

STATE OF INDIANA)
) SS: BEFORE THE INDIANA
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
Progressive Paloverde Insurance Company)
6300 Wilson Mills Road, W33)
Cleveland, Ohio 44143-2182)

Examination of: **Progressive Paloverde Insurance Company**

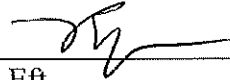
NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Amy L. Beard, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Progressive Paloverde Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as amended by the Final Order, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of Progressive Paloverde Insurance Company, shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

June 27, 2024
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7018 1130 0001 7982 7038

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FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Progressive Paloverde Insurance Company (hereinafter “Company”) for the time period January 1, 2018 through December 31, 2022.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on May 15, 2024.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on June 6, 2024 and was received by the Company on June 12, 2024.

On June 25, 2024 pursuant to Ind. Code § 27-1-3.1-10, the Company filed a response to the Verified Report of Examination. The Commissioner has fully considered the Company’s response.

NOW THEREFORE, based on the Verified Report of Examination and the response filed by the Company, the Commissioner hereby FINDS as follows:


1. The suggested modifications to the Verified Report of Examination submitted by the Company are reasonable and shall be incorporated into the Verified Examination Report. A copy of the Verified Report of Examination, as amended, is attached hereto.

2. The Verified Report of Examination, as amended, is true and accurate report of the financial condition and affairs of the Company as of December 31, 2022.
3. The Examiners' recommendations are reasonable and necessary in order for the Company to comply with the insurance laws of the state of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, as amended, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination, as amended. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed this 27 day of
June, 2024.



Amy L. Beard
Insurance Commissioner

ABOUT AFFIRMATIONS

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF

PROGRESSIVE PALOVERDE INSURANCE COMPANY

NAIC Co. CODE 44695
NAIC GROUP CODE 0155

As of

December 31, 2022

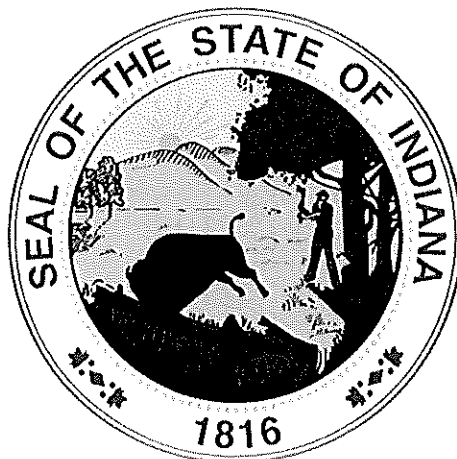


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STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Amy L. Beard, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-234-2103
Website: in.gov/idoi

May 15, 2024

Honorable Amy L. Beard, Commissioner
Indiana Department of Insurance
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 4143, an examination has been made of the affairs and financial condition of:

Progressive Paloverde Insurance Company
6300 Wilson Mills Road, W33
Cleveland, Ohio 44143-2182

hereinafter referred to as the "Company", an Indiana domestic stock, property, and casualty insurance company. The examination was conducted remotely with assistance from the corporate office of the Company in Cleveland, Ohio.

The Report of Examination, reflecting the status of the Company as of December 31, 2022, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2389 COMPANY COMPLIANCE 317-232-3495 CONSUMER SERVICES 317-232-2395/1-800-622-4461 FINANCIAL SERVICES 317-232-2390 MEDICAL MALPRACTICE 317-232-5253 COMPANY RECORDS 317-232-2383 STATE HEALTH INSURANCE PROGRAM 1-800-452-4800

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) and covered the period from January 1, 2013, through December 31, 2017. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2018, through December 31, 2022, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

The examination of the Ohio domestic insurance companies of The Progressive Corporation (TPC) was called by the Ohio Department of Insurance (OHDOI) in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The OHDOI served as the lead state on the examination, and the INDOI and the state insurance departments representing Florida, Illinois, Louisiana, Michigan, New Jersey, New York, Texas, and Wisconsin served as participants.

The OHDOI staff provided all actuarial services throughout the examination and conducted a review of the Company's actuarial related risks as of December 31, 2022.

