

SERFF Tracking Number: PRGS-12535542 State: Arkansas
Filing Company: Progressive Direct Insurance Company State Tracking Number: EFT \$25
Company Tracking Number:
TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)
Product Name: AR Driving Record Points
Project Name/Number: AR Driving Record Points Rule/

Filing at a Glance

Company: Progressive Direct Insurance Company

Product Name: AR Driving Record Points SERFF Tr Num: PRGS-12535542 State: Arkansas
TOI: 19.0 Personal Auto SERFF Status: Closed State Tr Num: EFT \$25
Sub-TOI: 19.0001 Private Passenger Auto Co Tr Num: State Status: Fees received
(PPA)

Filing Type: Rule Co Status: Reviewer(s): Alexa Grissom, Betty
Montesi, Brittany Yielding
Author: Ar Direct Filer Disposition Date: 11/15/2007
Date Submitted: 11/12/2007 Disposition Status: Filed

Effective Date Requested (New): 01/09/2008 Effective Date (New): 01/09/2008
Effective Date Requested (Renewal): 01/09/2008 Effective Date (Renewal):

General Information

Project Name: AR Driving Record Points Rule
Project Number:
Reference Organization:
Reference Title:
Filing Status Changed: 11/15/2007
State Status Changed: 11/13/2007
Corresponding Filing Tracking Number:
Filing Description:
Rule Filing Only
Driving Record Points Rule

Status of Filing in Domicile:
Domicile Status Comments:
Reference Number:
Advisory Org. Circular:

Deemer Date:

Company and Contact

Filing Contact Information

Geoff Souser, Product Manager geoffrey_t_souser@progressive.com
300 N. Commons Blvd. (440) 395-8862 [Phone]
Mayfield Village, OH 44143 () -[FAX]

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Filing Company Information

Progressive Direct Insurance Company	CoCode: 16322	State of Domicile: Ohio
6300 Wilson Mills Rd, N72	Group Code: 155	Company Type:
Cleveland, OH 44143	Group Name:	State ID Number:
(440) 461-5000 ext. [Phone]	FEIN Number: 34-1524319	

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Filing Fees

Fee Required? Yes
Fee Amount: \$25.00
Retaliatory? No
Fee Explanation: \$25 for Rule Filing
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Progressive Direct Insurance Company	\$25.00	11/12/2007	16592867

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Alexa Grissom	11/15/2007	11/15/2007

Amendments

Item	Schedule	Created By	Created On	Date Submitted
Cover Letter	Supporting Document	Ar Direct Filer	11/12/2007	11/12/2007
Uniform Transmittal Document-Property & Casualty	Supporting Document	Ar Direct Filer	11/12/2007	11/12/2007
Driving Record Points	Rate	Ar Direct Filer	11/12/2007	11/12/2007

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Disposition

Disposition Date: 11/15/2007

Effective Date (New): 01/09/2008

Effective Date (Renewal):

Status: Filed

Comment:

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Supporting Document (revised)	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document (revised)	Cover Letter	Filed	Yes
Supporting Document	Cover Letter	Filed	Yes
Rate	Amended Rule	Filed	Yes
Rate	Driving Record Points	Filed	Yes

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Amendment Letter

Amendment Date:
Submitted Date: 11/12/2007

Comments:

Adding PDF File

Changed Items:

Supporting Document Schedule Item Changes:

User Added -Name: Cover Letter

Comment:

Amended Driving Record Points Rule Cover Letter Direct 071108.pdf

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Amendment Letter

Amendment Date:
Submitted Date: 11/12/2007

Comments:

Adding PDF File

Changed Items:

Supporting Document Schedule Item Changes:

Satisfied -Name: Uniform Transmittal Document-Property & Casualty

Comment:

AR_Direct Driving Record Points_pc transmittal 071108.pdf

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Amendment Letter

Amendment Date:
Submitted Date: 11/12/2007

Comments:

Adding PDF file

Changed Items:

Rate/Rule Schedule Item Changes:

Exhibit Name:	Rule # or Page #:	Rate Action:	Previous State Filing Numbers:	Attach Document:
Driving Record Points	D04.07	Replacement		AR Direct Revised Rules Driving Record Points 071108.pdf

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Rate Information

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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	Amended Rule	D04.07	Replacement	AR Direct Revised Rules Driving Record Points 071108.doc
Filed	Driving Record Points	D04.07	Replacement	AR Direct Revised Rules Driving Record Points 071108.pdf

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Attachment "AR Direct Revised Rules Driving Record Points 071108.doc" is not a PDF document and cannot be reproduced here.

Progressive Direct Insurance Company
Private Passenger Automobile Program
Rules Filing for the State of Arkansas

**Rules Filing
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Rule Number

Rule Title

U09.00.00

Compliant without Insurance

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V01.00.00

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V02.03.00

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V03.01.00

Model Year, Make, Model, and Sub-Model

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B02.00.00 – NSF Fee

The fee for a payment not honored by the insured's financial institution is \$20.

B03.00.00 – Installment Fee

The installment fee is \$5 for non-EFT ("paper") payment plans. The installment fee is \$1 for EFT payment plans. For policies on installment plans, the fee will be charged on all payments after the new business downpayment, including the renewal downpayment.

B04.00.00 – Late Fee Charges / Grace Period

The late fee is \$5. A late fee will be charged for any installment payment when either the minimum amount due is not paid on or before the 2nd day after the bill due date, or payment is postmarked (mailed payments) or transacted (phone or internet payments) more than 2 days after the bill due date. A late fee will also be charged if a payment is returned and the payment problem is not remedied on or before the 2nd day after the bill due date.

B05.00.00 – Cancellation Effective Dates / Times

Cancellations will print with the effective time of 12:01 AM on the cancellation date. For cancellations that are issued because of nonpayment of premiums, we will accept payments that are postmarked (mailed payments) or transacted (phone or internet payments) any time on the cancellation date or earlier, keeping coverage in force.

The policy will not automatically cancel if a vehicle on the policy is settled as a total loss.

B06.00.00 – Cancellation Fee

A cancellation fee of \$50 will be assessed for all new business (i.e., first policy term) insured requested and non-payment cancellations.

B07.00.00 – Renewal Payments

If the renewal payment is postmarked (mailed payments) or transacted (phone or internet payments) on or before the renewal effective date, the renewal term will be put in force with no lapse in coverage. At least 10% of the required renewal downpayment is required to renew.

If the renewal payment is made within 50 days after the renewal effective date, the renewal term will be put in force with a lapse in coverage. The effective date of the renewal term will be one day after the postmark/transaction date of the payment.

B08.01.00 – Cancel Methodology

Earned premium will be calculated on a pro-rata basis for insured requested and non-payment cancellations.

Backdating of a cancel request is only permitted for duplicate coverage and the request must be accompanied by a copy of the Declarations page from the current carrier showing coverage and the effective date.

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B10.00.00 – Reinstatement after Cancellation for Non Payment

If a policy has been canceled during its term for non-payment of premium, the policy may be reinstated if all of the following conditions are met:

- A. The policy is “eligible” for reinstatement. A policy is eligible for reinstatement if:
 - a. Reinstatement is requested by the named insured within 14 calendar days after the cancellation effective date; and
 - b. any at-fault claims which occurred under the policy during the prior two years, excluding the term ending in cancellation, are closed, and the cumulative paid amounts for all such claims, excluding deductible amounts, total no more than \$500; and
 - c. the premium is not financed through a premium finance company; and
 - d. no endorsements adjusting premium were processed after the policy cancellation effective date.
- B. The named insured is provided the option of reinstating or purchasing a new policy, and the named insured chooses to reinstate the canceled policy.
- C. The named insured provides a recorded statement representing that for the time period between the effective date and time of cancellation and the date and time on which reinstatement is requested:
 - a. Neither the named insured nor a household member has been involved in any motor vehicle accident;
 - b. no one operating a vehicle listed on the policy has been involved in an accident;
 - c. there has been no damage to any of the vehicles listed on the policy.
- D. No coverage shall be provided for such accidents or damage.
- E. The named insured pays the full outstanding balance via an acceptable method of payment.

C01.00.00 – Liability Limits

Bodily Injury and Property Damage liability limits are required to be equal to or higher than the minimum financial responsibility limits required by law in any state in which a vehicle is garaged for more than two months out of the year. All vehicles on the policy with Liability Coverage must carry the same limits.

