

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

## TABLE OF CONTENTS

	<b>Page</b>
I. INTRODUCTION.....	1
II. HISTORY AND PLAN OF OPERATION .....	3
III. MANAGEMENT AND CONTROL .....	5
IV. AFFILIATED COMPANIES .....	7
V. REINSURANCE .....	11
VI. FINANCIAL DATA .....	12
VII. SUMMARY OF EXAMINATION RESULTS .....	21
VIII. CONCLUSION.....	22
IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS.....	23
X. ACKNOWLEDGMENT .....	24



# State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

**Tony Evers, Governor**  
**Mark V. Afable, Commissioner**

**Wisconsin.gov**

March 25, 2019

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

Wisconsin	\$234,290,641	24.6%
Illinois	215,539,966	22.6
Oregon	212,857,268	22.4
Iowa	104,914,014	11.0
Nebraska	55,979,681	5.9
New Hampshire	55,229,211	5.8
Wyoming	25,865,953	2.7
Virginia	25,050,686	2.6
North Carolina	<u>22,416,565</u>	<u>2.4</u>
Total	<u>\$952,143,985</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 2017. The growth of the company is discussed in the “Financial Data” section of this report.

<b>Line of Business</b>	<b>Direct Premium</b>	<b>Reinsurance Assumed</b>	<b>Reinsurance Ceded</b>	<b>Net Premium</b>
Inland marine	\$ 10,505,516	\$ 3,577,408	\$ 10,505,516	\$ 3,577,408
Other liability – occurrence	4,303,398	1,182,271	4,303,398	1,182,271
Other liability – claims made		200		200
Private passenger auto liability	581,201,041	244,101,254	581,201,041	244,101,254
Commercial auto liability		1,647,312		1,647,312
Auto physical damage	<u>356,134,031</u>	<u>129,574,820</u>	<u>356,134,031</u>	<u>129,574,820</u>
Total All Lines	<u>\$952,143,985</u>	<u>\$380,083,265</u>	<u>\$952,143,985</u>	<u>\$380,083,265</u>

As previously discussed, 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:

<b>Name and Residence</b>	<b>Principal Occupation</b>	<b>Term Expires</b>
Patrick Kevin Callahan Chardon, Ohio	Personal Lines President The Progressive Corporation	2019
Michael Vincent Esposito Aurora, Ohio	Auto Product Development Leader The Progressive Corporation	2019
Daniel Joseph Witalec Orange Village, Ohio	GM Customer Experience Strategy The Progressive Corporation	2019
Sanjay Mahesh Vyas Beachwood, Ohio	Personal Lines General Manager The Progressive Corporation	2019
Scott Wesley Ziegler Richmond, Virginia	National Product Mgmt Leader The Progressive Corporation	2019

#### Officers of the Company

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

<b>Name</b>	<b>Office</b>	<b>2017 Compensation</b>
Scott Wesley Ziegler	President	\$27,162
Daniel Joseph Witalec	Treasurer	31,032
Michael Robert Uth	Secretary	18,837
John Allen Curtiss, Jr.	Vice President	32,780
Mariann Wojtkun Marshall	Vice President	10,727
Scott Edward Coleman	Assistant Treasurer	6,153
Karen Ann Kosuda	Assistant Secretary	3,980