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. 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 following the Company's financial statements.

This examination report includes significant findings of fact, as mentioned in the Indiana Code (IC) 27-1-3.1-10 and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

HISTORY

The Company was incorporated under Arizona law by TPC on October 15, 1991 as Paloverde Insurance Company of Arizona and commenced business on January 28, 1992. On April 18, 1997, the Company changed its name to Progressive Paloverde Insurance Company. Effective May 26, 2006, the Company was redomesticated to Indiana from Arizona. The Company is a 100% owned subsidiary of Progressive Direct Holdings, Inc. (PDH), a direct subsidiary of TPC.

The Progressive insurance organization started as Progressive Mutual Insurance Company (PMIC) in 1937 to provide standard automobile insurance for blue-collar workers. PMIC began writing nonstandard automobile insurance in 1957. In 1965, TPC was formed and during the 1960s grew rapidly concentrating its efforts in nonstandard automobile insurance. In 1971, TPC became a publicly traded company. By this time, nonstandard automobile insurance represented 90% of its total business. In 1974, TPC moved to its present headquarters in Mayfield Village, Ohio. In 1990, PMIC was liquidated by distributing its surplus to its policyholders. In 1993, the

private passenger automobile operations were further expanded into the standard and preferred markets. In 1999, TPC became the fourth largest automobile insurance company in the country.

In 2015, TPC acquired a controlling interest in ARX Holding Corp. (ARX), the parent company of American Strategic Insurance Corp. (ASI), a collective group of insurance companies. In April 2020, TPC acquired the remaining outstanding shares of ARX. Through ASI, the Company writes residential property, flood, and umbrella insurance for homeowners, other property owners, and renters. In June 2021, TPC completed the acquisition of Protective Insurance Corporation, the parent company of Protective Insurance Company, Protective Specialty Insurance Company and Sagamore Insurance Company through which TPC's commercial business products were expanded.

CAPITAL AND SURPLUS

PDH owned 100% of the Company's issued and outstanding stock as of the examination date. There were 450 shares of \$5,000 par value common stock authorized and 300 shares issued and outstanding throughout the examination period.

DIVIDENDS TO STOCKHOLDERS

The Company paid no dividends during the examination period.

The Company received the following capital contributions from PDH during the examination period:

	<u>Capital Contributions</u>
2022	\$ 6,000,000
2021	4,000,000
2020	-
2019	5,000,000
2018	7,500,000
Total	<u>\$ 22,500,000</u>

TERRITORY AND PLAN OF OPERATION

The Company participates in an intercompany pooling agreement (the Direct Pool) under which all companies cede 100%, net of any external reinsurance, of their direct business to an affiliated company, Progressive Direct Insurance Company (PDIC). The Company is a 0.5% participant in the pool.

The Direct Pool primarily writes personal lines business which consists primarily of private passenger automobile, motorcycle and recreational vehicle insurance in the United States. The business is generated primarily over the phone at 1-800-PROGRESSIVE or on-line at progressivedirect.com. In addition, the Direct Pool's business includes business written by independent insurance agencies that represent the Direct Pool. The Direct Pool also writes other specialty insurance coverages and related services and commercial automobile business that consist 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 Company was licensed in Arizona, Indiana, Louisiana, Ohio, Virginia, and West Virginia as of December 31, 2022.

The Company's largest two (2) states, based on direct premiums written during 2022, were Louisiana and Indiana. The largest lines of business based on direct premiums written were private auto liability (54.4%) and private auto physical damage (34.5%) as of December 31, 2022.

The Company has reported underwriting gains, net income, surplus gains in five of the past five years. The Company has not paid a dividend since 2011. As a result, the Company was able to continue strengthen its capital position to \$101.2 million as of December 31, 2022.

