Michigan Auto Rate Adjustment, January 1, 2015

Thank you for your continued support of Frankenmuth Insurance. We look forward to working with each of you to profitably grow our personal lines business while maintaining rate stability wherever possible.

In support of this goal, we are making the following adjustments to our automobile line effective **January 1, 2015**:

- **Coverage Base Rates:**
  - 0.1% Liability
  - 2.0% Personal Injury Protection
  - 0.2% PPI
  - 5.4% Other than Collision
  - 6.9% Collision
  - 0.1% Uninsured Motorists
  - 0.1% Underinsured Motorists

  - **3.6% Overall Base Rate Adjustment**

- **Loss History Discount**: Rates will increase by 3% for policies without a Loss History discount. No rate changes are planned for policies with 3 and 5 year loss history discounts, to promote retention of our best performing personal lines business.

- **Insurance Score Relativities**: We are increasing rates by 20% on the lowest insurance score tiers. We continue to find high insurance score business produces the best overall results.

- **Driver Class Factors**: Due to unprofitable results, we are increasing rates on drivers ages 65-69 by 7.5%, and on drivers age 70+ by 5%.

- **Accident Surcharges**: We found our overall rate levels to be too punitive for drivers who experience their first at-fault accident. Therefore, we are decreasing the surcharge levels for a driver’s first at-fault accident.

- **Travel Trailers**: We are increasing rates on travel trailers by 20% due to deteriorating loss experience on these units.

- **Territory Changes**: You will find geographic areas which will deviate up or down from the overall rate change based on territory loss experience. Please consult your Personal Lines Field Manager on specific changes in your area.

We are committed to managing our auto book of business in a consistent, stable manner. We hope this approach assists you in retaining your best business with Frankenmuth Insurance.

Thanks for your continued support.