

California Department of Insurance
 COVID-19 Supplemental Premium Refunds, Credits and Reduction Report
 Explorer Insurance Company (NAIC #40029)
 April 28, 2021

Explanation for Question 2a:

A ten percent across the board credit was applied to each month's premium, across all coverages, on each policy that had coverage in March, April, May, or June 2020. This was a refund to policyholders based on expected decreases in miles driven, and thereby to loss exposure. Since that time, we continued to monitor our loss experience, retention, bad debt, investment returns, and the impact on expenses of fee waivers and suspending cancellations. As noted in previous reports, our experience deteriorated since 2020-Q2, such that further refunds were not appropriate. The Pure Premium comparisons provided in prior reports (and summarized below) remain unchanged and demonstrate that our losses and expenses per exposure rose significantly from what they were for April - June and increased across most coverages in Q4 from where they were in Q3.

	Qtr over Qtr Pure Premium Changes by Coverage			
	BI	PD	COMP	COLL
2020Q1 / 2019Q1	30%	28%	93%	23%
2020Q2 / 2020Q1	-24%	-18%	29%	-44%
2020Q3 / 2020Q2	47%	8%	6%	35%
2020Q4 / 2020Q3	19%	-23%	126%	59%

The forgoing information and the information provided in prior reports demonstrate that the credits issued by Explorer Insurance Company in 2020 were appropriate and that additional refunds or credits are not warranted. Additionally, it should be noted that Explorer is leaving the California private passenger auto market and began non-renewing policies last October. The number of policies we have in force has continued to drop and the non-renewal process should be complete by 2021-Q3. While we collect and earn less and less premium in the months ahead, but continue to pay claims, our quarterly financial ratios should also be expected to grow dramatically.

For the reasons stated above, no additional refunds or credits are being provided and no further information is being included in the supplemental workbook. All prior information on premium and policy data is included in past workbooks.