GROWTH OF THE COMPANY

The following table summarizes the financial results of the Company during the examination period:

Year	Admitted Assets	Liabilities	Surplus and Other Funds	Premiums Earned	Net Income
2022	\$ 296,640,622	\$ 195,400,822	\$ 101,239,800	\$ 83,916,562	\$ 3,124,678
2021	239,502,187	149,368,991	90,133,196	77,441,946	1,710,530
2020	264,229,641	179,374,806	84,854,835	70,659,814	7,983,840
2019	210,122,793	131,856,307	78,266,486	64,395,952	5,536,154
2018	194,206,977	126,187,538	68,019,439	55,043,252	5,101,926

The Company has a history of increases in surplus primarily due to net underwriting and investment gains that occurred for each year under examination.

The increase in net admitted assets for 2022 is associated with increased premium writings and the related increased premium receivables, both due and deferred amounts. Additionally, benefit and loss payments decreased in 2022 compared to the previous year.

Higher net income in 2022 was due to increased net underwriting and investment gains as well as increased interest income from intercompany balances when compared to the previous year.

MANAGEMENT AND CONTROL

Directors

The Bylaws provide that the business affairs of the Company are to be managed by a Board of Directors (Board) consisting of no less than five (5) directors. At least one (1) of the directors must be a resident of Indiana. The shareholders, at each annual meeting, elect the members of the Board.

The following is a listing of persons serving as directors as of December 31, 2022, and their principal occupations as of that date:

Name and Address	Principal Occupation
Patrick K. Callahan Chardon, Ohio	Personal Lines President The Progressive Group of Companies
Michael V. Esposito Aurora, Ohio	Auto Product Development Leader The Progressive Group of Companies
Meghan L. M. Friesen Highland Heights, Indiana	Personal Lines General Manager The Progressive Group of Companies
Brian J. Gura Chagrin Falls, Ohio	Business Leader, Customer Relations Management Process The Progressive Group of Companies
Karissa B. Hiatt Newburgh, Indiana	Personal Lines General Manager The Progressive Group of Companies

Officers

The Bylaws state that the elected officers of the Company shall consist of a President, such number of Vice Presidents as the Board may from time to time determine, a Secretary, a Treasurer, and at its discretion, a Chairman of the Board. Any two of such offices, other than that of President and Vice President and that of President and Secretary, may be held by the same person, but no officer shall execute, acknowledge or verify any instrument in more than one capacity. Each of these officers is elected by the Board and shall hold office one (1) year or until their respective successors are duly chosen and have qualified.

The following is a list of key officers and their respective titles as of December 31, 2022:

Name	Office
Brian Jacob Gura	President
Daniel Joseph Witalec	Treasurer
Michael Robert Uth	Secretary
Michael Vincent Esposito	Vice President
Carl Gordon Joyce	Vice President
Sandra Lee Rhivalsky	Assistant Treasurer
Karen Ann Kosuda	Assistant Secretary

CONFLICT OF INTEREST

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that all directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed their statements as of December 31, 2022.

OATH OF OFFICE

IC 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the Company and will not knowingly violate any of the laws applicable to such Company. It was determined that not all directors listed in the Management and Control section of this Report of Examination have subscribed to an oath as of December 31, 2022. See Other Significant Issues section of this Report of Examination.

CORPORATE RECORDS

Articles of Incorporation

The Company filed an amendment to its Articles of Incorporation, which was received by the Secretary of State on February 19, 2018, to change the address of the principal office of the corporation in the State of Indiana. No other amendments were made during the examination period.

Bylaws

There were no amendments made to the Bylaws during the examination period.

Minutes

The Board and shareholders meeting minutes were reviewed for the period under examination through the fieldwork date. Significant actions taken during each meeting were noted.

IC 27-1-7-7(b) states an annual meeting of shareholders, members, or policyholders shall be held within five (5) months after the close of each fiscal year of the Company and at such time within that period as the Bylaws may provide. The Company's Bylaws specify that the annual meeting of shareholders is to be held on the third Thursday in April of each year. For each year under review, the annual meeting of shareholders was held within five (5) months following the close of each fiscal year and in compliance with the Company's Bylaws.

