ohio Department

The company is a participant in a comprehensive reinsurance pooling agreement with Progressive Casualty Insurance Company and other affiliates (referred to as the Agency Pool). The company's net loss and loss adjustment expense reserves are the product of the reserves of the Agency 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 incorporated in the state of Wisconsin on August 19, 1980, and commenced business on March 8, 1981. The Progressive Corporation (TPC), the ultimate parent company of The Progressive Group, was the parent and sole shareholder of the company until it transferred ownership to a downstream holding company, Drive Insurance Holdings, Inc., on January 1, 2004. On December 15, 2009, Progressive Northeastern Insurance Company, which was domiciled in New York, was merged into the company with Progressive Northern as the surviving entity.

In 2017, the company wrote direct premium in the following states:

South Carolina	\$267,360,208	17.0%
Iowa	212,179,595	13.5
Illinois	211,011,880	13.4
Oklahoma	202,432,356	12.9
Nebraska	119,903,586	7.6
Nevada	108,160,438	6.9
New Mexico	75,255,569	4.8
Virginia	67,490,462	4.3
All others	<u>305,372,682</u>	<u>19.6</u>
Total	<u>\$1,569,166,776</u>	<u>100.0%</u>

The company is licensed in the District of Columbia and all states except Alabama, Arkansas, California, Florida, Massachusetts, Michigan, Missouri, New Jersey, North Dakota, Tennessee, and Texas. The company is also a qualified or accredited reinsurer in the state of Michigan.

The major products marketed by the company include private passenger auto liability, auto physical damage, commercial auto liability, inland marine, other liability – occurrence, and homeowner's multiple peril. The major products are marketed through a network of approximately 35,000 independent insurance agents. The company also writes insurance through strategic business relationships with other insurance companies, financial institutions, and national agencies.

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 Casualty Insurance Company's personnel in a network of call and claim administration centers.

The following table is a summary of the net insurance premiums written by the company in 2017. 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
Homeowners multiple peril	\$ 16,059,365	\$ 6,189,526	\$ 16,059,365	\$ 6,189,526
Inland marine	37,329,314	24,824,787	37,329,314	24,824,787
Medical professional liability - claims made		3,600		3,600
Other liability – occurrence	14,774,579	8,624,630	14,774,579	8,624,630
Other liability – claims made		33,000		33,000
Private passenger auto liability	776,455,696	891,341,959	776,455,696	891,341,959
Commercial auto liability	159,126,671	128,405,421	159,126,671	128,405,421
Auto physical damage	565,421,154	553,161,257	565,421,154	553,161,257
Surety		1,172		1,172
Total All Lines	<u>\$1,569,166,779</u>	<u>\$1,612,585,352</u>	<u>\$1,569,166,779</u>	<u>\$1,612,585,352</u>

III. MANAGEMENT AND CONTROL

Board of Directors

The board of directors consists of seven 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
Heather Elizabeth Day Cleveland Heights, Ohio	Business Leader – Agency Distribution The Progressive Corporation	2019
Richard Russell Crawley Stow, Ohio	Personal Lines – General Manager The Progressive Corporation	2019
James Michael DeVito Shaker Heights, Ohio	Marketing Process Manager III The Progressive Corporation	2019
James Allen Curtiss Jr. Chagrin Falls, Ohio	National Product Development Leader The Progressive Corporation	2019
Kathryn Margaret Lemieux Chagrin Falls, Ohio	Customer Relations Mgmt Systems Leader The Progressive Corporation	2019
Mark Donald Niehaus Granite Bay, California	Personal Lines General Manager The Progressive Corporation	2019
Charles Ernest Conover Hudson, Ohio	Business Leader Agency Systems The Progressive Corporation	2019

Officers of the Company

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

Name	Office	2017 Compensation*
Richard Russell Crawley	President	\$52,239
Patrick Sean Brennan	Treasurer	28,441
Peter James Albert	Secretary and Vice President	30,410
Karen Barone Bailo	Vice President	56,587
Mary Beth Andreano	Vice President	17,075
James Lee Kusmer	Assistant Treasurer	42,505
Christina Lynn Crews	Assistant Secretary	3,995

* Total 2017 compensation for all officers is allocated among affiliates based on the company's net written premium.