Valid BI/PD combinations:

NONE
25/50/10
25/50/25
50/100/25
50/100/50
100/300/50
100/300/100
250/500/100
100 CSL
300 CSL
500 CSL

C02.00.00 – Uninsured / Underinsured Bodily Injury Limits

Uninsured/Underinsured Motorist Bodily Injury (UM/UIM) is a policy level coverage. Policy level means the chosen limit applies to all vehicles with liability coverage, regardless of the number of vehicles.

Uninsured Motorist/Underinsured Motorist limits cannot exceed the limits chosen for Bodily Injury.

UM/UIM combined single limits are only available when Bodily Injury combined single limits have been selected.

Refer to the Rates Filing for available Uninsured/Underinsured Motorist Bodily Injury Limits.

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C03.02.04 – Uninsured Motorist Property Damage Limits

Uninsured Motorist Property Damage (UMPD) is a policy level coverage. Policy level means the chosen limit applies to all vehicles with liability coverage, regardless of the number of vehicles.

Uninsured Motorist Property Damage cannot be purchased without Uninsured/Underinsured Motorist Bodily Injury coverage.

Uninsured Motorist Property Damage limits cannot exceed those chosen for Property Damage coverage.

A \$200 deductible applies to UMPD.

C05.00.00 – Personal Injury Protection Limits

Personal Injury Protection Coverage is only available on policies with Bodily Injury/Property Damage Liability Coverage. Chosen limits must be identical for all cars with liability coverage on a multi-car policy.

Refer to the Rates Filing for available Personal Injury Protection limits.

C06.00.00 – Collision and Comprehensive Deductibles

Deductible levels for Comprehensive and Collision coverages for a vehicle may be different. Deductible levels for vehicles on a multi-car policy may be different.

Collision coverage may not be purchased without Comprehensive coverage.

Refer to the rates filing for available Comprehensive and Collision deductible levels.

C07.01.00 – Physical Damage Only Policies

Physical Damage Only policies are available. The policies must provide both Comprehensive and Collision coverages. Physical Damage only policies provide no liability coverage and therefore do not satisfy financial responsibility laws or provide coverage to "Additional Interests" that seek liability protection.

C08.00.00 – Comprehensive Only

Comprehensive Only coverage can be purchased for one or more vehicles on a policy if there is at least one other vehicle on the policy with Liability coverage.

C09.00.00 – Roadside Assistance

Roadside Assistance coverage can be purchased to pay for an authorized service representative to provide:

- A. towing of a covered disabled vehicle to the nearest qualified repair facility; and
- B. labor on a covered disabled vehicle at the place of disablement when necessary due to a covered emergency.

Roadside may be purchased only for a vehicle covered by Collision Coverage.

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C10.00.02 – Loan / Lease Payoff Coverage

Loan/Lease Payoff Coverage applies when a vehicle sustains a total loss. The coverage provides for payment of the difference between the actual cash value of the vehicle at the time of the total loss (less the deductible and less the salvage value if retained by the insured or the owner) and any greater amount the owner of the vehicle owes under a written loan or lease agreement (less any unpaid finance charges, excess mileage charges or charges for wear and tear, charges for extended warranties, charges for credit insurance, past due payments, and collection or repossession expenses). Payment, however, cannot exceed 25% of the actual cash value of the vehicle at the time of the total loss.

Loan/Lease Payoff Coverage can only be purchased on a vehicle with both Collision and Comprehensive coverage and a Loss Payee or lienholder. The coverage can be purchased on any age vehicle at any time during a policy term. Vehicle purchase date is required.

Vehicles, other than conversion vans, that are rated as stated amount cannot have this coverage (see YMM Vehicle Rating Factors Rule (V02.03.00) for definitions).

C11.01.00 – Rental Reimbursement Coverage

Rental Reimbursement Coverage can be purchased to reimburse the insured for rental charges up to the selected daily limit, for a maximum of 30 days. Rental Reimbursement may be purchased only for a vehicle covered by Comprehensive and Collision coverage and only applies if the loss is covered under either coverage.

Refer to Rates Filing for available daily limits.

C12.01.00 – Additional Custom Parts or Equipment

The Company automatically covers the first \$1,000 of custom parts or equipment on a vehicle with physical damage coverage. If the added equipment on a vehicle exceeds the \$1,000 base, Additional Custom Parts or Equipment coverage is offered up to a maximum of \$5,000, including the \$1,000 automatically covered. Vehicles with more than \$5,000 of custom parts or equipment are to be rated as Stated Amount (see YMM Vehicle Rating Factors rule (V02.03.00)).

Custom parts or equipment means equipment, accessories or enhancements, other than those which are original manufacturer installed, which alter the appearance or performance of a vehicle. This includes, but is not limited to; stereos, tape or CD players or any other electronic equipment or devices, including antennas, that are permanently installed in a covered vehicle using bolts or brackets, including slide-out brackets.

Additional Custom Parts or Equipment coverage may be purchased only for a vehicle covered by Collision coverage.

D01.00.01 – Driver Definitions

The term "eligible to be rated driver" refers to all persons above the legal age to drive who are related to and reside with the named insured and any other person who regularly or frequently drives a covered vehicle other than excluded drivers and drivers with a learner's permit as specified in the Permit Status Rating Rule (D07.00.00). All "eligible to be rated drivers" are required to be disclosed on the application.

Whether an "eligible to be rated driver" is rated is determined by the Household Risk Factor Rule (R01.00.00).

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D02.01.00 – Driver Classification

Drivers are classified by age, gender, and marital status.

Age refers to the age attained by the driver's last birthday before inception of the policy term. If a driver is aged 24 or younger and has a birth date within 30 days after inception of the policy term, then use the higher age in developing the driver classification.

Marital status is defined as follows:

Single - a driver who is not married, as defined below.

Married - a driver who is legally married, or who is deemed married pursuant to state law, but not including a driver who is legally separated. (The inability of married persons to live together because of career obligations or military service does not deny them the married classification.)

Widow/Widower - a driver who was legally married, but whose spouse is deceased. Widowed operators are rated as single. If a rated driver becomes widowed during the policy term, they will continue to be rated as married during the policy term and on any subsequent renewal policy terms.

D03.00.00 – Named Driver Exclusion

Any listed driver, except individuals requiring a SR-22 filing, may be excluded from coverage under the policy. Excluded drivers will not be considered in the policy's premium calculation.

The Company will not pay for any claim arising from an accident or loss that occurs while any vehicle is being driven, with or without the named insured's permission, by any excluded driver.

D04.17.00

Driving record points are assigned to operators for chargeable accidents and violations.

Chargeable Period - All accidents and violations occurring in the 35-month period prior to the initial policy inception, or in the 35-month period prior to the renewal date for renewal policies, are considered in developing a driver's policy premiums. Not-at-Fault accidents that occur after the initial policy inception are not considered chargeable. The Chargeable period for drivers being endorsed onto a policy after inception is 35 months prior to the endorsement effective date.

Chargeable Date - The occurrence date is used to determine if the accident or violation took place in the chargeable period. If we cannot obtain the date, it will be deemed to be the day before the policy inception date.

Same Day Offenses - If there were multiple violations or accidents that occurred on the same day, charge for the one violation or accident with the highest Bodily Injury/Property Damage point charge.

Source of Points - Charge for accidents or violations that occurred while a driver was operating a private passenger auto, commercial vehicle, motorcycle, or recreational vehicle.

At-Fault Accidents -

New Business - Accidents noted on the application, or an MVR (Motor Vehicle Report) ordered with the application, will be deemed to be at-fault unless proof is received to verify the insured was not-at-fault. Accidents on the CLUE report will be deemed to be at-fault if payments were made under liability coverages.

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Renewal Business - Accidents reported to Progressive will be deemed at-fault if we determine our insured is at least 51 percent liable for the accident. Accidents noted on an MVR when ordered at renewal will be deemed to be at-fault when another incident on the same day indicates fault.

Non-Chargeable Incident - Comprehensive Claims and or violations which are not considered chargeable.

