Michigan Announces Personal Auto Product/Rate Changes

Thank you for your “frank” input at our recent Executive/Agency Round Table meetings. As mentioned in these meetings, our primary goal is to achieve profitable growth in all lines of business. This is especially important in Personal Auto, which continues to provide challenges. As we shared, we believe we are close to gaining rate adequacy in this line of business, which will stabilize rates and equate to mutual profitable growth.

To reach this goal, we will be making the following modifications to our auto product:

- Effective July 1, 2016, the Michigan Catastrophic Claims Association (MCCA) charge per vehicle will increase from $152 to $162.
- Effective August 1, 2016, the following adjustments will be made to the auto product:

Overall Rate Change: 1.4%
Bodily Injury Liability: 3.0%
PIP: 3.0%
Collision: 0.8%
Comprehensive: -0.2%

Other changes we are making to aid in the growth of our Personal Auto line of business include:

- Full versus Excess Medical Pricing: Based on improved loss experience on Excess Medical business, you will see a greater premium differential in Full versus Excess Medical pricing. *Benefit: This will improve our competitive position on policyholders who are eligible for Excess Medical coverage.*

- Pricing on $0 Paid At-Fault Accidents: As a follow-up item from the Executive/Agency Roundtable Meetings, we are modifying the pricing on $0 paid at-fault accidents. On future at-fault accidents where a payment was not made, policyholders will retain the Preferred discount. *Benefit: This change will assist us in retaining more auto policyholders. While policyholders will not experience any adjustment in pricing for these incidents, the incident will continue to be considered for the underwriting eligibility of the policy.*

- Territory Adjustments: Pricing changes were made in several geographic regions based on overall results. *Benefit: Our rates could be more competitive in some areas. Please consult with your Personal Lines Field Manager for information on the total impact in your area.*

- iBIS New Application Questions: Effective Aug. 1, 2016, you will notice a few additional questions on the iBIS New Business Application. *Benefit: The answers to these questions will help us underwrite any ride-sharing or vehicle-sharing exposures and act on any vehicle that has a salvage, re-built, or assembled title so they are properly insured.*

Your feedback from the Executive/Agency Roundtable meetings has been very helpful, and we are pleased we could follow up so quickly on certain items like the Pricing on $0 Paid At-Fault Accidents. We will continue to review and discuss issues brought up during these meetings and evaluate other ways we can improve our partnership.

Should you or your staff have questions on specific changes, please consult your Personal Lines Field Manager or Underwriter.

Thank you for your continued support of Frankenmuth Insurance. We appreciate all you do for us.