\* 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**

Scott W. Ziegler, Chair  
Daniel J. Witalec  
Sanjay M. Vyas

### **Investment Committee**

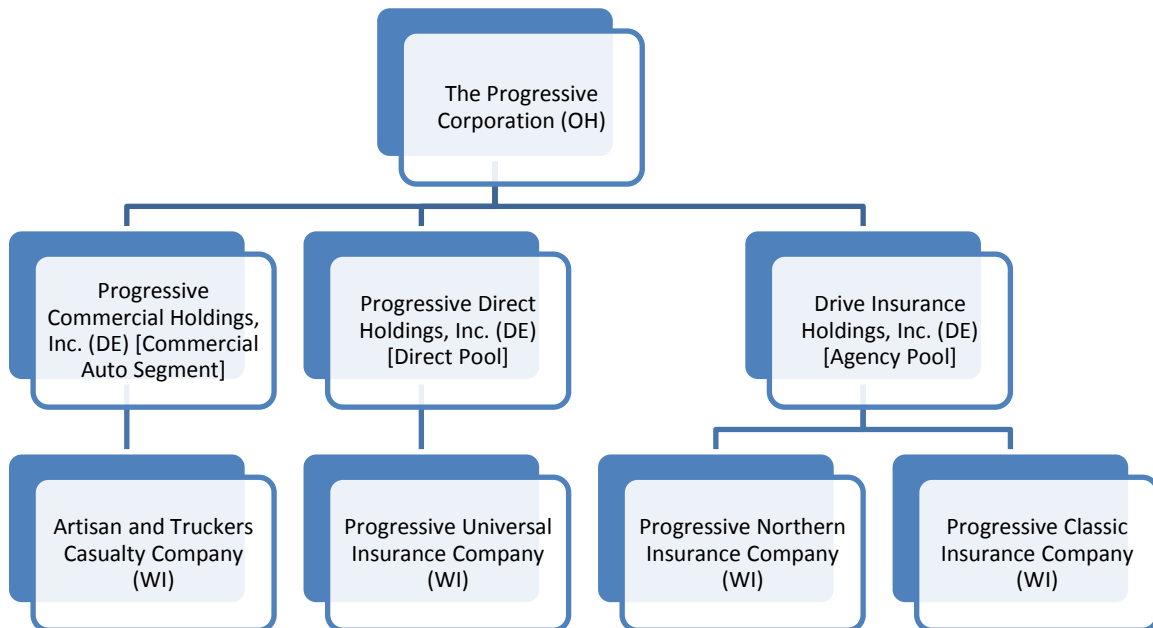
Scott W. Ziegler, Chair  
Daniel J. Witalec  
Sanjay M. Vyas



#### 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 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 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, 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 The Progressive Corporation reported assets of \$38.7 billion, liabilities of \$28.9 billion, and 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.

### **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, 2017, the audited financial statements of Progressive Direct reported assets of \$7.8 billion, liabilities of \$5.4 billion, and policyholders' surplus of \$2.4 billion. Operations for 2017 produced net income of \$402.7 million on premium earned of \$7.1 billion.

### **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  
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

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

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 are as follows:

<b>Participation:</b>	
Progressive Direct Insurance Company	77.5%
Progressive Marathon Insurance Company	6.0
Progressive Max Insurance Company	6.0
Progressive Advanced Insurance Company	4.0
<b>Progressive Universal Insurance Company</b>	<b>4.0</b>
Progressive Premier Insurance Company of Illinois	2.0
Progressive Paloverde Insurance Company	0.5
Mountain Laurel Assurance Company	<u>0.0</u>
Total	<u>100.0%</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 Universal Insurance Company**  
**Assets**  
**As of December 31, 2017**

	<b>Assets</b>	<b>Nonadmitted Assets</b>	<b>Net Admitted Assets</b>
Bonds	\$199,833,393	\$	\$199,833,393
Other invested assets	105,496	105,496	
Receivables for securities	323		323
Investment income due and accrued	1,396,864		1,396,864
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	27,603,772	5,595,712	22,008,060
Deferred premiums, agents' balances, and installments booked but deferred and not yet due	153,016,236		153,016,236
Reinsurance:			
Amounts recoverable from reinsurers	5,113,015		5,113,015
Net deferred tax asset	6,782,450	17,139	6,765,311
Receivable from parent, subsidiaries, and affiliates	51,840,166		51,840,166
Write-ins for other than invested assets:			
State Unearned Surcharge Recoverable	281,068		281,068
Miscellaneous Other Assets	36,469	26,408	10,061
State Tax Credits	1,000		1,000
Summary of remaining write-ins for Line 25 from overflow page	<u>47,214</u>	<u>47,214</u>	<u>          </u>
<b>Total Assets</b>	<b><u>\$446,057,466</u></b>	<b><u>\$5,791,969</u></b>	<b><u>\$440,265,497</u></b>

