

**Farmers Insurance Exchange & Mid-Century Insurance Company**  
**Derivation of Indicated Refund**

	<b>Total</b>
(1) Target Combined Ratio	98.4%
(2) A&O	9.1%
(3) Commissions and Brokerage	11.0%
(4) Taxes, Licenses, & Fees	2.5%
(5a) Other Acquisition & General Expenses	13.0%
(5b)	1.7%
(5c)	2.1%
(6) Other Income less Other Expenses	-0.2%
(7) Permissible Loss & DCC Ratio	59.3%
(8) Actual Loss & DCC Ratio	70.1%
<u>COVID-19 Assumptions</u>	
(9a) Frequency Change	-16.5%
(9b) Severity Change	9.6%
(9c) Non-Pay Cancels (Bad Debt)	2.0%
(9d) Mileage Factor	-0.7%
(10) Adjusted Loss & DCC Ratio	64.6%
<b>(11) Indicated Refund</b>	<b>-8.9%</b>
<b>Refund to Date</b>	<b>6.7%</b>
<b>Selected Additional Refund</b>	<b>0.0%</b>

**Notes:**

Lines (2) -(6) Insurance Expense Exhibit Information

(7) Permissible Loss Ratio

(1) = Permissible Loss & DCC Ratio (7) + Expenses (2) to (6)

(8) Actual Loss & DCC Ratio from Filed CA Rate Template as of 2019Q2

(10) = (8) \* [1 + (9a)] \* [1 + (9b)] \* [1 + (9d)]

(11) = 1.00 - [(10) + (2) + (3) + (5b) + (5c) + (6) + (9c)] / [(1) - (4) - (5a)]

**CALIFORNIA - All Coverages**

Cal Month	Exposures	Paid Count	Frequency	MoM	Paid Amount	Severity	MoM
201807							
201808							
201809							
201810							
201811							
201812							
201901	158,273	32,975	0.2083		115,249,762	3,495	
201902	142,768	37,364	0.2617		130,965,102	3,505	
201903	158,006	34,642	0.2192		129,207,381	3,730	
201904	152,773	34,119	0.2233		124,963,739	3,663	
201905	157,634	32,362	0.2053		106,125,876	3,279	
201906	152,346	36,371	0.2387		128,588,960	3,535	
201907	157,204	33,537	0.2133		112,962,660	3,368	
201908	156,788	36,380	0.2320		117,541,892	3,231	
201909	151,460	35,248			119,132,697		
201910	156,218	36,618			122,186,603		
201911	150,686	35,303			122,307,609		
201912	155,378	35,941			129,163,584		
202001	154,674	34,710	0.2244	7.7%	120,835,225	3,481	-0.4%
202002	144,356	36,937	0.2559	-2.2%	133,798,448	3,622	3.3%
202003	154,165	33,936	0.2201	0.4%	131,025,377	3,861	3.5%
202004	147,650	25,804	0.1748	-21.7%	112,726,341	4,369	19.3%
202005	152,219	25,423	0.1670	-18.6%	99,846,893	3,927	19.8%
202006	146,948	26,644	0.1813	-24.1%	100,480,514	3,771	6.7%
202007	150,564	26,420	0.1755	-17.7%	87,694,321	3,319	-1.5%
202008	149,159	28,643	0.1920	-17.2%	102,596,486	3,582	10.9%
<b>201903-201908</b>	934,750	207,411	0.2219		719,390,507	3,468	
<b>202003-202008</b>	900,705	166,870	0.1853	<b>-16.5%</b>	634,369,932	3,802	<b>9.6%</b>