The Kansas Commissioner of Insurance, Sandy Praeger, has adopted the Kansas Insurance Department's October 17, 2003 Report of Market Conduct Examination concerning the Progressive Insurance Group, which includes several companies under its umbrella. The examination, conducted in January 2004, scrutinized Progressive's practices in underwriting, rating, claims handling, and complaint management. It was determined that numerous new and renewal automobile insurance policies were rated using a "driver point matrix factor" that had not been filed or approved by the Kansas Insurance Department. Additionally, there were incorrect territory factors applied, discrepancies in credit scores for renewal policies, and instances where Progressive did not adhere to its own rating rules. The examination also highlighted errors in termination practices, particularly regarding the refund of unearned premiums and notifications of adverse underwriting decisions. Progressive's claims settlement practices were criticized for relying solely on third-party vendors to determine the cash value of total loss vehicles without conducting local market surveys. The report referenced various Kansas statutes relevant to insurance practices, including those governing adverse underwriting decisions, policy cancellations, and the necessity for written explanations for denied renewals, with the Commissioner holding the authority to impose penalties for violations, including monetary fines for unfair practices.

The insurance policy document specifies conditions and limitations for automobile liability insurance in Kansas, stating that no policy can be canceled by the insurer after 60 days of coverage or immediately upon renewal based solely on the insured's age. Cancellation is allowed if the named insured fails to pay premiums, commits fraud, violates policy terms, or if the insured or regular operator has a suspended or revoked driver's license, certain medical conditions without a physician's certificate, or specific criminal convictions related to vehicle operation within the last 36 months. Insurers must inform the insured about potential eligibility for coverage through the Kansas automobile insurance plan upon cancellation or nonrenewal. Furthermore, insurance rates must not be excessive, inadequate, or discriminatory, and must reflect expected losses and expenses, with all classifications, rules, and rates required to be filed with the commissioner.

Personal injury protection benefits are primary and must be paid within 30 days of receiving proof of loss, with overdue payments accruing interest at 18% per annum. The policy mandates that insurers provide full disclosure of policy benefits to claimants and respond to claims within 15 working days, documenting all claims processes and ensuring settlements are not less than repair costs unless agreed upon by the insured. Standards for settling total losses require that settlements be based on actual cash value or replacement costs, with obligations regarding repair estimates and handling of deductibles in subrogation claims. Additionally, fire and casualty insurance policies must include a provision for 30 days' written notice prior to cancellation by the insurer.

Insurers must provide written notice of cancellation for fire and casualty insurance policies, specifying the cancellation date and clearly stating the reason for cancellation, with certain exceptions. Insurers writing private passenger automobile insurance must obtain necessary information from the insured to rate the risk and inform them of the proper classification according to approved rate filings. Temporary insurance contracts must be filed and approved by the commissioner. If a policy's premium rate is due to the insured's inability to obtain coverage at normal rates, a signed statement from the insured must be included. A unilateral reduction in automobile liability insurance limits is considered a cancellation of the policy. Insurers failing to pay amounts due under any contract within the prescribed time must pay interest at a rate of 18% per annum after 30 days from the agreement date or completion of services.

The order concludes with findings against Progressive Insurance Group for various violations, including the use of unfiled rating factors and failure to provide required signed statements in new auto policies. Progressive is ordered to pay monetary penalties totaling $19,800 for these violations and must comply with several filing and procedural requirements within specified timeframes. The document also details Progressive's rights to request a hearing regarding the order and the procedures for doing so, with the order becoming final after 15 days if no hearing is requested.