Not-At-Fault Accidents - Accidents that are considered to be not-at-fault include, but are not limited to, the following:

A. The accident was caused by collision with a bird or animal. Accidents involving collision with an animal are not-at-fault. Accidents involving collision with another vehicle or object as a result of swerving to avoid a bird or animal are at-fault;

B. The insured's automobile was lawfully parked;

C. The insured's automobile was struck in the rear by another vehicle, and the operator was not convicted of a moving violation in connection with the accident;

D. The insured's automobile was struck by a "hit-and-run" driver, and the accident was reported to the proper authorities within 24 hours;

E. The operator of the insured's automobile was not convicted of a moving traffic violation in connection with the accident, but the driver of another vehicle involved in the accident was convicted of a moving traffic violation;

F. The owner or operator of the insured's automobile has been reimbursed for more than 50% of the property damage loss by, or on behalf of, another person responsible for the accident or has judgment against such other person for more than 50% of the property damage loss.

G. The driver was at fault, but the accident is not chargeable under applicable state laws and regulations or other Company procedures.

Greater than 12 violations - The Company system can only list 12 accidents and/or violations from any one driver's record. If a driver has in excess of twelve accidents and/or violations, the driving record for the twelfth violation and all that occurred after it will be listed on the policy as "extra points" using an XPT violation code. We will determine the total points for 'XPT' by evaluating each extra violation by coverage and occurrence and selecting the lowest point assignment for any one coverage as the point factor for all coverages. The final points are then aggregated for the total XPT point charge. The total points charged are evaluated at each renewal.

Mid-term Driving History Re-evaluation - At the named insured's request during a policy term, the Company will re-evaluate the driving history of all drivers on the policy by removing points associated with accidents and violations that occurred more than 35 months prior to the date of re-evaluation if none of the drivers have had new accidents or violations since the premium for that policy term was determined. The policy premium shall be adjusted accordingly as of the date of the named insured's request based on the revised point total.

Code	Violation Description
AAF	At Fault Accident
AF1	At Fault Accident With Property Damage
AF2	At Fault Accident With Bodily Injury
AF5	At Fault Accident greater than 35 months old
AFN	At Fault Accident – Not Chargeable
AIN	Accident Under Investigation
ANC	Waived Claim - Closed
ANO	Waived Claim – Open

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APC	Acc Prevention Course
ARD	Accel Rehab Disposition
ASW	Accident Surcharge Waived
ATF	Attempted Felonies
BA1	Blood Alcohol – Minor
BA2	Blood Alcohol – Major
BOT	Open Bottle
BT1	Possession/Consumption Alcohol/Drugs
CML	Commercial Vehicle Violation
CMP	Comprehensive Claim
CMU	Comprehensive Claim Less Than \$1000
CRD	Careless or Improper Operation
CRS	License Reinstatement
DEQ	Defective Equipment
DEV	Traffic Device/Sign
DR	Drag Racing
DR1	Pre-Arranged Drag Racing
DWI	Drive Under Influence
EQP	Minor Safety Violation
FAR	False Reporting
FDL	Foreign Drivers Lic
FEL	Auto Theft/Felony Motor Vehicle
FFR	Failure to File Required Report
FLE	Fleeing from Police
FRA	Failure to Report Accident
FTC	Following Too Close
FTY	Failure to Yield
HOM	Vehicular Homicide
IBK	Improper Backing
INX	Inexperienced Driver
IP	Improper Passing
IPC	Failure to provide Proof of Ins
IT	Improper Turn
LAS	Licensed in another state
LC1	License/Credentials = 0 CA DMV pts
LDL	Operating Without Owner's Consent
LIC	License/Credentials Violation
LNV	No Valid License
LTP	Leaving the Scene/Property Damage Only
LTS	Leaving the Scene
MAJ	Other Serious Violation
MDI	Minor Drive Under Influence
MIN	Minor Moving Violation
MMV	Minor Moving Violation
MV1	Moving Violation
NAF	Not At Fault Accident
NCA	At Fault Accident/Public Works Employee
NCL	No Charge Violation
NCS	Non-Chargeable Speed
NIN	Non-Inspection Violation

Progressive Direct Insurance Company
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NIS	No Insurance on Auto
PJC	Prayer For Judgment
PUP	Permit Unlicensed Operator to Drive
REF	Refusal to Test
REG	No Charge OP W/O LIC/INV reg
RKD	Reckless Driving
SAF	Safety Violation
SCH	Passing School Bus
SLV	Serious License Violations
SNC	Suspension - No Charge
SP1	Varies By State
SP2	1-10 Over, LMT 55-75
SP3	11+ Over, Speed 56-75
SP4	11+ Over, Speed 76+
SPD	Speeding
SPO	Speeding – high
SPS	Speeding While Under Suspension
SUS	Driving Under Suspension
TGT	Target Risk Profile
UDR	Unverifiable Record
WOC	Operating Without Owner's Consent
WS1	Driving Wrong Side on Divided Highway
WSR	Wrong Way on a One Way Street
XPT	Extra Points

Violation Classification - Violations are classified into seven groups: -

- At Fault Accidents (AAF)
- Driving while intoxicated (DWI)
- Speeding Violations (SPD)
- Minor violations (routine traffic infractions like failure to yield), (MIN)
- Major violations (incidents that suggest the presence of a materially increased risk in a motorist). (MAJ)
- Not-At-Fault Accidents (NAF)
- Non-Chargeable Incident (IND)

Refer to the rates filing for assignment of violation to class.

Point assignments vary by violation, by coverage, and by occurrence within each classification. Points are assigned based on the number of occurrences within each class. If there is more than 1 violation within a class, the oldest occurrence date is used to determine the occurrence order. Refer to the rates filing to determine application of points.

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D05.00.00 – Unverifiable Driving Record and Foreign Driver's License

Unverifiable Driving Record - When a driver's driving record cannot be verified by any state's Bureau of Motor Vehicles or similar state agency, we will assess that driver the number of points associated with a major violation. The points will be removed if the Company receives a valid MVR within 30 days of policy inception. The date assigned to the points will be the day before the inception date of the policy.

Drivers 18 years of age and younger will not be charged Unverifiable Driving Record points.

Foreign Driver's License - Any driver who does not have a valid United States or Canadian license but has a valid foreign license or international driver's license will be assessed the number of points associated with a major violation. The date assigned to the points will be the day before the inception date of the policy. Those points are deleted beginning with the first renewal after a valid United States license has been obtained, maintained for 12 months, and reported to the Company.

D06.00.08 – Financial Responsibility Filings

At the insured's request, the Company will issue a financial responsibility filing for any listed driver on the policy. If the policy is for a named operator, the Company will issue a Type-2 filing (any vehicle operated). For any other type of policy the Company will issue a Type-3 filing (any vehicle owned or operated).

Any policy with a filing must offer liability limits that satisfy minimum financial responsibility requirements for the state requesting the filing. Any driver requesting a filing must have a verifiable driving record and cannot be excluded from the policy.

The Company will cancel the filing upon lapse or expiration of the policy. The filing will be reinstated if the policy reinstates or renews.

Filings can be made for any state except Delaware, Kentucky, Maryland, Massachusetts, Michigan, New Jersey, New Mexico, New York, North Carolina, Oklahoma, Pennsylvania, and West Virginia. The Company does not issue financial responsibility filings for any jurisdiction outside of the United States.

A fully earned filing fee of \$25.00 will be charged to each driver requesting a financial responsibility filing in the initial policy term. Filings provided in subsequent renewal terms will not be charged a fee.

D07.00.00 – Permit Status Rating

Drivers with a learner's permit who are single, under the age of 19, and a child of the primary named insured, will not be included in the rating of the policy. The permit driver will become an "eligible-to-be-rated" driver at the earliest of (a) notification by the named insured that the permit driver has obtained their full license; or (b) the first renewal of the policy after the permit driver becomes of legal licensing age in the state. If the latter, we will notify the customer of the change in rating, providing them an opportunity to notify us that the driver continues to hold a learner's permit and return them to non-rated status.

This Rule takes precedence over rules Household Risk Factor (R01.00.00) and Household Structure Factor (R02.00.00).

G01.00.00 – Definition of Private Passenger Auto; Permitted Named Insured

The term "private passenger auto" means a land motor vehicle of the private passenger, pickup body, or cargo van type, designed for operation principally upon public roads, with at least four (4) wheels, and with a gross vehicle weight rating of 12,000 pounds or less according to the manufacturer's specifications. However, the term does not include step-vans, parcel delivery vans, or cargo cutaway vans or other vans with cabs separate from the cargo area.

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The named insured must be a natural person. Corporations or partnerships cannot be listed as a named insured, but may be listed as an "Additional Interest Insured".