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

Losses		\$115,506,834
Reinsurance payable on paid loss and loss adjustment expenses		2,086,327
Loss adjustment expenses		27,107,259
Commissions payable, contingent commissions, and other similar charges		25,183
Other expenses (excluding taxes, licenses, and fees)		542,703
Taxes, licenses, and fees (excluding federal and foreign income taxes)		3,215,696
Current federal and foreign income taxes		3,288,943
Unearned premiums		104,518,386
Advance premium		4,903,908
Ceded reinsurance premiums payable (net of ceding commissions)		4,946,752
Drafts outstanding		29,971,737
Payable for securities		188
Write-ins for liabilities:		
Miscellaneous Other Liabilities		620,926
State Plan Liability		87,327
Escheatable Property		<u>9,196</u>
 Total Liabilities		 296,831,365
 Common capital stock	\$ 2,502,500	
Gross paid in and contributed surplus	46,818,551	
Unassigned funds (surplus)	<u>94,113,081</u>	
 Surplus as Regards Policyholders		 <u>143,434,132</u>
 Total Liabilities and Surplus		 <u>\$440,265,497</u>



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

<b>Underwriting Income</b>		
Premiums earned		\$364,000,596
Deductions:		
Losses incurred	\$226,362,662	
Loss adjustment expenses incurred	41,661,101	
Other underwriting expenses incurred	<u>70,873,421</u>	
Total underwriting deductions		<u>338,897,184</u>
Net underwriting gain (loss)		25,103,412
<b>Investment Income</b>		
Net investment income earned	3,744,386	
Net realized capital gains (losses)	<u>436,294</u>	
Net investment gain (loss)		4,180,680
<b>Other Income</b>		
Net gain (loss) from agents' or premium balances charged off	(9,285,085)	
Finance and service charges not included in premiums	15,202,450	
Write-ins for miscellaneous income:		
Interest Income on Intercompany Balances	666,986	
Miscellaneous Other Income	<u>(37,007)</u>	
Total other income		<u>6,547,344</u>
Net income (loss) after dividends to policyholders but before federal and foreign income taxes		35,831,436
Federal and foreign income taxes incurred		<u>13,459,453</u>
Net Income		<u>\$ 22,371,983</u>

**Progressive Universal Insurance Company**  
**Cash Flow**  
**For the Year 2017**

Premiums collected net of reinsurance		\$358,202,585
Net investment income		4,764,549
Miscellaneous income		<u>6,872,433</u>
Total		369,839,567
Benefit- and loss-related payments	\$210,691,131	
Commissions, expenses paid, and aggregate write-ins for deductions	108,170,667	
Federal and foreign income taxes paid (recovered)	<u>12,676,112</u>	
Total deductions		<u>331,537,910</u>
Net cash from operations		38,301,657
Proceeds from investments sold, matured, or repaid:		
Bonds	\$134,089,511	
Net gains (losses) on cash, cash equivalents, and short-term investments	<u>(4,193)</u>	
Total investment proceeds		134,085,318
Cost of investments acquired (long-term only):		
Bonds	178,103,008	
Other invested assets	125,887	
Miscellaneous applications	<u>48,052</u>	
Total investments acquired		<u>178,276,947</u>
Net cash from investments		(44,191,629)
Cash from financing and miscellaneous sources:		
Dividends to stockholders	6,000,000	
Other cash provided (applied)	<u>(24,049,969)</u>	
Net cash from financing and miscellaneous sources		<u>(30,049,969)</u>
<b>Reconciliation:</b>		
Net Change in Cash, Cash Equivalents, and Short-Term Investments		(35,939,941)
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>35,939,941</u>
End of Year		<u>\$ 0</u>