AFFILIATED COMPANIES

Organizational Structure

The following abbreviated organizational chart shows the Company's parent and subsidiaries or affiliates as of December 31, 2022:

	NAIC Co. Code	Domiciliary State/Country
The Progressive Corporation		OH
Progressive Commercial Holdings, Inc.		DE
Protective Insurance Corporation		IN
Protective Insurance Company	12416	IN
Protective Specialty Insurance Company	13149	IN
Sagamore Insurance Company	40460	IN
B&L Insurance LTD.		Bermuda
B&L Management, Inc.		DE
B&L Brokerage Services, Inc.		IN
Transport Specialty Insurance Agency, Inc.		MI
Progressive Direct Holdings, Inc.		DE
Progressive Paloverde Insurance Company	44695	IN
Progressive Agency Holdings, Inc.		DE
Progressive Southeastern Insurance Company	38784	IN
ARX Holding Corp.		DE
ASI Select Insurance Corp.	14042	IN

Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B – Holding Company Registration Statement and were filed with the INDOI, as required, in accordance with IC 27-1-23-4.

Management Agreement

Management, operations, and claims services are provided under a Management Agreement, effective December 27, 2003, with Progressive Direct Insurance Company. Under the terms of the agreement, the Company is provided both underwriting and loss adjustment services for business produced in exchange for a management fee based on the Company's use of services.

Investment Services Agreement

The Company participates in an Investment Services Agreement, effective July 16, 1992, with Progressive Capital Management Corporation (PCMC), a non-insurance affiliate. Under the terms of the agreement, the Company is provided investment and capital management services in exchange for an investment management fee based on its use of services. During 2022, the Company paid PCMC \$23.7 thousand for these services.

Interest Agreement

The Company became a participant, effective January 1, 1977, to the existing Interest Agreement with Progressive Casualty Insurance Company (PCIC) and members of the holding company system. Pursuant to the agreement, the Company agreed to pay PCIC or receive credit from PCIC for any balances owed to PCIC or owed by PCIC, as a

result of the activity in the cashier account as stated in the Cash Management Agreement. During 2022, the Company paid \$1.2 million in interest to PCIC.

Cash Management Agreement

The Company participates in a Cash Management Agreement which has an effective date of January 1, 1998. This agreement provides for the Company's participation in the TPC central cash management system (cashier account) in which all the cash of TPC holding company system's companies were deposited. Pursuant to this agreement, PCIC was responsible in a fiduciary capacity for the Company's cash and performed all the Company's duties and operations as they pertain to cash, including the payment of the Company's obligations.

Tax Allocation Agreement

The Company's federal income tax return is consolidated with TPC and all of its wholly owned U.S. subsidiaries. The method of allocation is based upon separate tax return calculations with current credit for net losses utilized in the consolidated tax return. Settlements are to be made within ninety (90) days of each quarter in which TPC is required to make a federal income tax estimated payment. The Company reported a current Federal tax liability of \$569.1 thousand as of December 31, 2022.

General Agency Agreement

The Company participates in a General Agency Agreement with Progressive Advantage Agency, Inc. (Agency), effective on December 1, 2006. Agency provides general agency services pertaining to the sale of insurance in California, Kentucky, Louisiana, Washington and such other states as the parties may agree upon from time to time, subject to the companies' forms, rates, and rules filings, if any, with the appropriate state insurance departments.

Reinsurance

See the Reinsurance section of this Report of Examination for further information on affiliated reinsurance agreements.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by Federal Insurance Company, a member of the Chubb Insurance Group. The bond has a single loss coverage limit of \$1 million, with an aggregate amount of \$2 million, and a \$10 million deductible. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force as of December 31, 2022, including but not limited to, commercial property liability, general liability, management indemnity/directors and officers liability, umbrella coverage, and workers' compensation.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

The Company does not have employees or payroll and as such, does not have legal obligations for employee benefit plans. Employees of other TPC entities provide management, operations, investment, and claims service under the agreements previously described in the Affiliated Agreement section of this Report of Examination.

