

**Foremost Insurance Company Grand Rapids, Michigan
California
2020 Review of Indicated Refund**

Month	April	May	June - December	April	May	June - December
Product	Antique & Modified Auto**	Antique & Modified Auto**	Antique & Modified Auto**	Motorcycle*	Motorcycle*	Motorcycle*
(1) Target Combined Ratio	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
(2a) Commissions and Brokerage	33.6%	33.6%	33.6%	14.4%	14.4%	14.4%
(2b) All Other Underwriting Expenses	18.7%	18.7%	18.7%	19.6%	19.6%	19.6%
(3) Target Loss & ALAE Ratio	42.7%	42.7%	42.7%	61.0%	61.0%	61.0%
(4a) Estimated Non-Recoupable Expenses	50.0%	50.0%	50.0%	31.7%	31.7%	31.7%
(4b) Estimated Recoupable Expenses	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
<u>COVID-19 Estimates</u>						
(5a) Frequency Change	-53%	-35%	-13%	-44%	-26%	-20%
(5b) Severity Change				10%	10%	10%
(5c) Non-Pay Cancels						
(6) Adjusted Loss & ALAE Ratio Projection	20.1%	27.8%	36.9%	37.6%	49.7%	53.6%
(7a) Indicated Refund to Adequate Rates	24.4%	16.1%	6.2%	25.3%	12.2%	8.0%
(7b) CA Rate Indication Based on 2019 Data						8.6%
(7c) Adjusted Indicated Refund			6.2%			0.1%
(8) Selected	25.0%	25.0%	0.0%	25.0%	25.0%	0.0%

Notes:

Line (2): Program-Specific Expense Information

(3) = (1) - (2a) - (2b)

(4a) Non-Recoupable expenses are estimated as roughly 5.5% in addition to Commission and Brokerage

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

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

(5b) Rough estimate based on media reports of increased speeding and severe accidents on less crowded roads for certain vehicles

(5c) Rough estimate of loss ratio impact from premium which will be written off due to non-pay cancel moratorium

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

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

(7b) Current Rate Filing

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

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

**Foremost Insurance Company Grand Rapids, Michigan
California
2020 Review of Indicated Refund
Estimation of Frequency Difference**

Month	April	May	June - December	April	May	June - December
Product	Antique & Modified Auto**	Antique & Modified Auto**	Antique & Modified Auto**	Motorcycle*	Motorcycle*	Motorcycle*
(1a) 2019 Overall Claim Frequency	0.65%	0.55%	0.61%	3.20%	2.99%	3.15%
(1b) 2020 Overall Claim Frequency	0.21%	0.26%	0.49%	1.81%	2.43%	2.60%
(2a) 2019 Collision and Theft Claim Frequency	0.50%	0.35%	0.33%	2.99%	2.82%	2.80%
(2b) 2020 Collision and Theft Claim Frequency	0.16%	0.16%	0.25%	1.56%	2.06%	2.16%
(3) 2020 Collision and Theft Frequency Difference from 2019	-0.34%	-0.19%	-0.08%	-1.42%	-0.76%	-0.63%
(4) Estimated Claim Frequency Change due to Pandemic	-53%	-35%	-13%	-44%	-26%	-20%

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)

* 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.