

The attached endorsement is being filed for immediate inclusion with all private passenger auto policies for all Esurance companies offering those policies on a new or renewal basis. The purpose of the endorsement is to authorize and facilitate discretionary payments to policyholders. There has been a decline in driving following the issuance of emergency orders and the resulting change in behavior as people shelter in place. With insurance costs going down, Esurance is working to do what's right for policyholders.

The payment recognizes the shelter orders are impacting miles driven and the number of auto accidents. Although customers are driving less and in fewer accidents, the full impact of the pandemic remains uncertain and this payment represents our best estimate of what we are seeing. We also are monitoring the impact on repair costs, premiums being received, customer retention, coverage levels, and investment returns. The payback is a way to get money back to consumers quickly before the full impact of the pandemic is sorted out.

Private passenger auto customers will receive the money back to their last method of payment on file or by check, depending on how they make payments. The payback will equal 15% of a customer's March and April auto premiums and will be calculated on a per policy basis, subject to a \$10 minimum. April and May paybacks go to eligible Esurance auto policyholders with a policy in force as of 3/31/2020 and 4/30/2020, respectively.

We are trying to respond quickly and decisively to get money to customers when they need it most – now. Although much uncertainty remains over the full impact of the pandemic on all of our costs, we are filing the endorsement to remain in effect for 180 days to provide flexibility for future payments, if appropriate.

The payments are being treated as an underwriting expense, so the company's rating plan is not impacted and does not require modification as a result of this filing. Furthermore, this payment does not involve a projection of future premium.

Because this filing is being made in response to the Covid-19 pandemic and is intended to provide policyholders with relief, we ask for your prompt attention and approval. Thank you for your assistance with this filing.

Additional FAQs

Why did Esurance decide to implement this payback plan?

The company saw an opportunity to help customers during an hour of need for many.

How much money will customers receive?

The payback is equal to 15% of a policyholder's monthly premium in effect at the end of the month, with a minimum payment of \$10 per policy. There are no prorated calculations for purposes of this payback since the payback is a function of the total premium (calculated to be monthly) as of 3/31/2020 and 4/30/2020 regardless of the policy effective date or any endorsement activity.

Who is eligible for the payment?

All personal lines auto customers with policies in effect at the end of a month for which a payment is declared will be eligible. Customers must have made at least one payment on their policy to be eligible. The current plan calls for a payback to be calculated for policies in effect as of March 31, 2020, payable in April; and a second payment for policies in effect on April 30, 2020, payable in May.

How long will the payments be available?

We have announced paybacks for March and April and may be extended so long as shutdown conditions and reduced driving persist. The endorsement will go into effect immediately and will remain in effect 180 days after the date of filing.

How will customers receive the payments?

Customers will receive the money back electronically to the last method of payment on file (credit card, debit card, or EFT). If there is no account on file, we will mail a check.

How will customers be notified?

We have a robust communication plan including e-mail communication to customers; a dedicated page on Esurance.com; and in-app notification.

Has Esurance considered the ripple impact of this endorsement on its business?

Right now, the company is focused on doing the right things for its customers in an hour of need for many. We are monitoring the impact on repair costs, customer retention, coverage levels, and investment returns. It is too early to determine the full impact of all these factors on insurance rates.