

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

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

Examination of: **Progressive Southeastern 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 Southeastern 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 Southeastern 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 7045**

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**6300 Wilson Mills Road, W33** )  
**Cleveland, Ohio 44143-2182** )

Examination of: **Progressive Southeastern Insurance Company**

### FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Progressive Southeastern 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 My 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.



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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.

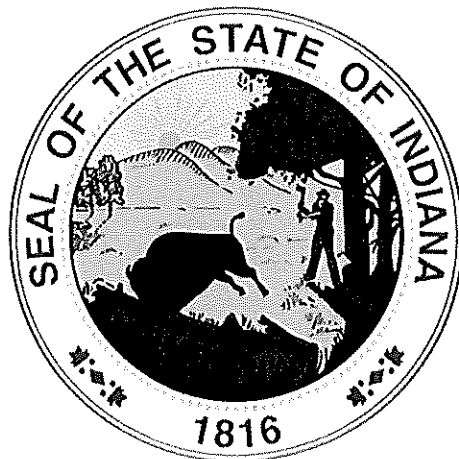
**STATE OF INDIANA**  
**Department of Insurance**  
**REPORT OF EXAMINATION**  
**OF**

**PROGRESSIVE SOUTHEASTERN INSURANCE COMPANY**

NAIC Co. CODE 38784  
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](http://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 4144, an examination has been made of the affairs and financial condition of:

**Progressive Southeastern 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 is a property and casualty insurance company incorporated on March 11, 1980, under the laws of the state of Florida and redomesticated to the state of Indiana on May 26, 2006. The Company is a 100% owned subsidiary of Drive Insurance Holdings, Inc. (Progressive Drive), a subsidiary of TPC. As of October 17, 2022, Progressive Drive changed its name to Progressive Agency Holdings, Inc. (PAH), which is incorporated in Delaware and is a wholly owned 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 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 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**

The Company has 40,000 authorized shares of common stock, of which 30,000 shares are issued and outstanding. All shares have a par value of \$100 and all issued and outstanding shares have been owned by PAH, formerly known as Progressive Drive prior to October 2022, throughout the examination period.

**DIVIDENDS TO STOCKHOLDERS**

The Company paid the following dividends to Progressive Drive during the examination period:

Year	Total	Ordinary Dividends	Extraordinary Dividends
2022	\$ -	\$ -	\$ -
2021	-	-	-
2020	-	-	-
2019	6,000,000	6,000,000	-
2018	-	-	-
Total	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ -</u>

In accordance with IC 27-1-23-4(h), the payment of dividends to holding companies or affiliated insurers may not exceed the greater of 10% of the prior year’s surplus or the net income of such insurer of the prior year. Dividends paid during the examination period were ordinary in nature and did not require prior regulatory approval. In accordance with IC 27-1-23-1.5, the Company notified the INDOI of all declared dividends to the parent during the examination period.

**TERRITORY AND PLAN OF OPERATION**

The Company participates in an intercompany pooling agreement (the Agency 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 1.0% participant in the pool.

The business written in the Agency Pool includes personal lines, commercial lines, and other specialty property casualty insurance and related services throughout the United States. This business is generated primarily through approximately 40,000 independent insurance agencies that represent the Agency Pool, as well as brokerages in New

York and California. In addition, the Agency Pool writes certain types of business directly online, through mobile devices, and over the Phone (Direct channel). Personal lines business includes insurance written primarily for private passenger automobiles and recreational vehicles (referred to as special lines products). The Agency Pool's commercial lines business consists of auto-related liability and physical damage insurance and general liability and property insurance (BOP), predominantly for small businesses.

The Company directly writes mostly private auto liability and private auto damage with a focus on the non-standard private passenger automobile insurance market through preferred risks (called non-standard, mid-market, standard, preferred and ultra-preferred). The Company's commercial lines business consists primarily of liability, physical damage, and other related auto-related insurance for automobiles and trucks owned and/or operated predominately by small businesses, with the majority of customers insuring, approximately two vehicles.

The Company was licensed in Florida, Georgia, Hawaii, Indiana, Mississippi, North Carolina, Ohio, Oklahoma, Texas, and Washington as of December 31, 2022. The Company is an accredited reinsurer in the state of New York. As of December 31, 2022, the Company only wrote business in Georgia, Indiana, and North Carolina.

### GROWTH OF THE COMPANY

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

<u>Year</u>	<u>Admitted Assets *</u>	<u>Liabilities</u>	<u>Surplus and Other Funds</u>	<u>Premiums Earned</u>	<u>Net Income</u>
2022	\$ 424,674,792	\$ 268,218,358	\$ 156,456,433	\$ 226,622,728	\$ 11,665,583
2021	381,772,480	235,966,451	145,806,029	208,226,895	14,582,544
2020	334,824,282	205,319,876	129,504,406	188,237,056	23,672,079
2019	283,478,336	177,435,091	106,043,245	176,242,457	20,504,196
2018	252,837,668	161,669,596	91,168,072	151,555,161	16,981,906

\*The balance includes immaterial rounding differences.

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.

