# FI Lowers Rates & Improves Rating Methodology on Michigan's Personal Auto Product

Over the last six years, we've worked together to improve the Auto accident year loss ratio, and thanks to these efforts, Frankenmuth Insurance has experienced an 11-point improvement.  This trend, along with the improved rate adequacy, has positioned our auto book for future profitability. As a result, we are able to make some positive changes to our auto product.

The first change we'll be making is to lower our personal auto product rates. We believe this will provide a more stable rate environment for you and our mutual customers and assist you in writing quality new business with us.

The following changes will take effect March 1, 2017:

**Overall Rate Change**: -2.1%

- Liability: 3.1%
- PIP: 2.2%
- OTC: -6.7%
- Collision: -5.3%
- UM / UIM: -1.0%

As part of the auto product change, you will also find some changes to the group program discounts. The discount changes are minor and all based on past loss experience. Some of the discounts have improved, while others are lower, so feel free to contact your PL Field Manager or Underwriter for any specific questions in this area.

During last year's Executive/Agency Round Table meetings, you encouraged us to review auto pricing for risks with multiple not-at-fault and comprehensive losses. This was an area we faced adverse risk selection. To improve our pricing adequacy on these risks, we will be revising the rating methodology to take these losses into consideration on new and renewal business. Also effective March 1, 2017, this change will assist us in improving the future profitability of the auto line, and we are grateful for your feedback regarding this issue.

We're confident these changes will provide us both with the foundation for improved growth results this year. Should you or your staff have questions on specific changes, please consult your PL Field Manager or Underwriter.

Thank you for your continued support of Frankenmuth Insurance. We hope you all have a great 2017!