

Targeted Market Conduct Examination Report

PROGRESSIVE AMERICAN INSURANCE COMPANY

NAIC Company Code: 24252

NAIC Group Code: 0155

Issued: October 24, 2024



Table of Contents

Executive Summary	2
Purpose and Scope of the Examination	2
Examination Procedures	2
Company Profile	3
Examination Findings	3
Hurricane Ian Claims.....	3
Hurricane Idalia Claims.....	4
Claims-Handling Manual	4
Conclusion	5
Examination Final Report Submission	5

Executive Summary

The Florida Office of Insurance Regulation (“OIR”) performed a targeted market conduct examination of Progressive American Insurance Company (“Progressive American” or “Company”) pursuant to Section 624.3161, Florida Statutes (“F.S.”).

Purpose and Scope of the Examination

OIR has primary responsibility for the regulation, compliance, and enforcement of statutes related to the business of insurance and the monitoring of industry markets. Due to this responsibility, OIR conducted a targeted market conduct examination of Progressive American pursuant to Section 624.3161, F.S. The purpose of a market conduct examination is to review an insurer’s operating practices to determine if they comply with the Florida Insurance Code, rules related to the business of insurance, procedures adopted by the Company, the provisions contained within a contract of insurance issued by the Company or orders issued by OIR. A common element of all market conduct examinations is to evaluate an insurer’s business practices, promote the protection of insurance-buying consumers, and to hold insurers accountable when issues or violations are identified.

This examination was initiated to review and evaluate Progressive American’s Hurricane Ian and Hurricane Idalia claims-handling operations. The examination scope period for Hurricane Ian claims was from September 28, 2022, to December 31, 2023, and the examination scope period for Hurricane Idalia claims was from August 30, 2023, to December 31, 2023. The examination was performed by a contracted examination firm, INS Regulatory Insurance Services, Inc. The examination began January 16, 2024, and ended October 24, 2024. This is the first Market Conduct examination of Progressive American. In reviewing materials for this report, the examiners relied on records provided by the Company.

Examination Procedures

The conduct of this examination and the procedures, statistical sampling and examination processes used were consistent with and in accordance with those standards and procedures contained in the *Market Regulation Handbook* promulgated by the National Association of Insurance Commissioners (“NAIC”). The number of randomly selected items in each sample is consistent with the recommended sample size in the *Market Regulation Handbook’s* Acceptance Samples Table. Examination results with a 95% confidence level permit those results to be extrapolated to the population identified in each of the areas examined.

In preparation for the examination, Progressive American was requested to provide the total number, or universe, of Hurricane Ian and Hurricane Idalia claims reported with a Florida exposure during the examination’s scope periods. The claims universe for each hurricane was divided into three categories: claims closed with payment, claims closed without payment, and reopened or supplemental claims. For the purposes of this examination, the selection of claims reviewed for each of the categories was defined as follows:

- **Claims Closed With Payment:** The first or initial Hurricane claim filed by the named insured, policyholder, or legal representative due to a loss occurring to a personal residential or commercial residential risk that was closed with payment during the examination’s scope periods.

- Claims Closed Without Payment: The first or initial Hurricane claim filed by the named insured, policyholder, or legal representative due to a loss occurring to a personal residential or commercial residential risk that was closed without payment for any reason during the examination's scope periods.
- Reopened or Supplemental Claims: The first or initial claim filed by the named insured, policyholder, or legal representative due to a loss occurring to a personal residential or commercial residential risk that was closed for any reason and that was reopened or was a supplemental claim upon request for additional costs for loss or damage previously disclosed to the insurer.

Company Profile

Progressive American Insurance Company is a domestic property and casualty insurer authorized to conduct business in Florida on July 21, 1972. The Company is authorized to write Homeowners Multi-Peril, Inland Marine, Medical Malpractice, Earthquake, Other Liability, Private Passenger Auto Liability, Commercial Automobile Liability, PPA Physical Damage, Commercial Auto Physical Damage, Fidelity, and Surety insurance.

Examination Findings

Hurricane Ian Claims

The following Findings are compiled from the examiners' review of Progressive American's Hurricane Ian claims that were adjudicated during the examination scope period of September 28, 2022, to December 31, 2023.