G02.01.00 – Unacceptable Risks

Only private passenger automobiles are acceptable under our program. However, the following risks are not acceptable:

- A. Named insureds who have never been licensed, unless the named insured is excluded from coverage.
- B. Drivers that are under the minimum age for state licensing.
- C. Vehicles that do not have a garaging address.
- D. Vehicles that have a principal out of state garaging location in Michigan or Canada.
- E. Vehicles used for;
 - 1. racing;
 - 2. carrying persons or property for compensation or a fee, including, but not limited to; limousine, taxi, or other livery services (does not apply to shared expense car pools), pickup or delivery of magazines, newspapers, food, or any other products;
 - 3. lease or rental to others by the applicant;
 - 4. emergency services; or
 - 5. business use that does not meet the acceptable use standards in the Vehicle Use Definitions Rule (V 01).
- F. Vehicles:
 - 1. equipped with altered suspensions, which are suspensions that are homemade, custom-built, or modified, and include lift kits greater than 4 inches (usually installed on off-road vehicles or street rods). However, lift kits of 4 inches or less, low riders with hydraulics, kit cars, and dune buggies are acceptable if registered for street use;
 - 2. equipped with snowplowing equipment;
 - 3. not registered for street use;
 - 4. equipped with cooking equipment or bathrooms, except the Volkswagen Eurovan and Volkswagen Vanagon, unless toilet facilities have been installed;
 - 5. that have a stated amount of greater than \$150,000;
 - 6. used to transport explosives, chemicals, flammable materials, or more than 500 pounds of supplies or equipment;
 - 7. that have in excess of nine passenger seats; or
 - 8. that have a gross vehicle weight rating (according to the manufacturer's specifications) greater than 12,000 pounds
- G. GEM, THINK, Micro-trucks, and other low-speed vehicles that have a maximum speed less than 55 mph.
- H. Any vehicles regularly available to non-listed drivers.
- I. Policies where an "eligible to be rated driver" has a permanently revoked license, unless that driver is excluded from coverage.
- J. Applicants who have been convicted of insurance fraud.
- K. Commercial vehicle types including, without limitation, step-vans, panel vans, parcel delivery vans, or cargo cutaway vans or other vans with cabs separate from the cargo area.
- L. Named operator policies that include business use.
- M. Applicants who have had a policy canceled or non-renewed by the Company for, or who have committed, fraud or misrepresentation in connection with an application for insurance or in the presentation or settlement of a claim.
- N. Applicants who have had a policy canceled or non-renewed by the Company because of, or who have issued an unauthorized payment in connection with an application for insurance or a policy.
- O. Policies where all vehicles are generally garaged out of state.
- P. Policies that have vehicles garaged at two different addresses and drivers in two different households, with the following exceptions:
 - 1. student or military risks (e.g., spouse of insured/unmarried child of insured);

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2. named insured has two different households (e.g., one permanent home and one vacation home);
 3. drivers who live at different addresses but all vehicles are garaged at one place; or
 4. husband/wife in the process of divorce and the vehicle is still considered community property.
- Q. Two or more private passenger automobile insurance policies written for the same household, with the following exceptions:
1. policies with 5 or more cars must be split into two policies;
 2. children who own their own vehicle; or
 3. unrelated residents/roommates.
- R. Vehicles that are owned or leased by a partnership or corporation, unless:
1. the vehicles are customarily operated by the named insured or a resident relative for pleasure or commuting;
 2. all drivers are household members and are listed on the policy;
 3. no more than four such vehicles are owned or leased by the partnership or corporation; and
 4. the partnership or corporation does not engage in a business of:
 - a. carrying persons or property for compensation or a fee, including, but not limited to; limousine, taxi, or other livery services (does not apply to shared expense car pools), pickup or delivery of magazines, newspapers, food, or any other products; or
 - b. selling, leasing, repairing, parking, storing, servicing, delivering, or testing vehicles.

G03.00.00 – Policy Period

New business policies are written for six-month policy terms. Annual policy terms are only available for those renewal policies currently on an annual policy term. All other renewal policies will be for a six-month term.

G04.02.00 – Named Operator Policies

Named operator policies provide liability protection (Bodily Injury, Property Damage, Personal Injury Protection, Uninsured Motorist and Underinsured Motorist) for an individual who does not own a vehicle or have access to any personal use vehicles on a regular basis. The policy does not cover a spouse, any resident relatives, or any other person or organization (other than a person or organization with respect only to vicarious liability for an accident arising out of the use of a non-owned vehicle by the named operator with the express or implied permission of the owner).

Named operator policies are not available at the time of new policy purchase but are available to existing customers who choose to endorse all vehicles off of the policy.

Named operator policies are not available if the insured operates a vehicle used for business (see Vehicle Use Definitions Rule V01.00.00).

Comprehensive and Collision coverages are not available.

Named operators are rated with vehicle group 66 factors and a Model Year Factor of 1.0.

G05.00.01 – Residence Classification

The named insured's residence is classified as follows:

Own Home - primary residence is a home or condominium owned by the named insured.

Own Mobile Home - primary residence is a mobile home

Other - residence classification unknown or not otherwise classified.

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G11.00.00 – Hardship Accommodation

If the Company has determined that a hardship has occurred and that the hardship will;

- A. prevent a policyholder from obtaining a benefit under the Company's Rules, or
- B. result in the policyholder suffering an adverse consequence in accordance with the Company's Rules;

the company may choose to extend such benefit to, or not impose the adverse consequence on, the policyholder.

The term "hardship" may include, but is not limited to, situations that involve:

- 1. Substantial physical loss to the residence of the policyholder (e.g., loss caused by fire)
- 2. Death or serious illness within the policyholder's immediate family
- 3. Military obligations
- 4. Bank error or other third party error not contributed to by the policyholder

A hardship accommodation must be requested by or on behalf of the policyholder. Only current or recent policyholders are eligible. Notwithstanding anything contained in this Rule, this Rule shall never operate to cover a claim under an insurance policy issued by the Company.

R01.00.00 – Household Risk Factor

An average household factor is applied to all vehicles by coverage (refer to rates filing for calculation of household risk factor). Household Risk Factor involves rating based on the combination of "eligible to be rated" drivers and vehicles on the policy.

If there are more drivers than vehicles, the average of the drivers with the highest BI Household Factors up to the number of vehicles is used.

R02.00.00 – Household Structure Factor

The household structure factor is determined by Youthful Primary Named Insured (PNI), Youthful on Policy, and/or Parent/Child Relationship and is developed by coverage. A table in the rate factor pages indicates how the Household Structure Factor is determined.

Youthfuls, as defined for this Rule, are persons under 21 years of age. The parent/child relationship does not consider children over the age of 24 who live with their parent(s), list only drivers, or excluded drivers.

R04.00.00 – Accident Surcharge Waiver

Under Accident Surcharge Waiver, the Company will not charge an "eligible to be rated driver" with points for an At-Fault Accident at renewal if the policy meets the following conditions:

- A. The policy has been in force with the Company for at least 48 months prior to the renewal effective date;
- B. There were no other At-Fault Accidents on the policy for any drivers during the 36 months prior to the renewal effective date;
- C. The At-Fault Accident claim was reported to the Company;
- D. The driver and the vehicle were listed on the policy when the accident occurred (accidents involving permissive users cannot be waived); and
- E. There are no other waived accidents on the policy.

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R06.00.00 – Driver Related Discounts

Mature Driver Discount (see Rule R06.00.24)
Distant Student Discount (see Rule R07.00.00)
Minor Child Discount (see Rule R08.00.00)
College Graduate Discount (see Rule R43.00.01)

Refer to the Rates Filing for discount application.

R06.00.24 – Mature Driver Discount

Operators eligible for the Mature Driver Discount must meet all of the following requirements:

1. Be at least 55 years of age;
2. Provide the company with a certificate of completion for the successful voluntary completion of a motor vehicle accident prevention course approved by the Arkansas Office of Motor Vehicles within 3 years of the policy effective date.

There shall be no reduction in premiums for a self-instructed course or a course which does not provide for actual classroom or field driving instruction for a minimum number of hours as determined by the Arkansas Office of Motor Vehicles.

An approved course must be completed every three (3) years for the discount to remain in effect.

Refer to Rates Filing for discount percentage and coverages to which this discount is applied.

