Report

of the

Examination of

Progressive Universal Insurance Company

Cleveland, Ohio

As of December 31, 2012

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State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott Walker, *Governor*
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February 27, 2014

Honorable Theodore K. Nickel
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 (the Company or PUIC) was conducted in 2008 as of December 31, 2007. The current examination covered the intervening period ending December 31, 2012, and included a review of such 2013 transactions as deemed necessary to complete the examination.

The examination was conducted using a risk-focused approach in accordance with the NAIC Financial Condition Examiners Handbook, which sets forth guidance for planning and performing an examination to evaluate the financial condition and identify prospective risks of an insurer. This approach includes the obtaining of information about the Company including corporate governance, the identification and assessment of inherent risks within the Company, and the evaluation of system controls and procedures used by the Company to mitigate those risks. The examination also included an assessment of the principles used and significant estimates made by management, as well as an evaluation of the overall financial statement presentation and management's compliance with statutory accounting principles, annual statement instructions, and Wisconsin laws and regulations.

The examination of the Company was conducted concurrently with the examination of Progressive Casualty Insurance Company and affiliates. Representatives of the Ohio Department of Insurance acted in the capacity as the lead state for the coordinated exams. Work performed by the Ohio Department of Insurance was reviewed and relied on where deemed appropriate.

The examination consisted of a review of all major phases of the Company's operations and included the following areas:

History
Management and Control
Corporate Records
Conflict of Interest
Fidelity Bonds and Other Insurance
Employees' Welfare and Pension Plans
Territory and Plan of Operations
Affiliated Companies
Growth of Company
Reinsurance
Financial Statements
Accounts and Records
Data Processing

Emphasis was placed on the audit of 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 of its property and casualty affiliates. In consequence, the Company's net loss and loss adjustment expense reserves are the product of the reserves of the Progressive insurance companies' reinsurance 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. As deemed appropriate, reference is made in this report to the actuary's conclusion.

II. HISTORY AND PLAN OF OPERATION

The Company was incorporated under Illinois law as Progressive Universal Insurance Company of Illinois on September 13, 1992, and commenced business on July 8, 1993. Ownership of the Company was transferred to Progressive Direct Holdings, Inc., on January 1, 2004. Effective November 19, 2003, the Company was redomesticated to Ohio from Illinois. Effective December 21, 2004, PUIC was redomesticated to Wisconsin from Ohio.

In 2012, the Company wrote direct premium in the following states:

Wisconsin	$131,710,849	22.5%
Oregon	122,451,056	20.9
Illinois	107,354,912	18.3
Iowa	62,802,304	10.7
North Carolina	45,866,761	7.8
All others	116,185,006	19.8
Total	$586,370,888	100.0%

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, homeowner's multiple peril, and other liability – occurrence.

PUIC 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. Expenses other than commissions, taxes, licenses and fees are then allocated on the basis of specific identification, utilization estimates developed from such criteria as premium or claim volume, and time studies, in accordance with the Progressive reinsurance pooling agreement. Tax allocations are established in accordance with a written federal income tax allocation agreement. Intercompany balances with affiliates are created in the ordinary course of business, with settlements made on a quarterly basis. Written agreements with affiliates are further described in the section of this report titled "Affiliated Companies."

The Company conducts its operations jointly with its affiliates from Progressive Direct Insurance Company's home office in Mayfield Village, Ohio. 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 2012. The growth of the Company is discussed in the "Financial Data" section of this report.

Line of Business	**Direct Premium**	**Reinsurance Assumed**	**Reinsurance Ceded**	**Net Premium**
Homeowner's multiple peril	$ 3,561,031	$ 141,589	$ 3,561,031	$ 141,589
Inland marine	6,466,240	2,279,296	6,466,240	2,279,296
Other liability – occurrence	3,128,220	892,703	3,128,220	892,703
Other liability – claims made		10,000		10,000
Private passenger auto liability	371,808,140	143,258,331	371,808,139	143,258,331
Commercial auto liability		1,118,989		1,118,989
Auto physical damage	201,407,258	71,485,167	201,407,258	71,485,167
Total All Lines	$586,370,889	$219,186,075	$586,370,888	$219,186,075

The Company participates in a pooling reinsurance agreement with its property-casualty affiliates (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 Specialty Insurance 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. All directors are employees of other Progressive companies.