SPECIAL AND STATUTORY DEPOSITS

The Company reported the following deposits, as of December 31, 2022:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
For All Policyholders:		
Indiana	\$ 593,990	\$ 581,840
All Other Special Deposits:		
Virginia	276,860	271,197
Total Deposits	<u>\$ 870,850</u>	<u>\$ 853,037</u>

REINSURANCE

Reinsurance Pool

The Company is party to various reinsurance agreements including a pooling agreement with affiliated property casualty companies PDH. All the underwriting business of each member company, net of external reinsurance, is ceded to PDH. The combined premiums, losses, and expenses are retroceded to each pool member based on pooling percentages.

The companies participating in the Direct Pool are listed below, each with their respective pooling percentage as of December 31, 2022:

<u>Name of Pool Members</u>	<u>Percentage of Pool</u>	<u>Domiciliary State</u>
Progressive Direct Insurance Company (Pool Manager)	77.0%	OH
Progressive Marathon Insurance Company	6.0%	MI
Progressive Max Insurance Company	6.0%	OH
Progressive Advanced Insurance Company	4.0%	OH
Progressive Universal Insurance Company	4.0%	WI
Progressive Premier Insurance Company of Illinois	2.0%	OH
Progressive Choice Insurance Company	0.5%	OH
Progressive Paloverde Insurance Company	0.5%	IN
Mountain Laurel Assurance Company	0.0%	OH
Total	<u>100.0%</u>	

All business written by each Direct Pool member is subject to pooling with the exception of loss reserves from Progressive Max Insurance Company's asbestos and environmental claims, for which the Company has no exposure. Business ceded by Direct Pool members to non-affiliated reinsurers prior to pooling, is primarily due to state-provided reinsurance programs. The Direct Pool does not participate in any intercompany sharing of the provision for reinsurance and the write-offs of uncollectible reinsurance.

Ceded Reinsurance

Effective January 1, 2021, and for the period January 1, 2021, to January 1, 2022, the Company and thirty-three (33) affiliates entered into an Umbrella Excess of Loss Reinsurance Contract with Waypoint Underwriting

Management LLC for and on behalf of Insurance Company of the West. For any liability exceeding \$16 million for all losses occurring during the term of the contract, each participant company shall be responsible for a portion of that excess liability equal to that excess liability multiplied by a fraction, the numerator of which is such participant's total liability for all such losses during such term and the denominator of which is the total combined liability of all participants for all such losses during the contract term.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balance prepared from the Company's general ledger for the year ended December 31, 2022, was agreed to the Annual Statement. The Company's accounting procedures, practices, and account records were deemed satisfactory.

FINANCIAL STATEMENTS

PROGRESSIVE PALOVERDE INSURANCE COMPANY

Assets

As of December 31, 2022

	<u>Per Examination*</u>
Bonds	\$ 102,109,966
Cash, cash equivalents and short-term investments	<u>6,292,978</u>
Subtotals, cash and invested assets	108,402,944
Investment income due and accrued	496,537
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	20,490,469
Deferred premiums, agents' balances and installments booked but deferred and not yet due	137,948,471
Reinsurance:	
Amounts recoverable from reinsurers	8,426,695
Net deferred tax asset	2,404,192
Guaranty funds receivable or on deposit	648,000
Receivables from parent, subsidiaries and affiliates	17,823,286
Aggregate write-ins for other than invested assets	<u>28</u>
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	296,640,622
Totals	<u>\$ 296,640,622</u>

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

PROGRESSIVE PALOVERDE INSURANCE COMPANY
Liabilities, Surplus and Other Funds
As of December 31, 2022

	Per Examination*
Losses	\$ 28,761,281
Reinsurance payable on paid losses and loss adjustment expenses	399,950
Loss adjustment expenses	6,311,337
Commissions payable, contingent commissions and other similar charges	28,166
Other expenses	30,075
Taxes, licenses and fees	781,132
Current federal and foreign income taxes on realized capital gains (losses)	569,118
Unearned premiums	23,664,953
Advance premium	3,270,476
Ceded reinsurance premiums payable	1,637,296
Drafts outstanding	35,578,904
Aggregate write-ins for liabilities	94,368,134
Total liabilities excluding protected cell liabilities	195,400,822
Total liabilities	195,400,822
Common capital stock	1,500,000
Gross paid in and contributed surplus	52,650,000
Unassigned funds (surplus)	47,089,800
Surplus as regards policyholders	101,239,800
Totals	\$ 296,640,622

