

**Foremost Property and Casualty Insurance Company  
California  
2020 Review of Indicated Refund**

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

**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 information 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**  
**2020 Review of Indicated Refund**  
 Estimation of Frequency Difference

Month	April	May	June - December
Product	Motorcycle*	Motorcycle*	Motorcycle*
(1a) 2019 Overall Claim Frequency	3.20%	2.99%	3.15%
(1b) 2020 Overall Claim Frequency	1.81%	2.43%	2.60%
(2a) 2019 Collision and Theft Claim Frequency	2.99%	2.82%	2.80%
(2b) 2020 Collision and Theft Claim Frequency	1.56%	2.06%	2.16%
(3) 2020 Collision and Theft Frequency Difference from 2019	-1.42%	-0.76%	-0.63%
<b>(4) Estimated Claim Frequency Change due to Pandemic</b>	<b>-44%</b>	<b>-26%</b>	<b>-20%</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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