

Explanatory Memorandum

COVID-19 Premium Refunds, Credits, and Reduction Report

Company Name: Essentia Insurance Company ("Essentia")

NAIC Code: 37915

If your company writes in any lines of insurance specified in Bulletin 2020-3 and has determined no refunds are necessary, please explain and provide any relevant documents.

Line of Business	Program	Explanation
Private Passenger Automobile	Classic Auto Program CDI Filing # 19-1854 and PERR-132373239	<p>After analysis to determine whether it should be subject to the terms of the bulletin, Essentia Insurance Company's only private passenger automobile business, a collector vehicle program, has not seen a credible change in the claims activity related to COVID-19. The nature of our program is different than private passenger programs where commuter coverage is a typical use, our program is limited to vehicles that are of special interest and are maintained for collector vehicle purposes.</p> <p>Our niche collector auto vehicle product has a baseline frequency well below the standard market. Utilizing California experience period of 3/1 to 12/31, results in a reported frequency increase of 1.1% for the 2020 period compared to the same period of 2019. Unfortunately, paid claim severity in California has also increased over the same period last year in excess of 10%; resulting in continued deteriorating loss cost.</p> <p>For the experience period 1/1 to 3/31, reported frequency per 100 of earned car year continues to increase. Frequency is 1.53, 1.81, and 2.00 for 2019, 2020, and 2021 respectively.</p> <p>There are 110,991 policies inforce as of March, 2021.</p>