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

Mark Donald Niehaus, Chair
John Allen Curtiss Jr.
Richard Russell Crawley
Kathryn Margaret Lemieux, Alternate

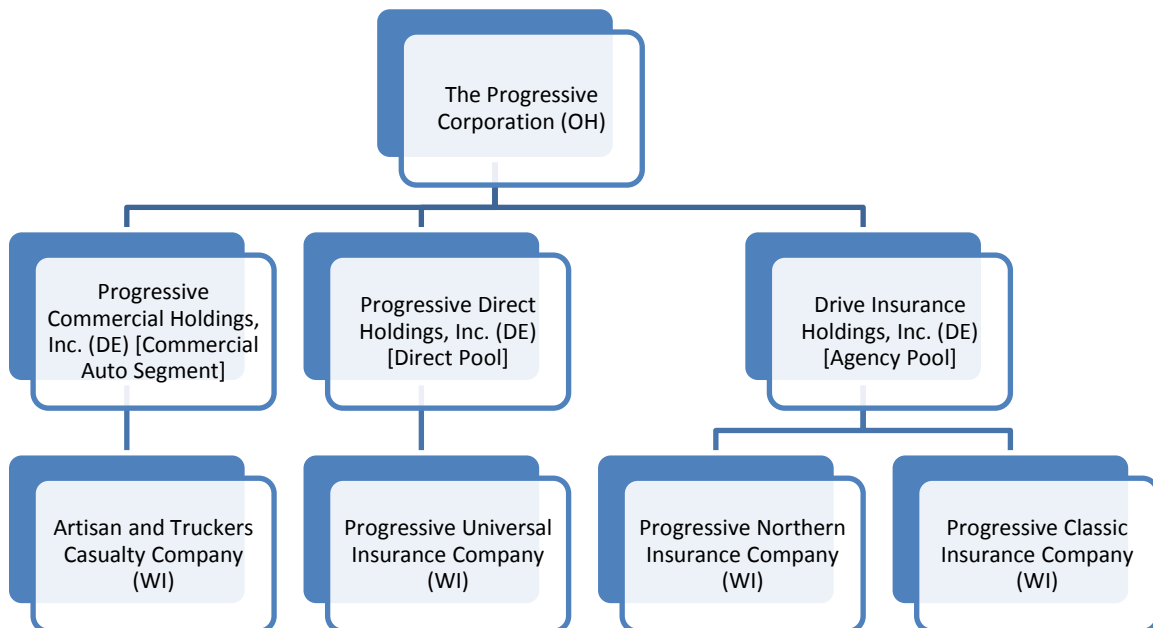
Investment Committee

Mark Donald Niehaus, Chair
Richard Russell Crawley
Charles Ernest Conover

IV. AFFILIATED COMPANIES

Progressive Northern 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 35,000 independent agencies located throughout the U.S. (organized under Drive Insurance Holdings, Inc.). Below is an abbreviated organizational chart, which depicts the organization of the group's key business segments, as well as the position of the other Wisconsin-domiciled insurers in the group. A brief description of the significant affiliates follows the organizational chart.

**Organizational Chart (Abbreviated)
As of December 31, 2017**



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, 2017, the audited financial statements of TPC reported assets of \$38.7 billion, liabilities of \$28.9 billion, stockholder equity of \$9.3 billion, and redeemable non-controlling interest of \$0.5 billion. Operations for 2017 produced net income of \$1.6 billion on total revenues of \$26.8 billion.

Drive Insurance Holdings, Inc. (Drive Holdings)

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

Progressive Casualty Insurance Company (Casualty)

Progressive Casualty Insurance Company, a property casualty insurer domiciled in Ohio, provides administrative services through affiliated agreements discussed below. As of December 31, 2017, the audited financial statements of Casualty reported assets of \$8.4 billion, liabilities of \$6.3 billion, and policyholders' surplus of \$2.1 billion. Operations for 2017 produced net income of \$370.4 million on premium earned of \$6.2 billion.