Currently the board of directors consists of the following persons:

Name and Residence	Principal Occupation	Term Expires
Scott Wesley Ziegler Richmond, Virginia	National Product Mgmt Leader The Progressive Corporation	2014
James Russell Haas Cleveland Heights, Ohio	Process Business Leader The Progressive Corporation	2014
Toby Kramer Alfred Orange Village, Ohio	Customer Relations Mgmt Bus Leader The Progressive Corporation	2014
Caroline Mae Koran Bay Village, Ohio	Customer Care Processing Bus Leader The Progressive Corporation	2014
Sanjay Mahesh Vyas Pepper Pike, Ohio	Personal Lines General Manager The Progressive Corporation	2014

Officers of the Company

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

Name	Office	2012 Compensation
Scott Wesley Ziegler	President	$11,510
Daniel Joseph Witalec	Treasurer	4,617
Michael Robert Uth	Secretary	5,347
James Russell Haas	Vice President	8,636
Mariann Wojtkun Marshall	Vice President	2,828
Scott Edward Coleman	Assistant Treasurer	1,522
Karen Ann Kosuda	Assistant Secretary	1,112

* Total 2012 compensation of all officers is allocated among affiliates based on the Company’s net written premium.

Committees of the Board

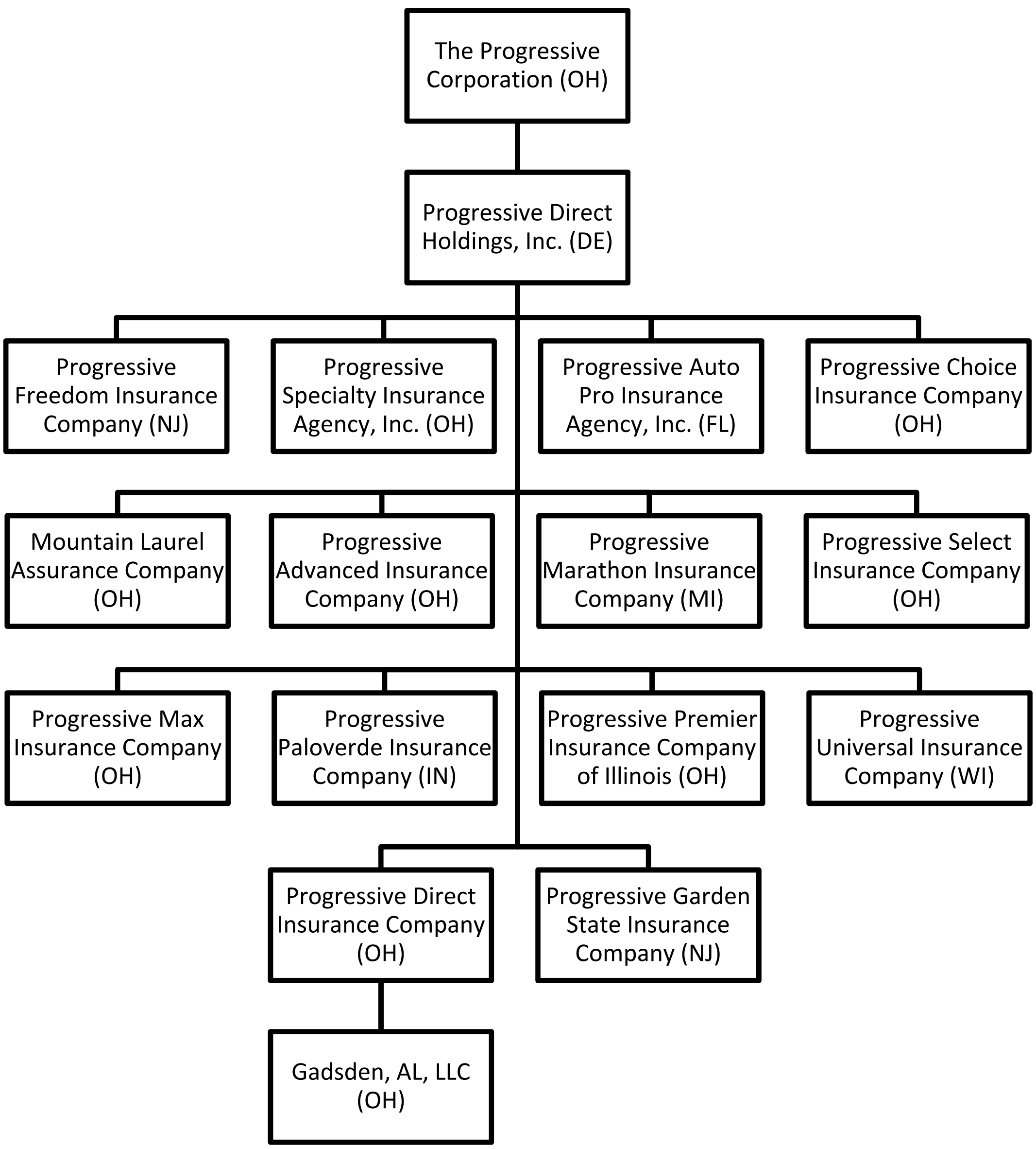
The Company's bylaws allow for the formation of certain committees by the board of directors. The committees at the time of the examination are listed below:

