

**Foremost Insurance Company Grand Rapids, Michigan
California
Derivation of Indicated Refund**

| Month | January - March 2021 | January - March 2021 |
|---|--|-------------------------|
| Product | Antique & Modified Auto** | Motorcycle* |
| (1) Target Combined Ratio | 95.0% | 95.0% |
| (2) Underwriting Expense Ratio | 55.6% | 34.4% |
| (3) Target Loss & ALAE Ratio | 39.4% | 60.6% |
| (4a) Estimated Non-Recoupable Expenses | 53.3% | 32.1% |
| (4b) Estimated Recoupable Expenses | 2.4% | 2.4% |
| <u>COVID-19 Estimates</u> | | |
| (5a) Frequency Change | 6% | -18% |
| (5b) Severity Change | | 10% |
| (6) Adjusted Loss & ALAE Ratio Projection | 41.7% | 54.9% |
| (7a) Indicated Refund to Adequate Rates | -2.4% | 6.2% |
| (7b) CA Rate Indication Based on 2019 Data | | 8.6% |
| (7c) Adjusted Indicated Refund | -2.4% | -1.9% |
| (8) Selected | 0.0% | 0.0% |

Notes:

Line (2): Program-Specific Expense Information

(3) = (1) - (2)

(4a) = (2) - (4b)

(4b) = Only 2.35% premium taxes are recoupable

(5a) Estimate based on monthly reported claim frequency change from 2019 to 2020, See Exhibit Page 2

(5b) Rough estimate based on observed 2020 experience of decreased proportion of low-severity losses

(6) = (3) * [1 + (5a)] * [1 + (5b)] * [1 + (5c)]

(7) = 1.00 - [(6) + (4a)] / [(1) - (4b)] - Positive number represents indicated refund

(7b) Rate Filing based on data from 2019 for Foremost Insurance Company - not approved or implemented due to regulatory delays. The rate indication of +8.6% for Foremost Insurance Company, but no rate indication for Foremost Property and Casualty Insurance Company calculates to a +8.4% combined indication

(7c) = 1.00 - [(1.00 - (7a)) * [1.00 + (7b)]] - Positive number indicates indicated refund

* Motorcycle information is combined for the Motorcycle Programs for Foremost Insurance Company Grand Rapids, Michigan and Foremost Property and Casualty Insurance Company

** Includes combined information for the Antique and Classic Auto Program and the Modified Auto Collectors Program.

**Foremost Insurance Company Grand Rapids, Michigan
California
Derivation of Indicated Refund
Estimation of Frequency Difference**

| Month | January - March 2021 | January - March 2021 |
|---|--|-------------------------|
| Product | Antique & Modified Auto** | Motorcycle* |
| (1a) 2019 Overall Claim Frequency | 0.77% | 2.31% |
| (1b) 2021 Overall Claim Frequency | 0.61% | 1.95% |
| (2a) 2019 Collision and Theft Claim Frequency | 0.33% | 2.04% |
| (2b) 2021 Collision and Theft Claim Frequency | 0.38% | 1.64% |
| (3) 2021 Collision and Theft Frequency Difference from 2019 | 0.04% | -0.41% |
| (4) Estimated Claim Frequency Change due to Pandemic | 6% | -18% |

Notes:

- Line (1): Monthly reported claims divided by earned vehicle years, excluding towing-only claims
 (2) Monthly reported claim frequency for claims with Collision and Theft causes of loss only
 (3) = (2b) - (2a)
 (4) = (3) / (1a)

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