

Frankenmuth Insurance Modifies Michigan Personal Auto Product and Rates

The industry continues to be challenged with increasing loss severity in Personal Auto. In Michigan, Frankenmuth Insurance has faced this same challenge, with Personal Lines' year-to-date loss ratio at 66.4% and following our 2018 year-end loss ratio of 68.3%. Increasing medical costs and vehicle repairs in both 2018 and 2019 also continues to drive loss severity experience.

To help combat these adverse trends of increasing severity, we will be making adjustments to our Personal Lines Auto product and rates. Effective November 1, 2019 the following modifications will be made:

- **Multivariate Auto Model Refresh:** As previously discussed at the Executive/Agency Round Table meetings, we will be implementing a portion of the Multivariate Auto Model Refresh. The most impactful rating variables to predict future loss experience will be adjusted, which includes model year, horsepower, vehicle symbol, driver age class factors, and insurance score. Based on modifying these rate relativities, you will find pricing will vary from renewal to renewal depending upon the risk characteristics.
- **Merit Rating (Multiple Not At-Fault/Comprehensive Loss Count):** Pricing modifications were made to merit rating/not at-fault loss count. The outcome will be increased pricing for those customers with a higher frequency of loss activity in the last three years.
- **Personal Auto Rate Adjustments:** The specifics of this auto rate change are:
 - o Overall Change: 0.0%
 - B.I. Liability: 15.8%
 - Other than Collision: -3.8%
 - Collision: -3.8%
 - PIP: 0.0%
 - UM / UIM: 3.9%

As shown above, the largest rate impact is in Bodily Injury Liability. This will be reflected in new business and renewal pricing, and you will see the greatest changes on liability only auto policies. If you or your staff have any questions regarding these changes, please contact your Personal Lines field manager or underwriter.

We look forward to working together to achieve mutual profitability and laying a solid foundation for improved results for Personal Auto.

Thank you for your continued support and partnership with Frankenmuth Insurance.