Executive Committee	Investment Committee
Scott W. Ziegler, Chair	Scott W. Ziegler, Chair
Caroline M. Koran	Caroline M. Koran
Sonjay M. Vyas	Sonjay M. Vyas

IV. AFFILIATED COMPANIES

Progressive Universal Insurance Company is a member of a holding company system with The Progressive Corporation as the ultimate parent. The abbreviated organizational chart below depicts the relationships among the affiliates in the direct succession of the control of the Company. A brief description of the significant affiliates follows the organizational chart.

Organizational Chart
As of December 31, 2012



The Progressive Corporation

The Progressive Corporation is an Ohio-domiciled insurance holding company formed in 1965. The predecessor organization commenced business in 1937. The Progressive Corporation became publicly traded after an initial public offering in 1971, and its common stock is currently listed on the New York Stock Exchange. As of December 31, 2012, the audited financial statements of The Progressive Corporation reported assets of $22.7 billion, liabilities of $16.7 billion, and stockholder equity of $6.0 billion. Operations for 2012 produced net income of $902.3 million on total revenues of $17.1 billion.

Progressive Direct Holdings, Inc.

Progressive Direct Holdings, Inc., is a Delaware-domiciled insurance holding company formed in 2003 and owned by The Progressive Corporation. 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 Insurance Company, a property casualty insurer domiciled in Ohio, provides administrative services through affiliated agreements discussed below. As of December 31, 2012, the audited financial statements of Progressive Direct Insurance Company reported assets of $4.5 billion, liabilities of $3.2 billion, and policyholders' surplus of $1.4 billion. Operations for 2012 produced net income of $222.7 million on premium earned of $4.2 billion.

Agreements with Affiliates

In addition to common staffing and management control, various written agreements affect PUIC's relationship to 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: PUIC 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: PUIC, Progressive Casualty Insurance Company (Casualty) and other Progressive affiliates

Effective: January 1, 1998

Terms: All cash receipts or disbursements attributable to PUIC 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, PUIC 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 PUIC 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: PUIC, 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: PUIC 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: PUIC and Progressive Direct Insurance Company (Direct)

Effective: July 1, 2007

Terms: The Company provides Direct with underwriting and loss adjustment services for specific business produced, and 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: PUIC and Progressive Specialty Insurance 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 six of its property-casualty affiliates (Direct Pool) participate in a pooling reinsurance agreement under which 100% of the underwriting business of each member company, net of external reinsurance, is ceded to Progressive Direct Insurance Company, the Direct Pool manager and a Direct Pool participant. The combined premiums, losses, and expenses are then retroceded to each Direct Pool member based on predetermined pooling percentages. The pooling percentages are as follows:

Participation:	
Progressive Direct Insurance Company	77.5%
Progressive Marathon Insurance Company	6.0
Progressive Max Insurance Company	6.0
Progressive Advanced Insurance Company	4.0
Progressive Universal Insurance Company	**4.0**
Progressive Premier Insurance Company of Illinois	2.0
Progressive Paloverde Insurance Company	0.5
Total	100.0%

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, 2012, 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, 2012

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$111,984,256	$	$111,984,256
Cash, cash equivalents, and short-term investments	14,998,650		14,998,650
Investment income due and accrued	634,486		634,486
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	16,571,350	3,857,859	12,713,491
Deferred premiums, agents' balances, and installments booked but deferred and not yet due	89,430,894		89,430,894
Reinsurance:			
Amounts recoverable from reinsurers	4,255,244		4,255,244
Net deferred tax asset	8,360,369	947,560	7,412,809
Receivable from parent, subsidiaries, and affiliates	23,894,714		23,894,714
Write-ins for other than invested assets:			
State unearned surcharge recoverable	277,447		277,447
Miscellaneous other assets	62,247	62,247	
Prepaid expenses	42,142	42,142	
Total Assets	$270,511,799	$4,909,808	$265,601,991

Progressive Universal Insurance Company
Liabilities, Surplus, and Other Funds
As of December 31, 2012