Net income in 2022 included net underwriting profits but was offset by capital losses related to the sale of U.S. Government Bonds 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 at least five (5) directors. The shareholders, at each annual meeting, elect the members of the Board. Each director shall be at least eighteen years of age, a majority of the directors must be citizens and residents of the United States and at least one of which is a resident of the State of Indiana.

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
Charles E. Conover Hudson, Ohio	Business Leader, Agent Engagement The Progressive Group of Companies
Kathryn M. Lemieux Chagrin Falls, Ohio	Business Leader, Customer Relations Management The Progressive Group of Companies
Clint R. Piles Arlington, Indiana	Manager Claims The Progressive Group of Companies
Geoffrey T. Souser Hudson, Ohio	Business Leader, Customer Relations Management The Progressive Group of Companies
James D. Williams Solon, Ohio	Personal Lines General Manager The Progressive Group of Companies

Officers

The Bylaws state that the officers of the Company elected by the Board shall consist of a President, a Treasurer, a Secretary, and such officers as the Board may deem advisable. The President, any Vice President who succeeds to the office of the president, and the chairman of the board shall be, but the other officers need not be, chosen from among the members of the board of directors. 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.

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

Name	Office
Meghan Louise McArdle Friesen	President
Patrick Sean Brennan	Treasurer
Peter James Albert	Secretary
Michelle Cristen Cavell	Vice President
Heather Elizabeth Day	Vice President
James Lee Kusmer	Assistant Treasurer
Christina Lynn Crews	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 all directors listed in the Management and Control section of this Report of Examination have subscribed to an oath as of December 31, 2022.

## 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, subsidiaries, and affiliates as of December 31, 2022:

	<u>NAIC Co. Code</u>	<u>Domiciliary State/Country</u>
The Progressive Corporation		OH
Progressive Commercial Holdings, Inc.		DE
Protective Insurance Corporation		IN
<b>Protective Insurance Company</b>	<b>12416</b>	<b>IN</b>
<b>Protective Specialty Insurance Company</b>	<b>13149</b>	<b>IN</b>
<b>Sagamore Insurance Company</b>	<b>40460</b>	<b>IN</b>
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
<b>Progressive Paloverde Insurance Company</b>	<b>44695</b>	<b>IN</b>
Progressive Agency Holdings, Inc.		DE
<b>Progressive Southeastern Insurance Company</b>	<b>38784</b>	<b>IN</b>
ARX Holding Corp.		DE
<b>ASI Select Insurance Corp.</b>	<b>14042</b>	<b>IN</b>

### 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*

The Company does not have employees or facilities. Management operations and claims services are provided under a Management Agreement, effective July 1, 2001, with Progressive Casualty Insurance Company (PCIC). Under the terms of the agreement, the Company is provided 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 \$9 thousand for these services.

#### *Producer Agreement*

The Company, along with three affiliates, participates in a Producer Agreement with Progressive Auto Pro Insurance Agency, Inc. (PAPIA), effective December 1, 1998. PAPIA provides insurance agency services with respect to Florida business to its designated insurance company affiliates. The insurance agency services include writing business generated through direct sales advertising of the Progressive Group, and carrying the payroll for

the Progressive Group's representatives who will be used to answer calls in response to such advertising. PAPIA is paid a commission of five percent (5%) on all new policies placed with the affiliates.

#### *General Agency Agreement*

The Company, along with other affiliates, participates in a General Agency Agreement with Progressive Advantage Agency, Inc. (the Agency), effective December 1, 2006. The Agency provides general agency services to participating companies 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.

#### *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.

#### *Interest Agreement*

The Company became a participant, effective January 1, 1977, to the existing Interest Agreement with PCIC and members of the holding company system. Pursuant to the agreement, the Company agrees 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 \$1.5 million in interest to PCIC.

#### *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 \$1.1 million as of December 31, 2022.

#### *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 an aggregate limit of liability of \$2 million with a single loss limit of liability of \$1 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:		
Florida	500,598	493,085
Indiana	\$ 2,658,175	\$ 2,618,281
All Other Special Deposits:		
Georgia	45,054	44,378
North Carolina	350,419	345,160
Total Deposits	<u>\$ 3,554,246</u>	<u>\$ 3,500,904</u>

**REINSURANCE**

Reinsurance Pool

The Company is party to various reinsurance agreements including a pooling agreement with affiliated property and casualty companies (Agency Pool). All of the underwriting business of each member company, net of external reinsurance, is ceded to PCIC, the pool manager and a pool participant. The combined premiums, losses, and expenses are then retroceded to each Agency Pool member based on pre-determined pooling percentages. The companies participating in the Agency Pool are listed below, each with their respective pooling percentage:

