

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS**

In the Matter of

**PROGRESSIVE DIRECT INSURANCE CO. AND
PROGRESSIVE NORTHWESTERN INSURANCE CO.**

)
)Docket No. 4369-MC
)
)

ORDER

Pursuant to the authority conferred upon the Commissioner of Insurance in K.S.A. 40-222, Sandy Praeger, the duly elected, qualified and serving Commissioner of Insurance hereby adopts the Kansas Insurance Department's Report of Market Conduct Examination of Progressive Direct Insurance Company and Progressive Northwestern Insurance Company (collectively "Progressive") as of December 31, 2010, (attached herein) by incorporating the same in its entirety with specific findings stated as follows. This Order shall become effective as a Final Order, without further notice, upon the expiration of the fifteen (15) day period if no request for a hearing is made, pursuant to K.S.A. 77-542.

Findings of Fact

1. The Commissioner of Insurance has jurisdiction over this matter pursuant to K.S.A. 40-222.
2. The Kansas Insurance Department ("KID") completed a targeted market conduct examination of Progressive. The period of examination was January 1, 2009 through December 31, 2010.

3. On or about September 26, 2011 the Examiner-in-Charge provided Progressive with a draft of the Market Conduct Examination with request for Progressive's response in the form of written comments, additions, or acceptance.
4. Progressive responded with written comments regarding the draft report.
5. The Market Conduct Examination Report created by KID is attached herein.

Applicable Law

K.S.A. 40-222 states, in pertinent part:

(a) Whenever the commissioner of insurance deems it necessary but at least once every five years, the commissioner may make, or direct to be made, a financial examination of any insurance company in the process of organization, or applying for admission or doing business in this state. In addition, at the commissioner's discretion the commissioner may make, or direct to be made, a market regulation examination of any insurance company doing business in this state.

Conclusions of Law

Based upon the Findings of Fact enumerated in Paragraphs #1 through #2 and the Applicable Law cited above,

IT IS, THEREFORE, ORDERED BY THE COMMISSIONER OF INSURANCE:

1. The Commissioner of Insurance has jurisdiction over this matter pursuant to K.S.A. 40-222.
2. The Kansas Insurance Department's ("KID") Report of Market Conduct Examination of Progressive as of December 31, 2010 is herein adopted in its entirety.

**IT IS SO ORDERED THIS 7th DAY OF NOVEMBER 2011, IN THE CITY OF TOPEKA,
COUNTY OF SHAWNEE, STATE OF KANSAS.**



/s/ Sandy Praeger _____
Sandy Praeger
Commissioner of Insurance

BY:

/s/ Zachary Anshutz _____
Zachary Anshutz
General Counsel

NOTICE OF RIGHTS

Progressive is entitled to a hearing pursuant to K.S.A. 77-537, the Kansas Administrative Procedure Act. If Progressive desires a hearing, the company must file a written request for a hearing with:

Zachary Anshutz, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

This request must be filed within fifteen (15) days from the date of service of this Order. If Progressive requests a hearing, the Kansas Insurance Department will notify the company of the time and place of the hearing and information on the procedures, right of representation, and other rights of parties relating to the conduct of the hearing before the commencement of the same.

If a hearing is not requested in the time and manner stated above, this Order shall become effective as a Final Order upon the expiration of time for requesting a hearing, pursuant to K.S.A. 77-613. In the event that Progressive files a petition for judicial review, pursuant to K.S.A. 77-613(e), the agency officer to be served on behalf of the Kansas Insurance Department is:

Zachary Anshutz, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he served the above and foregoing Order and Notice of Rights on this 7th day of November 2011, by causing the same to be deposited in the United States Mail, registered mail with return-receipt requested postage prepaid, addressed to the following:

Charles C. Boucherle
President
Progressive Direct Insurance Company
6300 Wilson Mills Rd.
Mayfield Village, OH 44143

Mark D. Niehaus
President
Progressive Northwestern Insurance Company
6300 Wilson Mills Rd.
Mayfield Village, OH 44143

_ /s/ Jennifer R. Sourk _____
Jennifer R. Sourk
Staff Attorney