R07.00.00 – Distant Student Discount

A licensed single driver who is under the age of 23, a child of the primary named insured, resides away from home, and is a student enrolled at an educational institution located where the student resides, will be rated with the Distant Student Discount set forth in the rate pages.

The following conditions must be met:

- A. the student may not have regular access to a covered vehicle while at school; and
- B. the school must be more than 100 miles away from the garaging zip code of the covered vehicle on the policy that is nearest to the student's residence at school.

This discount will not apply if the child was disclosed as a result of a claim with the Company, or if the Minor Child Discount (R08.00.00) rule is being applied.

R08.00.00 – Minor Child Discount

All licensed single drivers who are under the age of 19 and a child of the primary named insured, will be rated with the Minor Child Discount as set forth in the rate pages if the policy (including its prior terms) has been continually in force for at least 24 months. This discount will be applied as of:

- A. the endorsement date when adding the minor child to a policy that meets the 24-month requirement; or
- B. the first renewal after meeting the 24-month requirement of a policy that meets the other qualifications described above.

This discount will not apply if the minor child was disclosed as a result of a claim with the Company.

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R09.01.00 – Zip Code Level Rating

Vehicles are rated based on the zip code in which the vehicle is principally garaged. Each zip code is given territory designations by coverage. Rating factors are then assigned at the coverage level.

Vehicles garaged out-of-state are rated with out-of-state factors. Such policies must have liability limits that satisfy local financial responsibility requirements.

Refer to rates filing for zip to territory assignment and coverage level factors.

R10.00.00 – Business Use Surcharge

A surcharge applies for any vehicle classified as Business Use. See Vehicle Use Definitions Rule (V 01.00.00) for Business Use classifications.

Refer to Rates Filing for surcharge percentage and coverages to which this surcharge is applied.

R11.00.00 – Core Discounts

The core discounts are Multi-Car (R12.00.00), Homeowners (R13.00.00), and Paid-in-Full (R15.00.00).

Refer to individual rules for definitions.

R12.00.00 – Multi-car Discount

A multi-car discount applies if there is more than one vehicle on the policy.

Refer to Rates Filing for discount percentage and coverages to which this discount is applied.

R13.00.00 – Homeowner Discount

A homeowner discount applies if the named insured or resident spouse's residence classification is "Own Home" as determined in accordance with the Residence Classification Rule (G05.00.01). The Company may take reasonable steps to verify this information.

Refer to Rates Filing for discount percentage and coverages to which this discount is applied.

R15.00.00 – Paid-in-Full Discount

A paid-in-full discount applies if the insured chooses the 1-pay bill plan.

Refer to Rates Filing for discount percentage and coverages to which this discount is applied.

R16.03.00 – Monthly Rate Factor

The monthly Rate factor for new and renewal policies is based on the number of months since the Rate Revision new business effective date.

"Policy Effective Date" is the beginning date of coverage for both new business and renewal business policy terms.

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The factor is based on the number of months between the Policy Effective date and the Rate Revision New Business Effective Date and is calculated $MONTH = [(Policy\ Effective\ Date - Rate\ Revision\ New\ Business\ Effective\ Date)/30.5]$. In this calculation, (Policy Effective Date - Rate Revision New Business Effective Date) refers to the number of days between these two dates. After the calculation, truncate to the whole number.

Month 0 is defined as the first 30.5 day period, Month 1 is the second 30.5 day period, Month 2 is the third 30.5 day period and so on.

The monthly rate factor used to calculate the premium for a new or renewal policy term is determined by the Policy Effective Date of the new or renewal term and shall be applied to any premium changes caused by the endorsements during the term and is not recalculated for the month in which the endorsement occurs.

Refer to the Rates Filing for the corresponding factors by month and the coverages to which the factors are applied.

R17.00.03 – Acquisition Expense

An Acquisition Expense Load will be charged, per policy, to cover the costs required to attract and write a new customer. The costs include advertising and call center/Internet expenses associated with new business quoting and binding. Refer to rates filing for determination and application of the Acquisition Expense Load.

The Acquisition Expense Load is added to the Bodily Injury premium of the first car listed on the policy. If a policy does not have liability coverage, the Acquisition Expense Load is added to the Comprehensive premium.

R18.05.00 – Rate Capping

Renewal premium increases due to a rate revision will be capped at 12% by application of vehicle level discounts, subject to and in accordance with this Rule. The cap will be calculated and applied as follows:

- A. The expiring full term premium is compared to the uncapped full term renewal premium. For purposes of the comparison, the calculation of the uncapped full term renewal premium does not include any pointed violations used in the Household Risk Factor Rule (R01.00.00) that are no longer in the chargeable period for the renewal term and any new pointed violations falling within that chargeable period, and it does not take into account any renewal endorsements or policy changes.
- B. If the increase (as % of expiring full term premium) exceeds the cap set forth above, then a vehicle level discount shall be determined and applied to the full term renewal premium so as to limit the increase to the cap set forth above.
- C. The discount is determined by dividing the expiring full term premium by the uncapped full term renewal premium. The resulting value is then multiplied by one plus the rate cap percentage. The calculated discount is then truncated to two decimal places. The same vehicle level discount % is applied to all vehicles.
- D. Vehicles endorsed at or subsequent to renewal are not eligible for a vehicle discount until the next renewal.
- E. The full-term renewal premium is updated by (i) applying any new pointed violations that fall within the new chargeable period and that are used in the Household Risk Factor Rule (R01.00.00), and (ii) updating the renewal premium for any renewal endorsements and policy changes that were not used in the calculation of the uncapped full term renewal premium (as described in Paragraph A). The vehicle level discount (as described in Paragraph C) is then applied to the updated full term renewal premium. Subsequent midterm endorsements and policy changes that cause a midterm premium change shall do so without regard to the rate cap or the associated vehicle level discounts.
- F. Note that in cases where the expiring full term premium was a capped premium, the comparison done in paragraph A above is to that capped premium. The cap and related vehicle discounts are applied to each renewal term separately. That means that increases that are not applied at renewal because of capping may carry over and be applied (subject to the capping limits described above) at subsequent renewals.

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- G. If the Company reviews the Underwriting Tier, the Company shall compare the full term renewal premium (as determined in Paragraph E) to the full term renewal premium that would result from the adjustment of the Tier and the renewal premium shall be the lesser of the two.
- H. If the Company reviews the Financial Responsibility Group at renewal in accordance with the Tier Re-Evaluation Rule (U07.03.02), the discount is determined by dividing the expiring full term policy premium by the uncapped full term renewal policy premium with the adjustment to the Financial Responsibility Group.

R28.03.00 – Deluxe Coverage Discount

A Deluxe Coverage discount (DCD) will be applied to each vehicle with Collision coverage when the purchased Bodily Injury Liability (BI) limits are greater than state minimum BI limits. The discount is applied to new and renewal business.

The discount is a two-tier discount with a maximum percentage at each tier. The discount percent varies based on whether the customer has purchased BI limits that are equal to 50/100 or limits that are greater than 50/100 and is subject to a maximum percentage at each tier. (The maximum percentage is used to prevent the purchase of higher BI limits that result in a lower combined Collision and BI premium for the vehicle). The discount percent can be no greater than the percent difference between the premium for the purchased BI limit and the premium for BI at the state minimum limit.

The BI premium calculation is discounted prior to the addition of the Rate Capping Factor (R18.05.00), the E-Signature Discount (R39.00.00) and the Acquisition Expense (R17.00.03).

The DCD calculation for each tier is indicated below.

For BI Limits equal to 50/100, the final discount percentage is determined by rounding the DCD tier 1 calculation to 2 decimal places, subject to a maximum discount of 7%.

For BI Limits greater than 50/100, the final discount percentage is determined by rounding the DCD tier 2 calculation to 2 decimal places, subject to a maximum discount of 15%.

Level 1 BI Limit	Level 2 BI Limit	Level 3 BI Limit
25/50	50/100	100 CSL

DCD Tier 1:

$$\left[\left(\frac{\text{Level 2 BI Limit Factor}}{\text{Level 1 BI Limit Factor}} - 1 \right) \times (\text{BI Premium at Level 1 Limit Factor}^*) \right] / \text{Collision premium}^{**}$$

DCD Tier 2:

$$\left(\text{DCD Tier 1 percentage prior to rounding if less than 7 percent maximum} + \left[\left(\frac{\text{Level 3 BI Limit Factor}}{\text{Level 2 BI Limit Factor}} - 1 \right) \times (\text{BI Premium at Level 2 Limit Factor}^*) \right] \right) / \text{Collision premium}^{**}$$

* BI Premium is rounded to the nearest whole dollar.

