Good News on the Personal Lines Full Payment Plan Requirement in Michigan

Thank you for your “frank” input at our recent Executive/Agency Round Table meetings. We remain committed to following up on issues that surfaced during the meeting – one of which was the Personal Lines Full Payment Plan Requirement. We would like to share our findings and some good news.

But first, here’s a little background to provide some context:

As you may remember, we took steps back in late 2013 to increase the percentage of PL customers with high insurance scores (743 and above), since these customers are consistently more profitable than those with lower insurance scores. Since instituting the Full Payment Plan Requirement, we have improved the percentage of Personal Lines’ business with high insurance scores in relation to the total book. Because this business performs better, we are confident we are in a much better position to achieve consistent, profitable, and stable long-term results. But we couldn’t have done this without your partnership, because you helped drive this change by placing your best business with us.

While the Full Payment Plan Requirement on new business has been in place, we’ve also been successful in adjusting the pricing level on low- and medium-insurance-score business. This adjustment in pricing will allow us both to gain rate adequacy in these insurance score levels to produce future profitable results.

Here’s the good news: Due to this improved pricing and the fact that our profile of the book has improved, we are easing our Full Payment Plan Requirement on new business.

Effective immediately:

- New Personal Lines customers with insurance scores of 648 and above (Tiers #211 – #340) will enjoy the flexibility of all available payment plans.
- New Personal Lines customers with insurance scores of 647 and below (Tiers 101 – 110) will still require full premium payment. Continuous Credit Card is an option but only for the full amount of the premium.

What does this change mean to you?

- This change will make 22.5% more of the population eligible for the full array of payment options.
- It will make it easier for you to write more new business with Frankenmuth Insurance.
- Since these insurance score tiers have better rate adequacy, it can lead to improved profitability for both of us.

If you have any questions or wish to discuss this change, please call your Personal Lines Field Manager, Underwriter, or me.

Thanks again for your “frank” input. We value your feedback and hope this change leads to an even stronger partnership and greater mutual profitability.