

BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA

In the Matter of the Licenses and Licensing
Rights of :

PROGRESSIVE CASUALTY INSURANCE
COMPANY,

PROGRESSIVE NORTHWESTERN
INSURANCE COMPANY,

PROGRESSIVE SPECIALTY INSURANCE
COMPANY, and

PROGRESSIVE WEST INSURANCE
COMPANY,

Respondents.

Case Nos. UPA 00011939-AP
(LO 02-02-6067)

OAH No. 2002110113

**STIPULATION AND WAIVER,
ORDER**

Respondents Progressive Casualty Insurance Company, Progressive Northwestern Insurance Company, Progressive Specialty Insurance Company, and Progressive West Insurance Company (collectively “Respondents”) and the California Department of Insurance (“Department”) stipulate as follows:

Whereas, Respondents currently are, and at all times relevant hereto were, insurers licensed to conduct various classes of insurance in California and were conducting insurance business in California;

Whereas, on January 28, 2000, the Department’s Field Claims Bureau completed a report of its examination of the claims practices of Respondents, which report covers the period June 1, 1998 through May 31, 1999 (“the Examination Report”);

Whereas, on November 5, 2002, the Department issued an “Order to Show Cause, Statement of Charges/Accusation and Notice of Monetary Penalty to Respondents” (“the OSC”) under file number UPA 00011939, which OSC was amended on April 3, 2003 adding allegations arising from consumer complaints under file number LO 02-02-6067, alleging certain violations of the Insurance Code and of the Department’s regulations;

WHEREAS, Respondents have denied the allegations of the OSC, Statement of Charges/Accusation, and Notice of Monetary Penalty, but acknowledge that those allegations, if proven to be true, may constitute grounds for the Commissioner to impose a civil penalty and issue an Order to Cease and Desist from engaging in those methods, acts, or practices found to be unfair or deceptive pursuant to the provisions of the Insurance Code of the State of California;

WHEREAS, the Department and Respondents have discussed Respondents' response to the Examination Report and Respondents' compliance with certain provisions of the Code and the Department's regulations;

WHEREAS, Respondents have implemented various measures to ensure compliance with the Code and Regulations; and

WHEREAS, the Department and Respondents believe that it is in the public interest to resolve all matters raised both by the Examination Report and the OSC without the need for a formal hearing or any further administrative action.

NOW, THEREFORE, with respect to the matters stated herein, the Department and Respondents agree as follows:

A. Respondents waive the right to a hearing and any and all rights that Respondents may be entitled to pursuant to Chapter 5, Part 1, Division 3, Title 2 of the California Government Code. Respondents do not admit that they have violated any provision of the California Insurance Code or the Department's regulations.

B. Respondents agree that in lieu of other disciplinary action against their Certificates of Authority, the Commissioner, by his written order to be made and filed herein, and without further notice to Respondents, issue an Order of Monetary Penalty in the amount of one-hundred thousand dollars (\$100,000.00).

C. Respondents agree to pay the \$100,000.00 monetary penalty within thirty (30) days of receipt of an invoice from the Department. Payment shall be mailed to California Department of Insurance, Division of Accounting, 300 Capital Mall, 13th Floor, Sacramento, CA 95814.

D. Respondents agree to provide claims adjusters with on-going training and instruction to ensure compliance with California statutes and regulations covered by the findings listed in the Examination Report.

E. Respondents acknowledge that, if they violate any of the terms or conditions of this Stipulation and Waiver, the Insurance Commissioner may bring disciplinary action against Respondents, including, but not limited to, those remedies set forth in California Insurance Code Section 790 et seq.

F. Respondents acknowledge that this Stipulation is a public record under California Government Code Section 11517(d), and that the Stipulation is accessible to the public pursuant to California Public Records Act, California Government Code Section 6250 et seq. Pursuant to California Insurance Code Section 12968 the Stipulation will also be posted on the Department's internet web site.

G. Respondents acknowledge that California Insurance Code Section 12921 requires the Insurance Commissioner to approve the final settlement of this matter, and that both the settlement terms and conditions contained herein and the acceptance of those terms and conditions are contingent upon the Commissioner's approval.

Dated: July ____, 2003

PROGRESSIVE CASUALTY INSURANCE
COMPANY, PROGRESSIVE NORTHWESTERN
INSURANCE COMPANY, PROGRESSIVE
SPECIALTY INSURANCE COMPANY, and
PROGRESSIVE WEST INSURANCE COMPANY,

By: _____

Secretary

Barger and Wolen,
Counsel for Respondents

By: _____
Richard G. De La Mora, Esq.

ORDER

The preceding Stipulation and Waiver is hereby adopted by the Department of Insurance of the State of California.

IT IS SO ORDERED THIS __23rd__ DAY OF __September_____, _2003

JOHN GARAMENDI
Insurance Commissioner

By: _____