<u>Name of Pool Members</u>	<u>Percentage of Pool</u>	<u>Domiciliary State</u>
Progressive Casualty Insurance Company (Pool Manager)	49.0%	OH
Progressive Northern Insurance Company	12.0%	WI
Progressive Northwestern Insurance Company.	12.0%	OH
Progressive Specialty Insurance Company	7.0%	OH
Progressive Preferred Insurance Company	6.0%	OH
Progressive Michigan Insurance Company	4.0%	MI
Progressive Classic Insurance Company	3.0%	WI
Progressive American Insurance Company	2.0%	OH
Progressive Gulf Insurance Company	2.0%	OH
Progressive Mountain Insurance Company	1.0%	OH
<b>Progressive Southeastern Insurance Company</b>	<b>1.0%</b>	<b>IN</b>
Progressive Bayside Insurance Company	0.5%	OH
Progressive Freedom Insurance Company	0.5%	OH
Progressive Hawaii Insurance Corp.	0.0%	OH
National Continental Insurance Company	0.0%	NY
Total	<u>100.0%</u>	

All business written by each Agency Pool member is subject to pooling. Business ceded by Agency Pool members to non-affiliated reinsurers prior to pooling is primarily due to state-provided reinsurance programs. The Company does not participate in any intercompany sharing of the provision for reinsurance and the write-off 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 SOUTHEASTERN INSURANCE COMPANY

#### Assets

As of December 31, 2022

	<u>Per Examination*</u>
Bonds	\$ 56,307,474
Cash, cash equivalents and short-term investments	8,696,565
Subtotals, cash and invested assets	<u>65,004,039</u>
Investment income due and accrued	411,148
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	32,419,188
Deferred premiums, agents' balances and installments booked but deferred and not yet due	246,404,218
Reinsurance:	
Amounts recoverable from reinsurers	23,331,583
Net deferred tax asset	7,016,570
Receivables from parent, subsidiaries and affiliates	41,603,611
Aggregate write-ins for other than invested assets	<u>8,484,435</u>
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	424,674,792
Totals	<u>\$ 424,674,792</u>

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

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

	Per Examination*
Losses	\$ 94,740,909
Reinsurance payable on paid losses and loss adjustment expenses	923,129
Loss adjustment expenses	17,357,573
Commissions payable, contingent commissions and other similar charges	217,746
Other expenses	8,994,354
Taxes, licenses and fees	1,670,394
Current federal and foreign income taxes on realized capital gains (losses)	1,106,239
Unearned premiums	79,808,060
Advance premium	6,211,913
Ceded reinsurance premiums payable	6,897,641
Drafts outstanding	37,745,793
Aggregate write-ins for liabilities	12,544,607
Total liabilities excluding protected cell liabilities	268,218,358
Total liabilities	268,218,358
Common capital stock	3,000,000
Gross paid in and contributed surplus	15,923,877
Unassigned funds (surplus)	137,532,556
Surplus as regards policyholders	156,456,433
Total**	\$ 424,674,792

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

\*\*The balance includes immaterial rounding differences.

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

	<u>Per Examination*</u>
<b>UNDERWRITING INCOME</b>	
Premiums earned	\$ 226,622,728
<b>DEDUCTIONS</b>	
Losses incurred	152,984,872
Loss adjustment expenses incurred	19,614,657
Other underwriting expenses incurred	42,343,501
Total underwriting deductions	214,943,030
Net underwriting gain (loss)	11,679,698
<b>INVESTMENT INCOME</b>	
Net investment income earned	919,523
Net realized capital gains (losses) less capital gains tax	(724,119)
Net investment gain (loss)	195,404
<b>OTHER INCOME</b>	
Net gain (loss) from agents' or premium balances charged off	(10,457,785)
Finance and service charges not included in premiums	12,620,739
Aggregate write-ins for miscellaneous income	1,832,873
Total other income	3,995,827
Net income, before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	15,870,929
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	15,870,929
Federal and foreign income taxes incurred	4,205,346
Net income	\$ 11,665,583

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

PROGRESSIVE SOUTHEASTERN INSURANCE COMPANY  
Capital and Surplus Account Reconciliation

	2022	2021	2020	2019	2018
Surplus as regards policyholders, December 31 prior year	\$145,806,029	\$129,504,406	\$106,043,245	\$ 91,168,072	\$ 74,508,133
Net income	11,665,583	14,582,544	23,672,079	20,504,196	16,981,906
Change in net realized capital gains or (losses)					
less capital gains tax	-	-	-	383,967	(383,967)
Change in net deferred income tax	1,334,895	756,882	1,187,404	222,423	451,877
Change in nonadmitted assets	(2,350,074)	962,197	(1,398,322)	(235,413)	(389,877)
Dividends to stockholders	-	-	-	(6,000,000)	-
Change in surplus as regards policyholders for the year	<u>10,650,404</u>	<u>16,301,623</u>	<u>23,461,161</u>	<u>14,875,173</u>	<u>16,659,939</u>
Surplus as regards policyholders, December 31 current year**	<u>\$156,456,433</u>	<u>\$145,806,029</u>	<u>\$129,504,406</u>	<u>\$106,043,245</u>	<u>\$ 91,168,072</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

There were no other significant issues to report.

### 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 Southeastern 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 Southeastern 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*

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

State of: Indiana  
County of: Marion

On this 10<sup>th</sup> 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

*Lorie A. Ellert*

Notary Public

*Lorie A. Ellert*

Notary Public

Lorie A Ellert  
Notary Public  
**SEAL**  
Marion County, State of Indiana  
My Commission Expires July 11, 2025  
Commission #702622