** Collision premium is the premium prior to the application of the DCD discount and rate capping; the premium is rounded to the nearest whole dollar.

R39.00.00 – E-signature Discount

An E-Signature discount applies if the named insured agrees, at time of sale, to electronically sign all necessary policy forms and at least attempts to sign all the forms electronically. This discount will be applied for the duration of the first term of the policy only. The discount is a policy level discount. The discount will be removed at the first renewal, prior to determination of the expiring full term premium used to calculate Rate Capping (Rule R18.05.00).

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Eligibility:

- A. The insured must provide an internet mailing address through which the Insured and Company can exchange communications.
- B. For purposes of electronic authentication, the Insured must be able to answer sufficient questions to prove their identity to the Company.

Requirements to receive the discount:

Customers will receive the discount if one of the following criteria is met:

1. Customer electronically signs all necessary forms within 21 days of date of purchase; OR
2. Customer agrees at time of sale to sign all necessary forms electronically and initiates the electronic signing process by logging on to Company's service website within 21 days of date of purchase, whether the signing process is successful or not.

Failure to meet one of these requirements will result in the removal of the discount effective inception.

Refer to the rates filing for the coverages to which this discount is applied.

The discount factor = $51 / \text{sum of the premium from the applicable coverages for the first vehicle.}$

The discount factor is applied to the first vehicle only.

R43.00.01 – College Graduate Discount

Operators eligible for the College Graduate Discount must meet all of the following requirements:

1. Be single;
2. Be under 25 years of age;
3. Graduated from a college or university;
4. Cumulative scholastic records show that the insured attained one of the following:
 - a. If letter grades are used, had a grade average of "B" or higher; or
 - b. Had at least a 3-point average on a 4-point scale (or equivalent).

Refer to Rates Filing for discount percentage and coverages to which this discount is applied.

U01.11.00 – Underwriting Tier Determination

The criteria used to determine underwriting tier are prior insurance and number of non-chargeable incidents.

- A. The prior insurance criterion considers whether:
 1. the named insured has prior private passenger automobile liability insurance that covered the named insured or rated spouse and provided three years continuous liability coverage;
 2. there was a lapse in coverage of 0 days, 1-31 days, or greater than or equal to 32 days in the preceding 3 years prior to the inception of the Company's policy.

If the prior insurance is from the Company or its affiliate and the named insured or spouse was continuously insured with the company for 2 or more years, a lapse of up to 31 days will be waived to retain the prior insurance treatment from the preceding policy.

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If a child is leaving a parent's policy written with the Company or its affiliate, that child will retain the prior insurance treatment that applied to the parent's policy, unless their own treatment is better. This only applies to a child who is between the legal licensing age (drive without supervision) plus 3 years and up to 22.

- B. The number of non-chargeable incidents is derived from the sum of the number of not-at-fault accidents. The number of not-at-fault accidents reflects whether, for all rated drivers on the policy during the Chargeable Period, there were 0, 1, 2, or equal to or greater than 3 not-at-fault accidents (including Personal Injury Protection claims and Uninsured/Underinsured Motorist claims);

If multiple non-chargeable incidents occur in the same day, only one of those same day non-chargeable incidents is counted.

Underwriting Tier Determination		
Proof of prior (POP) Days of lapse	Non-chargeable incidents	Underwriting Tier
POP, no lapse	0	A1
POP, no lapse	1	B1
POP, no lapse	2	C1
POP, no lapse	3+	E1
POP, 1-31 day lapse	0	B1
POP, 1-31 day lapse	1	C1
POP, 1-31 day lapse	2	D1
POP, 1-31 day lapse	3+	F1
No POP or POP w/ 32+ day lapse	0	C1
No POP or POP w/ 32+ day lapse	1	D1
No POP or POP w/ 32+ day lapse	2	E1
No POP or POP w/ 32+ day lapse	3+	F1

U02.05.00 – Financial Responsibility Group

The Financial Responsibility criterion considers information from the named insured or rated spouse's consumer credit report. A combined credit score is computed correlating to a rating relativity, and is used to accurately develop pricing for policyholders (as provided by the Fair Credit Reporting Act)

- A. Rules of Ordering:

Credit is ordered on the primary named insured (PNI) if eligible.

If the PNI is not eligible, or the credit order on the PNI driver results in a no-hit (No-Hits Rule U04.00.00) or thin file (Thin Files Rule U05.00.00), then credit is ordered on an eligible spouse, if any.

A PNI/spouse is eligible if at least 19 years of age and not an excluded driver.

Notwithstanding the foregoing, if credit was previously ordered on the PNI or spouse for a company within the Progressive Group of companies, it may be used in lieu of a new credit order on either the PNI or spouse, for a period not to exceed 90 days from the date it was ordered.

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B. Hierarchy of Use:

If credit is ordered on the PNI and a credit report that is not a thin file is obtained, then information from that credit report is used to determine the financial responsibility score and the Financial Responsibility Group.

If credit is ordered on a spouse and a credit report that is not a thin file is obtained, then information from that credit report is used to determine the financial responsibility score and the Financial Responsibility Group.

C. Special Rules:

1. If the PNI is not at least 19 years old and;
 - a. either there is no spouse or, if there is a spouse, the spouse is either an excluded driver or less than 19 years old, then the Financial Responsibility Group is classified as "PNI Youthful"; or
 - b. the spouse's credit order is a no-hit or thin file, then the spouse's credit order status as no-hit or thin file, and the spouse's age, are used to determine the Financial Responsibility Group.
2. If the PNI is an excluded driver and;
 - a. either there is no spouse or, if there is a spouse, the spouse is an excluded driver, then the Financial Responsibility Group is classified as "PNI Excluded".
 - b. the spouse's credit order is a no-hit or thin file, then the spouse's credit order status as no-hit or thin file, and the spouse's age, are used to determine the Financial Responsibility Group.
 - c. the spouse is not at least 19 years old, then the Financial Responsibility Group is considered "PNI Excluded."
3. If the PNI's credit order is a no hit and;
 - a. there is no spouse or, if there is a spouse, the spouse is not at least 19 years old or the spouse is an excluded driver, then the PNI's credit order status as no hit, and the PNI's age, are used to determine the Financial Responsibility Group.
 - b. the spouse's credit order is a thin file, then the spouse's credit order status as thin file, and the spouse's age, are used to determine the Financial Responsibility Group.
 - c. the spouse's credit order is a no hit, then the PNI's credit order status as no hit, and the PNI's age, are used to determine the Financial Responsibility Group.
4. If the PNI's credit order is a thin file and;
 - a. there is no spouse or, if there is a spouse, the spouse is not at least 19 years old or the spouse is an excluded driver, then the PNI's credit order status as thin file, and the PNI's age are used to determine the Financial Responsibility Group.
 - b. the spouse's credit order is a no-hit or thin file, then the PNI's credit order status as thin file, and the PNI's age are used to determine the Financial Responsibility Group.

D. Proprietary Credit Score

The Company's proprietary credit score, used to determine the Financial Responsibility Group except when Special Rules apply, is calculated by applying information from the applicable credit report to the following criteria:

1. Account Vintage
 - a. Age of oldest reported trade line (months).
 - b. Age of person when earliest reported trade line opened (years).
 - c. Age of most recent reported auto trade (months).
2. Current Payment Status - Number of current satisfactory trades.
3. History of Late Payments:

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- a. Number of trades with delinquencies rating 30 days late or greater.
- b. Months since most recent charge-off/severe derogatory trade line.
- c. Number of derogatory installment trades.
- 4. Proportion of Available Credit Currently Being Utilized:
 - a. Ratio of total balances to total high credit for all non-closed trade lines.
 - b. Ratio of revolving balances to total high credit for all revolving accounts.
- 5. Credit-Seeking Behavior
 - a. Number of non-insurance inquiries. The number of inquiries counted excludes:
 - 1. insurance inquiries.
 - 2. promotional inquiries.
 - 3. account review inquiries.
 - 4. consumer inquiries to obtain their own credit report.
 - 5. Inquiries which occur within 30 days of one another are grouped together and counted as a single inquiry.
 - b. Months since most recent bank revolving trade opened.
 - c. Number of trade lines opened in the last 12 months

Trade lines are not eligible for scoring if the credit report identifies them as:

- lost or stolen
- disputed
- identified with a medical industry code
- identified as a business or commercial trade line
- the individual has been reported as deceased

- E. Financial Responsibility Group is determined at new business time, and remains the same for all renewal terms except when changed in accordance with the Tier Re-evaluation Rule (U07.03.02).

