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## **Progressive Insurance Hoards COVID-19 Windfall Profits**

### **CFC Foundation Calls on California Insurance Commissioner to Order Auto Insurer to Return Excess Profits to Motorists**

Sacramento, CA. Progressive Insurance has shortchanged California drivers, according to Consumer Federation of California Education Foundation's (CFC Foundation) analysis of the company's pandemic refund program ordered by Insurance Commissioner Richard Lara in April. Auto insurance companies are required to provide refunds or credits to California customers to account for the dramatic reduction in driving and accident claims by motorists as a result of the shutdown and other impacts of the pandemic. In a letter filed on Wednesday, CFC Foundation called on the Department of Insurance to further investigate Progressive's program and order the insurer to refund excess profits to motorists.

In a July 15, 2020 press release, *Progressive boasted about an 83% year over year increase in its net income in the second quarter of 2020, even after it accounted for the company's 20% Coronavirus credit.* This represents an \$800 million increase in quarterly profits from the second quarter of 2019. Driving the huge profit was a significant drop in claim payments, a direct result of the pandemic. Progressive, which wrote more than \$1.5 billion in California auto insurance premiums in 2019, is the nation's third largest auto insurer.

"Progressive Insurance's 20% COVID-19 credit to auto policyholders is only a down payment on the full amount of refund that this insurer must return to its customers in California and throughout the nation," stated Richard Holober, CFC Foundation Director.

CFC Foundation notes that despite their inadequacy, California customers received credits for April, May and June, due to Commissioner Lara's extension of his refund order for a third month. Progressive's financial report indicates that in other states, it only provided credits for April and May. CFC Foundation lauded Commissioner Lara both for being the first state insurance regulator to order refunds and the only one to require ongoing consumer refunds beyond May.

In March, CFC Foundation petitioned the California Department of Insurance to order insurers to reduce premiums and return overpayments to policyholders who were driving less and filing far fewer accident claims due to stay at home orders, skyrocketing unemployment, and school and business closures.

On April 13, 2020 Commissioner Lara issued a Bulletin ordering insurance carrier of automobile and several other lines of insurance to grant refunds and credits to policyholders commensurate with their reduced claims exposure under COVID-19. Bulletin 2020-3 referred to the CFC Foundation's petition as a basis for issuing refund orders. The Bulletin, which was supplemented by additional orders extending the refund requirements into the summer, ordered insurers to file a report describing the amount of refund or credit it was granting California policyholders along with an explanation and justification for the insurer's calculation of the amount of reduced exposure to loss it expected to experience during the pandemic.

“Based on our analysis of the personal lines pandemic credit filings of Progressive, we believe that the premium returned to customers pursuant to the Commissioner's bulletins is insufficient,” Douglas Heller, CFC Foundation's Insurance Expert wrote. “In order for Progressive to have met the requirements of the Commissioner's bulletins, they must provide additional support for their refunds and, it is our expectation, additional relief to its policyholders.”

[Read the CFC Foundation letter](#)

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