Agreements with Affiliates

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

1. Type: Consolidated Tax Allocation Agreement
Parties: Progressive Northern along with other members of the Progressive holding company system
Effective: August 1, 2005
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 Northern, Progressive Casualty Insurance Company (Casualty) and other Progressive affiliates
Effective: January 1, 1998
Terms: All cash receipts or disbursements attributable to Progressive Northern 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 Northern 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 Northern 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 Northern, Progressive Casualty Insurance Company and other Progressive affiliates
Effective: The company became a party to this agreement on October 15, 1980, retroactive to January 1, 1980. The original effective date of the agreement was 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 Northern 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, as subsequently amended
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 Northern and Progressive Casualty Insurance Company
- Effective: July 1, 2007
- Terms: The company provides Casualty with underwriting and loss adjustment services for specific business produced, and Casualty 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 Northern, 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

Progressive Northern cedes 100% of its direct business (above minor underlying coverages) to an intercompany reinsurance pool (the Agency Pool) and receives a 12% retrocession back. The agreement became effective January 1, 1988, and was last amended as of January 1, 2007. The agreement contains proper insolvency provisions. The members of the Agency Pool, with their respective pool percentages, are shown below.

Participation:

Progressive Casualty Insurance Company	49%
Progressive Northern Insurance Company	12
Progressive Northwestern Insurance Company	12
Progressive Specialty Insurance Company	7
Progressive Preferred Insurance Company	6
Progressive Michigan Insurance Company	4
Progressive Classic Insurance Company	3
Progressive American Insurance Company	2
Progressive Gulf Insurance Company	2
Progressive Bayside Insurance Company	1
Progressive Mountain Insurance Company	1
Progressive Southeastern Insurance Company	1
Progressive Hawaii Insurance Corp.	0
National Continental Insurance Company	<u>0</u>
Total	<u>100%</u>

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, 2017, annual statement. Also included in this section are schedules that reflect the growth of the company, NAIC Insurance Regulatory Information System (IRIS) ratio results for the period under examination, and the compulsory and security surplus calculation.

Progressive Northern Insurance Company
Assets
As of December 31, 2017

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$1,174,685,787	\$	\$1,174,685,787
Stocks:			
Preferred stocks	5,500,000		5,500,000
Common stocks	236,511,253		236,511,253
Properties held for sale			
Cash, cash equivalents, and short-term investments	80,000,726		80,000,726
Receivables for securities	89,500		89,500
Investment income due and accrued	7,086,474		7,086,474
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	50,602,510	7,513,862	43,088,648
Deferred premiums, agents' balances, and installments booked but deferred and not yet due	254,728,305		254,728,305
Reinsurance:			
Amounts recoverable from reinsurers	6,434,811		6,434,811
Receivable from parent, subsidiaries, and affiliates	55,073,735		55,073,735
Write-ins for other than invested assets:			
State Tax Credits	2,900,000		2,900,000
State Unearned Surcharge Recoverable	191,635		191,635
New York State Assessment Recoverable	183,704		183,704
Summary of remaining write-ins for Line 25 from overflow page	<u>857,960</u>	<u>853,590</u>	<u>4,370</u>
Total Assets	<u>\$1,874,846,400</u>	<u>\$8,367,452</u>	<u>\$1,866,478,948</u>

**Progressive Northern Insurance Company
Liabilities, Surplus, and Other Funds
As of December 31, 2017**

Losses		\$ 531,112,088
Reinsurance payable on paid loss and loss adjustment expenses		9,623,761
Loss adjustment expenses		112,684,495
Commissions payable, contingent commissions, and other similar charges		3,768,062
Other expenses (excluding taxes, licenses, and fees)		72,188,922
Taxes, licenses, and fees (excluding federal and foreign income taxes)		12,843,102
Current federal and foreign income taxes		18,222,203
Net deferred tax liability		1,030,623
Unearned premiums		506,936,456
Advance premium		10,835,570
Ceded reinsurance premiums payable (net of ceding commissions)		138,701
Amounts withheld or retained by company for account of others		164,848
Drafts outstanding		51,656,341
Write-ins for liabilities:		
State Plan Liability		2,939,471
Other Liabilities		875,207
Escheatable Property		<u>61,716</u>
Total Liabilities		1,335,081,566
Common capital stock	\$ 3,008,000	
Gross paid in and contributed surplus	238,931,826	
Unassigned funds (surplus)	<u>289,457,556</u>	
Surplus as Regards Policyholders		<u>531,397,382</u>
Total Liabilities and Surplus		<u>\$1,866,478,948</u>

**Progressive Northern Insurance Company
Summary of Operations
For the Year 2017**

Underwriting Income

Premiums earned		\$1,526,426,983
Deductions:		
Losses incurred	\$950,111,689	
Loss adjustment expenses incurred	161,558,305	
Other underwriting expenses incurred	320,345,786	
Write-ins for underwriting deductions:		
Loss on Commutation	<u>6,585</u>	
Total underwriting deductions		<u>1,432,022,365</u>
Net underwriting gain (loss)		94,404,618