Claims Closed With Payment: Progressive American identified a universe of 17 residential property Hurricane Ian claims that were closed with payment during the examination scope period. The entire universe of 17 claims was reviewed by the examiners.

Claims Closed Without Payment: Progressive American identified a universe of 61 residential property Hurricane Ian claims that were closed without payment during the examination scope period. The entire universe of 61 claims was reviewed by the examiners.

Reopened or Supplemental Claims: Progressive American identified a universe of seven residential property Hurricane Ian claims that were reopened during the examination scope period. The entire universe of seven claims was reviewed by the examiners.

Finding 1: The examiners determined that in two instances out of 85 claims reviewed, an error rate of 2.4%, Progressive American did not include the name and license number of the adjuster communicating about the claim in a subsequent communication with the policyholder regarding the claim, as required by Section 627.70131(3)(c), F.S. (2022)

Finding 2: The examiners determined that in one instance out of 85 claims reviewed, an error rate of 1.2%, Progressive American did not include the required statement when providing a payment on a claim that was not the full and final payment, as required by Section 627.70131(6)(b), F.S.

Finding 3: The examiners determined that in one instance out of 85 claims reviewed, an error rate of 1.2 %, Progressive American did not pay interest when the claim payment was made 90 days after receiving notice of the claim, or more than 15 days after there were no longer factors beyond the control of the insurer which reasonably prevented such payment, as required by Section 627.70131(7)(a), F.S.

Hurricane Idalia Claims

The following Findings are compiled from the examiners' review of Progressive American's Hurricane Idalia claims that were adjudicated during the examination scope period of August 30, 2023, to December 31, 2023.

Claims Closed With Payment: Progressive American identified a universe of zero residential property Hurricane Idalia claims that were closed with payment during the examination scope period.

Claims Closed Without Payment: Progressive American identified a universe of three residential property Hurricane Idalia claims that were closed without payment during the examination scope period. The entire universe of three claims was reviewed by the examiners.

Reopened or Supplemental Claims: Progressive American identified a universe of zero residential property Hurricane Idalia claims that were reopened during the examination scope period.

No exceptions were noted.

Claims-Handling Manual

OIR conducted a review of Progressive American's claims-handling manual for compliance with Section 627.4108(1), F.S., that requires each authorized residential property insurer conducting business in Florida to create and use a claims-handling manual. Specifically, each claims-handling manual must include guidelines and procedures for:

- Initially receiving and acknowledging initial receipt of the claim and reviewing and evaluating the claim;
- Communicating with policyholders, beginning with the receipt of the claim and continuing until closure of the claim;
- Setting the claim reserve;
- Investigating the claim, including conducting inspections of the property that is the subject of the claim;
- Making preliminary estimates and estimates of the covered damages to the insured property and communicating such estimates to the policyholder;
- The payment, partial payment, or denial of the claim and communicating such claim decision to the policyholder;

- Closing claims; and
- Any aspect of the claims-handling process which OIR determines should be included in the claims-handling manual in order to:
 - Comply with the laws of this state or rules or orders of OIR or department;
 - Ensure that the claims-handling manual, at a minimum, comports with usual and customary industry claims-handling guidelines; or
 - Protect policyholders of the insurer or the general public.

No exceptions were noted.

Section 627.4108(3), F.S, requires each authorized residential property insurer to certify and attest on the prescribed form that:

- Each of the insurer's current claims-handling manuals complies with the requirements of this code and comports to, at a minimum, usual and customary industry claims-handling practices; and
- The insurer maintains adequate resources available to implement the requirements of each of its claims-handling manuals at all times, including during natural disasters and catastrophic events.

The attestations are required to be submitted to OIR:

- On or before August 1, 2023; and
- Annually thereafter, on or before May 1 of each calendar year.

No exceptions were noted.

Conclusion

This targeted market conduct examination of Progressive American Insurance Company was designed to review and evaluate Progressive American's Hurricane Ian and Hurricane Idalia claims-handling operations. It does not document what regulatory or administrative action may be taken by OIR.

Examination Final Report Submission

OIR hereby issues this final report based upon information from the draft report, additional research conducted by the OIR, and additional information provided by Progressive American Insurance Company.



www.FLOIR.com

J. Edwin Larson Building
200 E. Gaines Street
Tallahassee, Florida 32399
Phone: (850) 413-3140