Losses		$ 72,104,573
Reinsurance payable on paid loss and loss adjustment expenses		1,209,396
Loss adjustment expenses		15,025,828
Commissions payable, contingent commissions, and other similar charges		2,036
Other expenses (excluding taxes, licenses, and fees)		650,977
Taxes, licenses, and fees (excluding federal and foreign income taxes)		1,806,317
Current federal and foreign income taxes		1,303,969
Unearned premiums		57,090,077
Advance premium		2,464,348
Ceded reinsurance premiums payable (net of ceding commissions)		5,589,080
Drafts outstanding		17,989,118
Write-ins for liabilities:		
Miscellaneous other liabilities		444,506
State plan liability		35,269
Escheatable property		2,866
Total liabilities		175,718,360
Common capital stock	$ 2,502,500	
Gross paid in and contributed surplus	46,818,551	
Unassigned funds (surplus)	40,562,580	
Surplus as regards policyholders		89,883,631
Total Liabilities and Surplus		$265,601,991

Progressive Universal Insurance Company
Summary of Operations
For the Year 2012

Underwriting Income		
Premiums earned		$216,309,471
Deductions:		
Losses incurred	$137,089,322	
Loss adjustment expenses incurred	23,458,584	
Other underwriting expenses incurred	46,546,520	
Total underwriting deductions		207,094,426
Net underwriting gain (loss)		9,215,045
Investment Income		
Net investment income earned	2,547,935	
Net realized capital gains (losses)	1,445,225	
Net investment gain (loss)		3,993,160
Other Income		
Net gain (loss) from agents' or premium balances charged off	(6,318,761)	
Finance and service charges not included in premiums	11,445,384	
Write-ins for miscellaneous income:		
Interest income on intercompany balances	35,179	
Miscellaneous other income	28,620	
Total other income		5,190,422
Net income (loss) after dividends to policyholders but before federal and foreign income taxes		18,398,627
Federal and foreign income taxes incurred		5,924,605
Net Income		$ 12,474,022

Progressive Universal Insurance Company
Cash Flow
For the Year 2012

Premiums collected net of reinsurance		$211,481,880
Net investment income		3,693,006
Miscellaneous income		5,612,425
Total		220,787,311
Benefit- and loss-related payments	$128,619,230	
Commissions, expenses paid, and aggregate write-ins for deductions	69,086,113	
Federal and foreign income taxes paid (recovered)	7,254,358	
Total deductions		204,959,701
Net cash from operations		15,827,610
Proceeds from investments sold, matured, or repaid:		
Bonds	83,521,964	
Cost of investments acquired (long-term only):		
Bonds	71,691,817	
Net cash from investments		11,830,147
Cash from financing and miscellaneous sources:		
Dividends to stockholders	8,000,000	
Other cash provided (applied)	(4,659,107)	
Net cash from financing and miscellaneous sources		(12,659,107)
Reconciliation:		
Net change in cash, cash equivalents, and short-term investments		14,998,650
Cash, cash equivalents, and short-term investments:		
Beginning of year		
End of Year		$ 14,998,650

Progressive Universal Insurance Company
Compulsory and Security Surplus Calculation
December 31, 2012

Assets		$265,601,991
Less liabilities		175,718,360
Adjusted surplus		89,883,631
Annual premium:		
Lines other than accident and health	$219,186,075	
Factor	20%	
Compulsory surplus (subject to a minimum of $2 million)		43,837,215
Compulsory Surplus Excess (or Deficit)		$ 46,046,416
Adjusted surplus (from above)		$ 89,883,631
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%)		58,741,868
Security Surplus Excess (or Deficit)		$ 31,141,763

Progressive Universal Insurance Company
Analysis of Surplus
For the Five-Year Period Ending December 31, 2012

The following schedule details items affecting surplus during the period under examination as reported by the Company in its filed annual statements:

	2012	2011	2010	2009	2008
Surplus, beginning of year	$84,923,578	$73,899,642	$63,019,538	$48,388,349	$45,840,208
Net income	12,474,022	11,053,594	6,616,138	9,486,146	9,098,855
Change in net deferred income tax	240,873	1,641,195	826,226	628,119	(191,513)
Change in nonadmitted assets	(313,192)	(1,670,853)	(562,260)	(583,358)	471,616
Cumulative effect of changes in accounting principles	558,350			100,282	
Surplus adjustments:					
Paid in			4,000,000	5,000,000	169,183
Dividends to stockholders	(8,000,000)				(7,000,000)
Surplus, End of Year	$89,883,631	$84,923,578	$73,899,642	$63,019,538	$48,388,349