Investment Income

Net investment income earned	28,756,577	
Net realized capital gains (losses)	<u>5,268,525</u>	
Net investment gain (loss)		34,025,102

Other Income

Net gain (loss) from agents' or premium balances charged off	(13,784,825)	
Finance and service charges not included in premiums	24,738,837	
Write-ins for miscellaneous income:		
Interest Income on Intercompany Balances	885,958	
Miscellaneous Other Income	804,399	
Service Business Revenue	<u>17,641</u>	
Total other income		<u>12,662,010</u>

Net income (loss) after dividends to policyholders but before federal and foreign income taxes		141,091,730
Federal and foreign income taxes incurred		<u>49,392,585</u>
Net Income		<u>\$ 91,699,145</u>

Progressive Northern Insurance Company
Cash Flow
For the Year 2017

Premiums collected net of reinsurance		\$1,547,112,570
Net investment income		34,083,892
Miscellaneous income		<u>13,207,913</u>
Total		1,594,404,375
Benefit- and loss-related payments	\$888,621,735	
Commissions, expenses paid, and aggregate write-ins for deductions	449,500,502	
Federal and foreign income taxes paid (recovered)	<u>41,499,637</u>	
Total deductions		<u>1,379,621,874</u>
Net cash from operations		214,782,501
Proceeds from investments sold, matured, or repaid:		
Bonds	\$660,388,817	
Stocks	15,005,782	
Net gains (losses) on cash, cash equivalents, and short-term investments	<u>(19,609)</u>	
Total investment proceeds		675,374,990
Cost of investments acquired (long- term only):		
Bonds	934,847,205	
Stocks	21,113,276	
Miscellaneous applications	<u>89,500</u>	
Total investments acquired		<u>956,049,981</u>
Net cash from investments		(280,674,991)
Cash from financing and miscellaneous sources:		
Capital and paid in surplus less treasury stock	243,603	
Dividends to stockholders	32,000,000	
Other cash provided (applied)	<u>(16,381,129)</u>	
Net cash from financing and miscellaneous sources		<u>(48,137,526)</u>
Reconciliation:		
Net Change in Cash, Cash Equivalents, and Short-Term Investments		(114,030,016)
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>194,030,742</u>
End of Year		<u>\$ 80,000,726</u>

**Progressive Northern Insurance Company
Compulsory and Security Surplus Calculation
December 31, 2017**

Assets		\$1,866,478,948
Less liabilities		<u>1,335,081,566</u>
Adjusted surplus		531,397,382
Annual premium:		
Lines other than accident and health	\$1,612,585,352	
Factor	<u>20%</u>	
Compulsory surplus (subject to a minimum of \$2 million)		<u>322,517,070</u>
Compulsory Surplus Excess (Deficit)		<u>\$ 208,880,312</u>
Adjusted surplus (from above)		\$ 531,397,382
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>354,768,777</u>
Security Surplus Excess (Deficit)		<u>\$ 176,628,605</u>

**Progressive Northern Insurance Company
Analysis of Surplus
For the Five-Year Period Ending December 31, 2017**

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

	2017	2016	2015	2014	2013
Surplus, beginning of year	\$442,382,853	\$396,857,565	\$385,794,945	\$370,725,298	\$347,511,957
Net income	91,699,145	60,966,790	88,159,341	90,651,852	78,570,522
Change in net unrealized capital gains/losses	42,950,892	9,020,700	1,390,892	9,443,996	26,820,125
Change in net deferred income tax	(13,951,385)	4,197,011	700,483	(917,651)	(3,933,138)
Change in nonadmitted assets	72,274	(1,206,924)	300,197	3,081	(175,905)
Surplus adjustments:					
Paid in	243,603	747,711	511,707	488,369	431,737
Dividends to stockholders	<u>(32,000,000)</u>	<u>(28,200,000)</u>	<u>(80,000,000)</u>	<u>(84,600,000)</u>	<u>(78,500,000)</u>
Surplus, End of Year	<u>\$531,397,382</u>	<u>\$442,382,853</u>	<u>\$396,857,565</u>	<u>\$385,794,945</u>	<u>\$370,725,298</u>

**Progressive Northern Insurance Company
Insurance Regulatory Information System
For the Five-Year Period Ending December 31, 2017**

The company's NAIC Insurance Regulatory Information System (IRIS) results for the period under examination are summarized below. Unusual IRIS results are denoted with asterisks and discussed below the table.