<u>Financial Responsibility Score/Category</u>	<u>FR Group</u>
1 ... 70	A1
71 ... 75	B1
76 ... 80	C1
81 ... 85	D1
86 ... 90	E1
91 ... 95	F1
96 ... 100	G1
101 ... 105	H1
106 ... 110	I1
111 ... 115	J1
116 ... 120	K1
121 ... 125	L1
126 ... 130	M1
131 ... 135	N1
136 ... 140	O1
141 ... 145	P1
146 ... 155	Q1
156+	R1

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Rules Filing for the State of Arkansas

Thin File [Ages 0 to 53]	T3
Thin File [Ages 54 - 60]	T4
Thin File [Ages 61+]	T5
Bypass	U1
PNI/Spouse Excluded or List-Only	V1
No-Hit [Ages 0 to 53]	X3
No-Hit [Ages 54 - 60]	X4
No-Hit [Ages 61+]	X5
PNI/Spouse Youthful	Y1
Not Auth	Z1

This insurance scoring algorithm has been developed, in part, to make the Company insurance scoring algorithm compliant with the requirements of SB 846. This insurance scoring algorithm will be used for all new business written after 01/01/2004 and on all policies for which Company reorders credit information after the effective date of this filing in accordance with and subject to Rule U07.03.02, Tier Re-evaluation.

Prior to 01/01/2004, Company's credit method included items that are prohibited on a prospective basis. Any new credit score that Company prepares, either for new business or a renewal event described in the above paragraph; will be based on a credit methodology that complies with the new law.

U04.00.00 – No-Hits

A No-Hit occurs on a person when, upon request, the credit vendors are unable to return a credit report on such person.

No-Hits are classified into Financial Responsibility Groups based on the age of the named insured or spouse (see the Financial Responsibility Group Rule (U02.05.00)).

U05.00.00 – Thin Files

A Thin File is a credit report that contains no eligible trade lines.

Thin Files are classified into Financial Responsibility Groups based on the age of the named insured or spouse (see the Financial Responsibility Group Rule (U02.05.00)).

Trade lines are not eligible for scoring if the credit report identifies them as:

- lost or stolen
- disputed
- identified with a medical industry code
- identified as a business or commercial trade line

Trade lines are not eligible for scoring if the individual who is the subject of the trade line has been reported as deceased.

U07.03.02 – Tier Re-evaluation

The Company performs periodic reviews of Underwriting Tier and Financial Responsibility Group, independent of each other.

A. Underwriting Tier:

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Private Passenger Automobile Program
Rules Filing for the State of Arkansas**

Underwriting Tier is automatically evaluated at each policy renewal. The evaluation will be based on the current Underwriting Tier Determination Rule (U01.11.00) in effect at the time of policy renewal.

All non-chargeable incidents that occurred after the original policy inception date with the Company will be waived.

If the evaluation results in an improved Underwriting Tier, the Underwriting Tier will be adjusted accordingly, provided that when making the renewal premium comparison described in the Rate Capping Rule (R18.05.00), if applicable, the capped full term renewal premium was not lower than the renewal premium that would result from the adjustment of the Underwriting Tier.

If the named insured has contacted us to advise that they now have proof of prior private passenger automobile liability insurance that covered the named insured or rated spouse and provided 3 years continuous liability coverage when combined with coverage provided by the Company, the prior insurance status will be updated prior to re-evaluation of the Underwriting Tier.

A policy which is evaluated but which does not qualify for an improved Underwriting Tier will not be moved.

B. Financial Responsibility Group

At the request of the named insured or named insured's spouse, which request may be made on an annual basis but not more frequently than once in a twelve-month period, the Company will reorder credit information, recalculate the insurance score, evaluate the insurance score to determine if it would place the insured in a better

Financial Responsibility Group, and if it would, place the insured in such better Financial Responsibility Group. Absent a request by the named insured to recalculate the insurance score, the Company will, 36 months following the effective date of the most recent calculation or recalculation and evaluation of the insurance score, proactively reorder credit information, recalculate the insurance score, evaluate the insurance score to determine if it would place the insured in a better Financial Responsibility Group, and if it would, place the insured in such better Financial Responsibility Group. Each evaluation of the credit score (including evaluations that do not result in placement in a better Financial Responsibility Group), whether at the request of the named insured or proactively by the Company, starts a new waiting period for subsequent orders.

U08.00.00 – Motor Vehicle Record Requests

The Company requests violation and accident history for all New Business.

For renewal policies, the Company makes a determination about the drivers on which it will request an MVR at the policy renewal based on several factors, including the cost of ordering an MVR, the likelihood that the MVR will disclose additional violations, and the impact of those violations on the renewal premium.

U09.00.00 – Compliant without Insurance

In the event that there has been a lapse in coverage during the prior 3 years, customers who meet the following criteria will be considered to have prior insurance.

If, at all times during the three years immediately prior to applying for insurance, the applicant either maintained proper insurance coverage or was on deployment in the United States military and was not required to have insurance.

However, an applicant that was not required to have insurance must take reasonable steps to obtain insurance within 15 days following the expiration of such reason.

U10.02.04 – Company Conversion

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Progressive Casualty Insurance Company, Progressive Specialty Insurance Company, Progressive Northwestern Insurance Company, and Progressive Classic Insurance Company business currently written directly with the Company will be non-renewed and offered a new rate in Progressive Halcyon Insurance Company prior to the next renewal date. This conversion will start for all renewal offers issuing on or after November 30th, 2005 with a renewal effective date on or after January 9th, 2006. Progressive Casualty Insurance Company, Progressive Specialty Insurance Company, Progressive Northwestern Insurance Company, and Progressive Classic Insurance Company business currently written with an independent agent will remain in Progressive Casualty Insurance Company, Progressive Specialty Insurance Company, Progressive Northwestern Insurance Company, and Progressive Classic Insurance Company.

All rules filed for Progressive Halcyon Insurance Company will apply. We will actively re-evaluate each policy at the time we offer a renewal quote in Progressive Halcyon Insurance Company, regardless of tenure, based on Rule U07.03.02, Tier Re-evaluation. Policies may be moved to a better Underwriting Tier and Financial Responsibility Group. A policy will be considered to have been in force since its inception in Progressive Casualty Insurance Company, Progressive Specialty Insurance Company, Progressive Northwestern Insurance Company, and Progressive Classic Insurance Company.

A. Underwriting Tier

The evaluation will be based on the current Underwriting Tier Determination Rule (U 01.11.00) in effect at the time of policy renewal. Policies that were previously granted prior insurance will be granted credit for prior insurance in Progressive Halcyon Insurance Company.

B. Financial Responsibility Group

The Company will proactively reorder credit information, recalculate the insurance score, evaluate the insurance score to determine if it would place the insured in a better Financial Responsibility Group, and if it would, place the insured in such better Financial Responsibility Group.

V01.00.00 – Vehicle Use Definitions

Vehicles are classified by their use:

Pleasure - vehicles not used for commercial purposes or commuting to work or school;

Commuting - vehicles used to drive back and forth to work or school;

Business - acceptable business use vehicles are those vehicles that are:

- a. used by sales or service representatives or for consumer-oriented direct home sales;
- b. used by real estate or insurance agents, lawyers, doctors, accountants or other professionals visiting multiple locations;
- c. used by the insured to transport tools or other materials in a trade or business;
- d. owned by the insured and used by domestic employees; or
- e. used in a business for occasional errands.

Farm - vehicles used primarily on a farm, ranch, or orchard.

V02.03.00 – YMM Vehicle Rating Factors

Four Year, Make and Model (YMM) Vehicle Rating Factors will be assigned to 1981 and newer model years, excluding those vehicles that meet the criteria below. The YMM Vehicle Rating Factors for coverages Bodily Injury/Property Damage, Comprehensive, Collision, and Personal Injury Protection are determined by model year, make, model, and sub-model. YMM Vehicle Rating Factors for Personal Injury Protection will be used for Uninsured/Underinsured Motorist

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Bodily Injury (UM/UIM) coverage. Factors for Comprehensive coverage will be used for Loan/Lease coverage. Factors for Collision will be used for Uninsured Motorist Property Damage coverage.

