

July 30, 2021 COVID-19 CA reporting form
Crestbrook Insurance Company
Private Passenger Auto

Explanatory Memorandum question II

2b. Has your company taken action to refund any premium written in 2021 in response to COVID-19?

PPA: In 2020, the Nationwide group of companies directly returned to private passenger automobile insurance customers a one-time payment of \$50 applied uniformly for each personal auto policy in force on March 31, 2020. Given that potential changes in risk differ individually, it is our belief that the amount directly returned was a fair distribution back to our individual customers. This one-time direct return was only the beginning of Nationwide's ongoing initiative described in this Memorandum to help California customers.

Accompanying this refund was an explanatory communication which also affirmed customers' ability to reassess estimated mileage driven and vehicle classification on a case-by-case basis. This has resulted in additional relief being extended to personal auto customers beyond the initial refund. These adjustments to estimated mileage and vehicle classification carry into 2021 and continue to provide premium relief to our customers. This has reduced our DWP by an additional **\$18.82 million as of the end of June for all private passenger auto policies within the Nationwide group since April 2020.**

3. Does your company have any rate filings pending approval by the Rate Regulation Branch in the California Department of Insurance?

PPA: We filed a PPA rate filing (CDI # 19-4279, 19-427-A) in November 2019 with June 2020 effective dates. The proposed impact was a 4.5% increase on an indicated change of 19.5%. In May we deferred this filing due to COVID-19. In September, we withdrew this filing. This is a DWP impact reduction of \$27 million per year until a new rate plan filing is approved.

These premium adjustments plus the deferred rate increase results in a total of **\$45.8 million DWP reduction** relative to what we would have expected in 2021.

4. *How did your company accomplish its refund of premium to policyholders? Please answer by line of insurance. If the method differs by program within line of insurance, please check all boxes that apply and provide additional explanation in the accompanying Explanatory Memorandum - section II.*

PPA: Customers didn't need to do anything to receive the refund. If the client had an active balance on the auto policy, their next payment amount was reduced by \$50, along with an explanatory communication, which also affirmed customers' ability to reassess estimated mileage driven and vehicle classification on a case-by-case basis. Clients who were already paid in full received a refund check and communication instead of a credit.

In order to reflect reduced estimated mileage driven and vehicle classification, customers may provide an update to their agent or directly to Nationwide to have their rating updated.

5. *Explain which of the following method(s) your company used to compute the premium refund. Please check the appropriate box for each line of insurance. If the response differs by program within line of insurance, check the box for the predominant program in the line, and provide additional explanation for the remaining programs in the accompanying Explanatory Memorandum - section II.*

5d. PPA: We directly communicated an ability to continue to allow customers to reclassify Annual Mileage and Vehicle Use (from Work and Business to Pleasure), as appropriate under case-by-case circumstances, based on their individual situations. This has resulted in additional relief being extended to personal auto customers beyond the refund. This has reduced our DWP by an additional **\$18.82 million as of the end of June for all private passenger auto policies within the Nationwide group since April 2020.**

6. *Identify any and all other measures that your company has taken to help policyholders during the COVID-19 quarantine period. Select a method from the list below for each line of insurance. If the method differs by program within line of insurance, check the box for the predominant program in the line, and provide additional explanation for the remaining programs in Explanatory Memorandum - section II.*

We extended underwriting leniency for expired Driver's Licenses and vehicle registrations (Ref - CDI Notice of May 5, 2020).

We broadened delivery coverage on personal auto coverage (Ref - CDI Notice of April 9, 2020).

We provided billing and cancellation leniency (Ref – CDI Notice of March 18, 2020).

If your company writes in one of the lines specified in Bulletin 2020-3 and has issued refunds for your policyholders, please explain all actions taken to date to refund premium in response to or consistent with this Bulletin. Please include California-specific information and an explanation and justification for the amount, effective date, and duration of any premium refund, and how those measures reflect the actual or expected reduction of exposure to loss.

PPA: The number of miles driven by our customers and personal auto claims have fallen since Stay-at-Home and Shelter-in-Place orders have taken effect in many states, resulting from and accompanied by vastly increased use of work-from-home technologies and other social distancing efforts. To reflect potential change in risk and to respond to the hardship that many households are experiencing as a result of the COVID-19 pandemic, Nationwide developed a plan to return a fixed dollar amount to our customers as quickly as possible. Though there continues to be uncertainty about what the true impact of COVID-19 will be, the fixed dollar amount we returned to our customers reflects our best estimate of the decrease in personal auto claims and miles driven throughout the duration of this event.

This table shows the California-specific experience on frequency and severity effects from the COVID-19 Stay at Home order in California.

Change in	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June
Frequency	-26%	-64%	-54%	-13%	-6%	-4%	-9%	0%	-19%	-15%	-26%	-36%	3%	-7%	-2%	20%
Severity	-3%	22%	13%	9%	-4%	4%	10%	1%	15%	11%	27%	2%	5%	21%	18%	33%

BI, PD, and Collision Incurred Frequency and Paid Severity

Relative to February 2020, the incurred frequency fell in the spring, returned nearly to its pre-COVID level in the fall, **and had shown signs of improving in the 4th quarter. While January and February 2021 continued to show depressed levels of frequency, March through May have come in right in line with our baseline, and June has surpassed our baseline.** Paid severity counteracted some of that frequency favorability in the second half of the year. **We are now seeing upward pressure on severity, most likely due to inflationary pressure possibly resulting from higher PPE & cleaning costs and supply chain delays.** However, it is key to note that in addition to and beyond the fixed refund amount provided directly to our California PPA customers, Nationwide is also honoring appropriate adjustment of annual mileage estimates and vehicle use classification on a case-by-case basis, resulting in additional relief (see 5d.).

As we work together through this difficult time for our customers across the country, we have proactively identified and implemented several measures consonant with the framework of

reasonable flexibility empowered by CDI Bulletins 2020-3, 2020-4, 2020-8, and 2021-03 (and other CDI Notices) to help Nationwide customers face the sudden challenges presented by the COVID-19 pandemic. We offered this rapid relief, additional case-by-case accommodation, and underwriting/billing leniency at a time when drivers are making the right choice to stay off the road and remain home to help “flatten the curve.” This relief, and the manner in which we have chosen to provide it to our customers, is just one more way in which we are furthering our mission to protect people, business, and futures with extraordinary care.