

**Foremost Property and Casualty Insurance Company  
California  
Derivation of Indicated Refund**

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

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

**Foremost Property and Casualty Insurance Company**  
**California**  
**Derivation of Indicated Refund**  
 Estimation of Frequency Difference

Month January - March  
2021

<b>Product</b>	<b>Motorcycle*</b>
(1a) 2019 Overall Claim Frequency	2.31%
(1b) 2021 Overall Claim Frequency	1.95%
(2a) 2019 Collision and Theft Claim Frequency	2.04%
(2b) 2021 Collision and Theft Claim Frequency	1.64%
(3) 2021 Collision and Theft Frequency Difference from 2019	-0.41%
<b>(4) Estimated Claim Frequency Change due to Pandemic</b>	<b>-18%</b>

**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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