Ratio	2017	2016	2015	2014	2013
#1 Gross Premium to Surplus	599%	626%	641%	643%	651%
#2 Net Premium to Surplus	303*	311*	312*	311*	308*
#3 Change in Net Premiums Written	17	11	3	5	5
#4 Surplus Aid to Surplus	0	0	0	0	0
#5 Two-Year Overall Operating Ratio	91	91	89	90	92
#6 Investment Yield	2.1*	2.0*	2.2*	2.4*	2.8*
#7 Gross Change in Surplus	20	11	3	4	7
#8 Change in Adjusted Surplus	20	11	3	4	7
#9 Liabilities to Liquid Assets	72	71	72	72	71
#10 Agents' Balances to Surplus	8	4	6	7	6
#11 One-Year Reserve Development to Surplus	1	0	-4	-1	2
#12 Two-Year Reserve Development to Surplus	0	-4	-1	1	2
#13 Estimated Current Reserve Deficiency to Surplus	0	-6	-5	4	1

Ratio No. 2 measures the company's net premium to surplus. The exceptional results for Ratio No. 2 are due to the growth in net writings, as well as stockholder dividends paid by the company during the period under examination.

Ratio No. 6 measures the company's investment yield. The exceptional results for Ratio No. 6 over the examination cycle are due to the continued low-interest rate environment for the bond market, as well as with the company's conservative investment policy.

Growth of Progressive Northern Insurance Company

Year	Admitted Assets	Liabilities	Surplus as Regards Policyholders	Net Income
2017	\$1,866,478,948	\$1,335,081,566	\$531,397,382	\$91,699,145
2016	1,576,371,849	1,133,988,996	442,382,853	60,966,790
2015	1,408,390,029	1,011,532,464	396,857,565	88,159,341
2014	1,349,241,463	963,446,518	385,794,945	90,651,852
2013	1,305,390,796	934,665,498	370,725,298	78,570,522
2012	1,245,651,184	898,139,227	347,511,957	51,898,907

Year	Gross Premium Written	Net Premium Written	Premium Earned	Loss and LAE Ratio	Expense Ratio	Combined Ratio
2017	\$3,181,752,131	\$1,612,585,352	\$1,526,426,983	72.8%	19.1%	91.9%
2016	2,769,719,320	1,374,900,449	1,324,446,874	75.3	19.1	94.4
2015	2,541,938,887	1,236,798,170	1,208,611,469	71.6	19.5	91.1
2014	2,479,179,432	1,197,959,894	1,191,365,224	71.8	19.4	91.2
2013	2,411,971,687	1,140,676,102	1,129,333,622	72.9	19.8	92.7
2012	2,359,586,277	1,089,291,371	1,068,807,082	75.1	19.7	94.8

The company experienced a 48% growth rate in net written premiums over the examination period. The company's operations were continuously profitable over the course of the examination period, which allowed the company to pay stockholder dividends in four out of five years.

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, 2017, is accepted.

VII. SUMMARY OF EXAMINATION RESULTS

Compliance with Prior Examination Report Recommendations

There were no specific comments and recommendations in the previous examination report.

Summary of Current Examination Results

The current examination resulted in no adverse comments or recommendations.

VIII. CONCLUSION

Progressive Northern was incorporated in the state of Wisconsin on August 19, 1980, and commenced business on March 8, 1981. TPC was the parent and sole shareholder of the company until it transferred ownership to Drive Insurance Holdings, Inc., on January 1, 2004. All operations are conducted by employees of Progressive subsidiaries in accordance with affiliated agreements.

The company participates in an affiliated reinsurance pooling agreement with certain affiliates (the Agency Pool), whereby the company assumes a 12% share of the pooled business. The business is written primarily through independent insurance agencies that represent the Agency Pool, as well as brokerages in New York and California.

The current examination 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, 2017, is accepted.

IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS

The current examination resulted in no adverse comments or recommendations.

X. ACKNOWLEDGMENT

The courtesy and cooperation extended during the course of the examination by the officers and employees of the company 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
David A. Jensen, CFE	IT Specialist

Respectfully submitted,

John E. Pollock
Examiner-in-Charge