Progressive Universal Insurance Company
Insurance Regulatory Information System
For the Five-Year Period Ending December 31, 2012

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	2012	2011	2010	2009	2008
#1	Gross Premium to Surplus	896.0%	870.0%	878.0%	828.0%	887.0%
#2	Net Premium to Surplus	244.0	240.0	257.0	272.0	312.0*
#3	Change in Net Premiums Written	7.0	8.0	11.0	13.0	6.0
#4	Surplus Aid to Surplus	0.0	0.0	0.0	0.0	0.0
#5	Two-Year Overall Operating Ratio	92.0	91.0	91.0	91.0	90.0
#6	Investment Yield	2.0*	2.2*	3.0*	3.3	4.4
#7	Gross Change in Surplus	6.0	15.0	17.0	30.0	6.0
#8	Change in Adjusted Surplus	6.0	15.0	11.0	20.0	5.0
#9	Liabilities to Liquid Assets	68.0	68.0	75.0	77.0	81.0
#10	Agents' Balances to Surplus	14.0	13.0	15.0	12.0	14.0
#11	One-Year Reserve Development to Surplus	-1.0	-5.0	-7.0	-4.0	-1.0
#12	Two-Year Reserve Development to Surplus	-6.0	-10.0	-6.0	-3.0	0.0
#13	Estimated Current Reserve Deficiency to Surplus	-3.0	-6.0	-11.0	-9.0	-12.0

Ratio No. 2 measures underwriting risk in terms of premium volume, net of the effects of premiums ceded to reinsurers, as compared to policyholders' surplus. The exceptional result for 2008 was because the Company had a larger writings to surplus ratio. It was noted that the Company has historically strong operating results and the holding company has demonstrated the ability to provide capital when necessary to maintain the target writings ratio.

Ratio No. 6 evaluates the yield on investments that an insurer recognizes during an operating year as investment income and realized gains compared to annual average cash and total invested assets. The exceptional results in 2010, 2011 and 2012 were due to current market conditions.

Growth of Progressive Universal Insurance Company

Year	Admitted Assets	Liabilities	Surplus as Regards Policyholders	Net Income
2012	$265,601,991	$175,718,360	$89,883,631	$12,474,022
2011	248,534,608	163,611,030	84,923,578	11,053,594
2010	222,046,961	148,147,319	73,899,642	6,616,138
2009	194,625,957	131,606,419	63,019,538	9,486,146
2008	162,888,788	114,500,439	48,388,349	9,098,855
2007	148,853,764	103,013,556	45,840,208	9,461,593

Year	Gross Premium Written	Net Premium Written	Premium Earned	Loss and LAE Ratio	Expense Ratio	Combined Ratio
2012	$805,556,963	$219,186,075	$216,309,471	74.2%	21.5%	95.7%
2011	738,886,524	204,169,177	200,187,869	71.7	23.1	94.8
2010	648,993,391	189,825,643	184,752,238	73.3	22.6	95.9
2009	521,926,153	171,168,277	166,457,000	73.3	20.9	94.2
2008	429,341,888	151,054,916	148,103,373	73.7	20.8	94.5
2007	397,190,387	142,380,698	141,200,873	71.9	21.3	93.2

The Company remains profitable and has experienced steady growth.

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, 2012, 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 by Progressive Northern Insurance Company on September 13, 1992, and commenced business on July 8, 1993. Ownership of the Company was transferred to Progressive Direct Holdings, Inc., on January 1, 2004. Effective November 19, 2003, the Company was redomesticated to Ohio from Illinois. Effective December 21, 2004, PUIC was redomesticated to Wisconsin from Ohio.

PUIC 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. Expenses other than commissions, taxes, licenses and fees are then allocated on the basis of specific identification, utilization estimates developed from such criteria as premium or claim volume, and time studies, in accordance with the Progressive reinsurance pooling agreement. Tax allocations are established in accordance with a written federal income tax allocation agreement.

The Company participates in a pooling reinsurance agreement with its property-casualty affiliates (Direct Pool), it assumes a 4% share of the pooled business. 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. The Direct Pool also writes commercial automobile business through the Agency channel and Direct channel which 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 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, 2012, 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:

Name	Title
Scott Bleifuss	Insurance Financial Examiner
Raymond Kangogo	Insurance Financial Examiner
Jerry DeArmond	Reserve Specialist
Thomas Houston	IT Specialist
Fred Thornton	Workpaper Specialist
John Litweiler	Workpaper Specialist

Respectfully submitted,

Stephanie Falck, CFE
Examiner-in-Charge