

Michigan Personal Lines Auto Changes

Thanks to your efforts, we continue to see improvements in our personal auto results in Michigan. We finished the year with a loss ratio of 55.9%, which is due, in part, to a 4.7% decrease in new auto losses. Unfortunately, we are still seeing increased auto loss severity, with average paid loss increasing 15.9% from prior year.

To continue achieving profitable results amidst increasing loss severity, we are taking a modest overall increase of 2.1%. The following changes will take place effective March 1, 2018:

- Overall Change: +2.1%
- Bodily Injury: +6.8%
- PIP: +2.3%
- Other than Collision: -5.4%
- Collision: +3.7%

We are also making the following rate **decreases** to aid you in the sale of these products:

- **Newer Model Year Vehicles:** We are decreasing rates for newer model year vehicles. This is to improve our competitive position in this risk segment.
- **Youthful Operators Class Factors:** We have seen improved loss experience in this risk segment, therefore, we are decreasing rates for youthful driver classes, operators less than 25 years old. This will improve our ability to write more family type risks.

In addition, you will find modifications to some group program discounts and territory factors. Your Personal Lines field manager or underwriter can advise you on these specific changes.

We are confident these modifications will provide us both with the foundation for continued growth and profitability. If you or your staff have any questions on any of these changes, please contact your Personal Lines field manager or underwriter.

Thank you for your continued support of Frankenmuth Insurance.