

**State of Rhode Island and Providence Plantations**  
**DEPARTMENT OF BUSINESS REGULATION**  
*Insurance Division*  
**1511 Pontiac Avenue, Bldg. 69-2**  
**Cranston, Rhode Island 02920**

**IN THE MATTER OF:**

**PROGRESSIVE CASUALTY INSURANCE COMPANY,  
PROGRESSIVE NORTHERN INSURANCE COMPANY,  
PROGRESSIVE DIRECT INSURANCE COMPANY and  
PROGRESSIVE MAX INSURANCE COMPANY**

**RESPONDENTS.**

**DBR No. 18-IN-008**

**CONSENT AGREEMENT**

It is hereby agreed between the Department of Business Regulation (“Department”) and - Progressive Casualty Insurance Company, Progressive Northern Insurance Company, Progressive Direct Insurance Company, and Progressive Max Insurance Company (collectively “Respondents”) as follows:

1. Respondents are insurers licensed in the State of Rhode Island to issue property & casualty insurance policies including automobile insurance policies.

2. Insurance Regulation 230-RICR-20-05-3.7 (formerly known as Insurance Regulation 25) enumerates *Premium Surcharges* with respect to the timing of applicable premium surcharges on Rhode Island personal automobile insurance policies. During the relevant period, the Regulation stated the following:

- a. 230-RICR-20-05-3.7(D): “Any premium increases for a permitted purpose shall be instituted only at renewal of the policy. [...]”.
- b. 230-RICR-20-05-3.3(A)(10) defined “renewal” and clarified “[...] that any policy with a policy period or term of less than twelve (12) months shall for the purpose

of this section be considered as if written for a policy period or term of twelve (12) months.”

3. As a result of a rate filing review, the Department determined that Respondents’ IT system used a six (6) month rating period instead of the required twelve (12) month rating period, correlating with Respondents’ six (6) month policies. As such, in September 2017 the Department contacted Respondents for additional information.

4. Respondents conducted a prompt and thorough investigation of the previous five years of policy files and determined that there were four thousand nine hundred and thirty-three (4,933) policies that were surcharged out of compliance using a six (6) month renewal period instead of a twelve (12) month renewal period.

THEREFORE, based on the foregoing, Respondents and the Department have decided to resolve this matter without further administrative proceedings and hereby agree to the following resolution:

1. Of the four thousand and ninety-six (4,096) policies that were affected and are no longer in-force, Respondents are issuing four thousand ninety-six refunds, including interest, totaling approximately one million and nine hundred thousand dollars (\$1,900,000).
2. Of the eight hundred thirty-seven (837) policies that were affected and remain in-force, Respondents will issue credits totaling approximately eighty thousand dollars (\$80,000).
3. Respondents will pay a fine of ten thousand dollars (\$10,000) within 30 days.
4. Waiver of Hearing and Appeal. By agreeing to resolve this matter through the execution of this Consent Agreement, Respondents knowingly and voluntarily waive

any rights to an administrative hearing and waive any rights to pursue an appeal to the Superior Court under the Rhode Island Administrative Procedures Act, R.I. Gen. Laws § 42-35-1 et seq. Respondent is entering into this agreement for the purposes of settlement and its agreement does not constitute, nor should it be construed as, an admission of any violation of law or regulation.

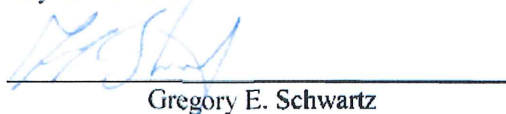
5. Enforcement. If the Respondents fail to comply with any term or condition of this Consent Agreement within any applicable time period set forth herein, the Respondents will be in violation hereunder and the Department shall be entitled to immediately take enforcement or other actions in accordance with applicable law.
6. Compliance: Other Laws. Compliance with the terms of this Consent Agreement does not relieve the Respondents of any obligation to comply with other applicable laws or regulations administered by or through the Department or any other governmental agency.

Counsel for the Department and Respondents hereby consent and agree to the foregoing on behalf of their respective clients the 6<sup>th</sup> day of February 2019.

Department of Business Regulation  
By its Legal Counsel.

  
Matthew Gendron

Progressive Casualty Insurance Company,  
Progressive Northern Insurance Company,  
Progressive Direct Insurance Company and  
Progressive Max Insurance Company  
By its Counsel

  
Gregory E. Schwartz