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

Assets		\$440,265,497
Less liabilities		<u>296,831,365</u>
Adjusted surplus		143,434,132
Annual premium:		
Lines other than accident and health	\$380,083,265	
Factor	<u>20%</u>	
Compulsory surplus (subject to a minimum of \$2 million)		<u>76,016,653</u>
Compulsory Surplus Excess (Deficit)		<u>\$ 67,417,479</u>
Adjusted surplus (from above)		\$143,434,132
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>98,061,482</u>
Security Surplus Excess (Deficit)		<u>\$ 45,372,650</u>

**Progressive Universal 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	\$130,610,346	\$113,393,558	\$104,433,015	\$ 93,948,892	\$89,883,631
Net income	22,371,983	16,696,922	14,751,602	14,159,529	15,030,545
Change in net deferred income tax	(3,190,816)	584,213	443,691	929,535	(344,542)
Change in nonadmitted assets	(357,381)	(64,347)	265,250	(1,104,941)	379,258
Dividends to stockholders	<u>(6,000,000)</u>	<u>                    </u>	<u>(6,500,000)</u>	<u>(3,500,000)</u>	<u>(11,000,000)</u>
Surplus, End of Year	<u>\$143,434,132</u>	<u>\$130,610,346</u>	<u>\$113,393,558</u>	<u>\$104,433,015</u>	<u>\$93,948,892</u>

**Progressive Universal 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	929%*	881%	886%	894%	911%*
#2 Net Premium to Surplus	265	251	251	245	244
#3 Change in Net Premiums Written	16	15	11	12	5
#4 Surplus Aid to Surplus	0	0	0	0	0
#5 Two-Year Overall Operating Ratio	91	92	91	90	91
#6 Investment Yield	1.9*	1.6*	1.8*	1.9*	2.0*
#7 Gross Change in Surplus	10	15	9	11	5
#8 Change in Adjusted Surplus	10	15	9	11	5
#9 Liabilities to Liquid Assets	71	65	67	66	69
#10 Agents' Balances to Surplus	15	15	14	14	15
#11 One-Year Reserve Development to Surplus	0	-1	-3	0	-1
#12 Two-Year Reserve Development to Surplus	0	-3	-1	-1	-1
#13 Estimated Current Reserve Deficiency to Surplus	1	-3	-3	4	-1

Ratio No. 1 measures the company's gross premium to surplus. The exceptional results for Ratio No. 1 for the first and last year of the examination cycle were due to the growth in gross writings, as well as stockholder dividends paid.

Ratio No. 6 measures the company's investment yield. The exceptional results for Ratio No. 6 for the examination cycle were 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 Universal

Year	Admitted Assets	Liabilities	Surplus as Regards Policyholders	Net Income
2017	\$440,265,497	\$296,831,365	\$143,434,132	\$22,371,983
2016	385,674,064	255,063,718	130,610,346	16,696,922
2015	334,437,812	221,044,254	113,393,558	14,751,602
2014	304,617,703	200,184,688	104,433,015	14,159,529
2013	281,720,124	187,771,232	93,948,892	15,030,545
2012	265,601,991	175,718,360	89,883,631	12,474,022

Year	Gross Premium Written	Net Premium Written	Premium Earned	Loss and LAE Ratio	Expense Ratio	Combined Ratio
2017	\$1,332,227,250	\$380,083,265	\$364,000,596	73.6%	16.9%	90.5%
2016	1,150,123,758	328,200,674	317,252,904	76.5	16.7	93.2
2015	1,005,162,645	284,996,880	274,851,437	74.5	17.7	92.2
2014	933,628,632	256,341,619	250,221,755	74.3	17.9	92.2
2013	855,486,094	229,688,239	225,555,676	72.4	18.4	90.8
2012	805,556,963	219,186,075	216,309,472	74.2	18.9	93.1

The company experienced a 73% growth 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**

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, 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:

<b>Name</b>	<b>Title</b>
David A. Jensen, CFE	IT Specialist

Respectfully submitted,

John E. Pollock  
Examiner-in-Charge