Vehicles that are not assigned YMM Vehicle Rating Factors include pre-1981 model year, custom built, antique, classic, collectible, or limited production vehicles. Vehicles of this type that require only Liability coverage are rated with vehicle group 69 factors. Vehicles of this type that require Physical Damage coverage are rated with vehicle group 67 factors for Liability and Physical Damage coverage. Also, for Physical Damage coverage, Stated Amount Value Class factors are assigned and a model year factor of 1.0 is used.

Stated amount vehicles are vehicles requiring physical damage coverage that have more than \$5,000 of custom parts or equipment (See Additional Custom Parts or Equipment Rule (C12.01.00)). Stated amount vehicles are rated with vehicle group 67 factors for Liability and Physical Damage coverage. Also, for Physical Damage coverage, Stated Amount Value Class factors are assigned and a model year factor of 1.0 is used.

Conversion vehicles are pick-ups, vans, or utility vehicles requiring physical damage coverage that have more than \$5,000 of custom parts equipment (See Additional Custom Parts or Equipment Rule (C12.01.00)). Conversion vehicles are rated with vehicle group 68 factors for Liability and Physical Damage coverage. Also, for Physical Damage coverage, Conversion Vehicle Value Class factors are assigned and a model year factor of 1.0 is used.

Physical damage coverage on stated amount vehicles and conversion vans provides coverage that is reduced by the deductible and the salvage value (if retained by the owner) up to the lowest of the:

- a. actual cash value; or
- b. the amount necessary to replace the property; or
- c. the amount necessary to repair the property; or
- d. the stated amount value specified by the insured.

The majority of vehicles not found in the filed list of YMM Vehicle Rating Factors are a new model year or a new model. These vehicles will be assigned YMM Vehicle Rating Factors based on an algorithm.

Grey Market vehicles are rated using the same YMM Vehicle Rating Factors as would be used for a comparable U.S. vehicle. A copy of the vehicle registration is required for binding to verify that the local jurisdiction's Department of Transportation safety requirements and Environmental Protection Agency emission standards are satisfied.

V03.01.00 – Model Year, Make, Model, and Sub-Model

The model year, make, model and sub-model of the private passenger automobile is the model year, make, model and sub-model assigned by the original automobile manufacturer. If the auto is rebuilt or structurally altered, then the model year of the chassis determines the model year of the automobile.

SERFF Tracking Number: PRGS-125355542 State: Arkansas
Filing Company: Progressive Direct Insurance Company State Tracking Number: EFT \$25
Company Tracking Number:
TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)
Product Name: AR Driving Record Points
Project Name/Number: AR Driving Record Points Rule/

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-
Property & Casualty **Review Status:** Filed 11/15/2007

Comments:

Attachment:

AR_Direct Driving Record Points_pc transmittal 071108.pdf

Bypassed -Name: NAIC Loss Cost Filing Document
for OTHER than Workers' Comp **Review Status:** Filed 11/15/2007

Bypass Reason: No needed

Comments:

Bypassed -Name: NAIC loss cost data entry document **Review Status:** Filed 11/15/2007

Bypass Reason: Not needed

Comments:

Satisfied -Name: Cover Letter **Review Status:** Filed 11/15/2007

Comments:

Attachment:

Amended Driving Record Points Rule Cover Letter Direct 071108.pdf

Property & Casualty Transmittal Document (Revised 1/1/06)

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <table style="width: 100%; border: none;"> <tr> <td style="width: 60%; border: none;">New Business</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">Renewal Business</td> <td style="border: none;"></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes	New Business		Renewal Business	
New Business					
Renewal Business					

3. Group Name	Group NAIC #
Progressive Group	0155

4. Company Name(s)	Domicile	NAIC #	FEIN #
Progressive Direct Insurance Company	OH	16322	34-1524319

5. Company Tracking Number	10-22-07-AU-D
-----------------------------------	---------------

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Geoffrey T Souser Progressive Insurance 300 N Commons Blvd. Mayfield Village, OH 44143	AR Product Manager	(440) 395-8862	(877) 280-5587	Geoffrey_T_Souser@progressive.com

7. Signature of authorized filer	
8. Please print name of authorized filer	Geoffrey Souser

Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	19.1002/21.1000 Private Passenger Auto
10. Sub-Type of Insurance (Sub-TOI)	19.001/19.1002/21.1000 PPA No-Fault (PIP) and PPA Liability and Physical Damage Combination
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12. Company Program Title (Marketing title)	Private Passenger Auto
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input checked="" type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: January 09, 2008 Renewal: January 09, 2008
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	
17. Reference Organization # & Title	
18. Company's Date of Filing	November 12, 2007
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document—

20.	This filing transmittal is part of Company Tracking #	11-12-07-AU-D
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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Progressive is amending rule D04.07.00 – Driving Record Points in our Private Passenger Automobile Program. Previously we would only re-evaluate driving history at renewal. Now at the named insured's request, Progressive will re-evaluate the driving history of all drivers on the policy by removing points associated with accidents and violations that occurred more than 35 months prior to the date of re-evaluation if none of the drivers have had new accidents or violations since the premium for that policy term was determined. The policy premium shall be adjusted accordingly as of the date of the named insured's request based on the revised point total.

The amended Driving Record Points Rule D04.17.00 would apply to current and recent customers.

Our proposed effective date for this update is January 09, 2008. Thank you for your timely review and acknowledgment of this amended rule.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
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Check #: EFT via SERFF filing # USPH-6NLNZV428/00
Amount: \$25.00

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

PC TD-1 pg 2 of 2

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Geoffrey T Souser, Product Manager
300 North Commons Blvd, G22A5
Mayfield Village, OH 44143
Phone: (440) 395-8862
Fax: (887) 280-5587
E-mail:Geoffrey_T_Souser@progressive.com

November 12, 2007

Ms. Alexa Grissom
Certified Analyst
Arkansas Insurance Department
1200 West Third St
Little Rock, AR 77201

**Subject: NAIC # 155 - 16322 Progressive Direct Insurance Company
Private Passenger Auto Rules Filing
Amendment to Rule D04.07.00**

Dear Ms. Grissom,

Progressive is amending rule D04.07.00 – Driving Record Points in our Private Passenger Automobile Program. Previously we would only re-evaluate driving history at renewal. Now at the named insured's request, Progressive will re-evaluate the driving history of all drivers on the policy by removing points associated with accidents and violations that occurred more than 35 months prior to the date of re-evaluation if none of the drivers have had new accidents or violations since the premium for that policy term was determined. The policy premium shall be adjusted accordingly as of the date of the named insured's request based on the revised point total.

The amended Driving Record Points Rule D04.17.00 would apply to current and recent customers.

Our proposed effective date for this update is January 09, 2008. Thank you for your timely review and acknowledgment of this amended rule.

If you have any questions regarding this filing, please contact me.

Sincerely,

Geoffrey T. Souser
Product Manager

SERFF Tracking Number: PRGS-125355542 State: Arkansas
 Filing Company: Progressive Direct Insurance Company State Tracking Number: EFT \$25
 Company Tracking Number:
 TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)
 Product Name: AR Driving Record Points
 Project Name/Number: AR Driving Record Points Rule/

Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Original Date:	Schedule	Document Name	Replaced Date	Attach Document
No original date	Supporting Document	Uniform Transmittal Document-Property & Casualty	11/12/2007	AR_Direct Driving Record Points_pc transmittal 071108.doc
No original date	Supporting Document	Cover Letter	11/12/2007	AR Driving Record Points Rule Cover Letter Agency 071108.doc

SERFF Tracking Number: PRGS-125355542 State: Arkansas
Filing Company: Progressive Direct Insurance Company State Tracking Number: EFT \$25
Company Tracking Number:
TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)
Product Name: AR Driving Record Points
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SERFF Tracking Number: PRGS-125355542 *State:* Arkansas
Filing Company: Progressive Direct Insurance Company *State Tracking Number:* EFT \$25
Company Tracking Number:
TOI: 19.0 Personal Auto *Sub-TOI:* 19.0001 Private Passenger Auto (PPA)
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