

National General Premier Insurance Company

We are not disputing that loss experience improved during 2020, nor that losses continue at a level lower than those seen before the pandemic, but rather that our rates were inadequate beforehand and we do not have any excessive premiums after issuing refunds for March through June policies.

As support, we have calculated combined ratios, on both a developed accident period and a calendar period basis. These ratios use an expense ratio of 35.1%, the current standard efficiency value for Collision coverage and a 5% profit ratio, to match the assumption from Bulletin 2021-03. All ratios from 2020 have had initial premiums reduced by the amount of the refunds. This product was introduced in 2016, thus the relationship between accident and calendar period ratios reflects growth in our book of business from 2016-2019.

	Developed AY	Calendar period
2017	134.8%	103.2%
2018	128.0%	104.3%
2019	129.1%	111.4%
2020	109.4%	106.7%
2020 March-Dec	106.4%	104.2%
12 months ending 202102	106.2%	105.3%

A portion of the reduction in accident period combined ratios between 2019 and 2020 is due to a rate change effective in August 2019. Below are combined ratios after on-leveling premiums, both before and after premium refunds are accounted for.

	Accident Period		Calendar Period	
	Prior to refunds	After refunds	Prior to refunds	After refunds
2017	129.0%	129.0%	99.2%	99.2%
2018	122.3%	122.3%	100.2%	100.2%
2019	124.1%	124.1%	107.4%	107.4%
2020	106.4%	108.8%	103.8%	106.1%
2020 March-Dec	103.3%	106.1%	101.2%	103.9%
12 months ending 202102	103.6%	106.0%	102.7%	105.0%

Post-pandemic accident period combined ratios are about 20 points less than ratios from before the pandemic, however, they remain above 100%, signifying that the premiums were not adequate to cover losses, expenses and a modest profit.

In October 2019, we made a rate filing that showed a maximum indication of 12.9% for this book, which is further support that rates were not adequate at that time. That indication incorporated a negative net trend (premium trends higher than loss trend). In the period between that filing and the beginning of the pandemic, average premiums leveled out and did not trend upward. While losses also flattened during this period, the net trend became less negative, suggesting that the rate need just prior to the pandemic may have been more than 13%. Using current data from April 2020 – March 2021 in the Prior

Approval Rate Template, without projecting for any increasing trends, continues to produces a positive maximum "indication."