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

PROGRESSIVE PALOVERDE INSURANCE COMPANY
Statement of Income
For the Year Ended December 31, 2022

	Per Examination*
UNDERWRITING INCOME	
Premiums earned	\$ 83,916,562
DEDUCTIONS	
Losses incurred	57,923,728
Loss adjustment expenses incurred	8,142,968
Other underwriting expenses incurred	15,520,912
Total underwriting deductions	81,587,608
Net underwriting gain (loss)	2,328,954
INVESTMENT INCOME	
Net investment income earned	1,337,871
Net investment gain (loss)	1,337,871
OTHER INCOME	
Net gain (loss) from agents' or premium balances charged off	(10,561,187)
Finance and service charges not included in premiums	10,105,312
Aggregate write-ins for miscellaneous income	907,443
Total other income	451,568
Net income, before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	4,118,393
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	4,118,393
Federal and foreign income taxes incurred	993,715
Net income	\$ 3,124,678

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

PROGRESSIVE PALOVERDE INSURANCE COMPANY
Capital and Surplus Account Reconciliation

	2022	2021	2020	2019	2018
Surplus as regards policyholders, December 31 prior year	\$90,133,196	\$84,854,835	\$78,266,486	\$68,019,439	\$ 56,137,769
Net income	3,124,678	1,710,530	7,983,840	5,536,154	5,101,926
Change in net deferred income tax	(202,318)	(34,797)	587,117	354,185	548,608
Change in nonadmitted assets	2,184,244	(397,372)	(1,982,608)	(643,292)	(1,268,864)
Surplus adjustments:					
Paid in	6,000,000	4,000,000	-	5,000,000	7,500,000
Change in surplus as regards policyholders for the year	11,106,604	5,278,361	6,588,349	10,247,047	11,881,670
Surplus as regards policyholders, December 31 current year**	<u>\$101,239,800</u>	<u>\$90,133,196</u>	<u>\$84,854,835</u>	<u>\$78,266,486</u>	<u>\$68,019,439</u>

**The balance includes immaterial rounding differences.

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2022, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

IC 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the Company and will not knowingly violate any of the laws applicable to such Company. It was determined that not all directors listed in the Management and Control section of this Report of Examination have subscribed to an oath as of December 31, 2022. It is recommended that every director shall take and subscribe to an Oath of Office at the time of annual election to the Board.

SUBSEQUENT EVENTS

There were no events subsequent to the examination date and prior to the completion of field work which were considered material events requiring disclosure in this Report of Examination.

AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that they, in coordination with staff assistance from Noble Consulting Services, Inc., performed an examination of Progressive Paloverde Insurance Company, as of December 31, 2022.

The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached Report of Examination is a true and complete report of the condition of Progressive Paloverde Insurance Company as of December 31, 2022, as determined by the undersigned.

Paul Ellis
Paul Ellis, CFE
Noble Consulting Services, Inc.

State of: Ohio
County of: Mahoning

On this 6 day of JUNE, 2024, before me personally appeared, Paul Ellis, to sign this document.

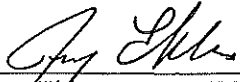
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires: 10-10-2025 Denise Hilbert
Notary Public



DENISE HILBERT
Notary Public, State of Ohio
My Commission Expires October 10, 2025

Under the Supervision of:



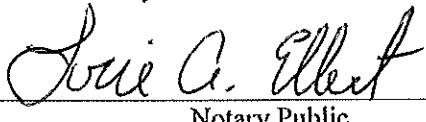
Jerry Ehlers, CFE, AES
Examinations Manager
Indiana Department of Insurance

State of: Indiana
County of: Marion

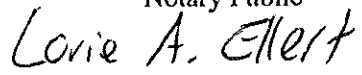
On this 10th day of June, 2024, before me personally appeared, Jerry Ehlers, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires: July 11, 2025



Notary Public



Notary Public

