Frankenmuth Insurance Announces Rule and Rate Revisions on Ohio Personal Auto

Good news! We have heard you and Frankenmuth Insurance is excited to announce changes to our Ohio personal auto program, based on your feedback for needed improvements. The following rule and rate adjustments are designed to provide some rate relief to accounts with youthful drivers, households with more drivers than vehicles, and those who pay their premiums in full.

Key Revisions

- **Driver age factor** reductions up to 20% for ages 16-25.
- **Driver to vehicle ratio factor** reductions up to 3% for liability coverages and 10% for physical damage coverages designed to provide rate relief to households where there are more vehicles than drivers.
- **Annual pay plan discount** increasing to 12%.
- **Semi-annual pay plan discount** for 12-month policies increasing to 12%.
- **Advance quote discount** increasing to 12% when a new business policy is quoted eight or more days before the effective date.

Additional Revisions

We have introduced the following new rule:

- **Full coverage discount:** This new discount will apply to liability coverages when both liability and physical damage coverage applies to the vehicle. Previously, a surcharge was applied to vehicles with liability coverages only. Existing liability only vehicles are not impacted by this change.

The following rule revisions have been made:

- **Paid in full discount:** This rule replaces the Payment Plan rule to reflect changes to this premium

adjustment.
- **Driver assignment classification:** This rule was simplified to reflect that all vehicles must have one principal driver assigned and all drivers in the household must be assigned to a vehicle according to their usage.
- **Physical damage additional/suspension of coverage:** The minimum number of days for suspension of coverage has reduced to 30 days.
- **Agents binding authority:** This rule was updated to reflect our intent. Please review these changes in the rule and rate guide.
- **Eligibility guidelines:** This rule was updated to reflect our intent. Please review these changes in the rule and rate guide.

The following rate adjustments have been made:

- Driver age factors have been adjusted and include rate relief for drivers ages 16-40 years old. Drivers over age 60 will receive a slight increase.
- Driver gender and marital factors have been adjusted to be more in line with the market.
- Not at Fault loss count factors have been adjusted as follows:
  - We are no longer offering a discount for those policies with one Not at Fault loss.
  - We have introduced a surcharge for those policies with two Not at Fault losses.

- At Fault loss count factors have been adjusted as follows:
  - We are no longer offering a discount for those policies with one At Fault loss.
  - For policies that have been with Frankenmuth Insurance six years or more, we have introduced a small surcharge for policies with two At Fault losses.

- Lienholder premium adjustments have been eliminated. Policyholders who pay off their auto loans will no longer receive a premium increase.
- Vehicle history score has been expanded.
- Payment plan premium adjustments for monthly, quarterly, and payroll deduct have been eliminated.
- Loyalty discounts have been adjusted slightly to allow for minimal premium disruption as policyholders transition from the advance quote discount into the loyalty discount.
- Households with more drivers than vehicles may experience a small rate increase.
- All base rates have been adjusted with an inflationary increase to bodily injury, property damage, combined single limit, and other than collision coverage. UM/UIM and med pay coverages are receiving a slight decrease and collision is receiving a moderate decrease.

Although individual policyholders’ results will vary, the overall rate impact for the Ohio auto program is -3.5%.

<u>Effective Dates</u>

This rate change is available to all new business effective on or after January 1, 2022 and all renewal business effective on or after February 1, 2022.

If you have any questions, please contact your Personal Lines field manager or underwriter.

Thank you for your continued partnership with Frankenmuth Insurance.