

## Explanatory Memorandum

### Businessowners Program

#### Premium Relief

The notification below is being filed for immediate implementation for the Main Street America Group of Companies for its Businessowners policyholders. In Mississippi, this includes Grain Dealers Mutual Insurance Company (GDM).

We have continued to monitor the impact COVID-19 is having on our policyholders including those covered under commercial lines policies. While the impact on commercial lines is different than that in personal lines, we are seeing trends in that line of business that have led us to determine that relief to our commercial lines policyholders is warranted under these exceptional circumstances.

We recognize that our commercial lines policyholders, which mainly consist of small business, have had unprecedented impacts by the events surrounding the COVID-19 pandemic. The company has been exploring opportunities to do more for our policyholders. We anticipate reduced claims frequency due to the impairment of operations to many of our small business policyholders. Most restaurants have been restricted to drive through, delivery, or “to go” operations only, most non-essential retail businesses have been closed, and many service and contractors’ businesses have been negatively impacted.

As such, we propose providing a 20% premium credit to all our Business Owner Policyholders for the months of April and May who had a policy in force as of March 31, 2020. This credit will be reflected in our policyholders’ next bill regardless of the type of payment plan they are on. If the policy term is already paid in full, a check will be issued to the policyholder for the amount credited to the policy.

We estimate that countrywide we have approximately 119,000 policies that will qualify for premium credits which would equate to approximately \$10,100,000 in credits, and in Mississippi, we estimate that our approximate 956 policies will qualify for premium credits which would equate to approximately \$67,449 in credits.

The Premium Credits would be applied uniformly to each policyholder in a fair and equitable manner, to avoid any issues with the Unfair Trade Practices Act.

We also understand the importance of clear communications to our agents and policyholders. Accordingly, we have developed a Relief Payment communication strategy to send to our agents and policyholders.

We are backed financially by American Family Insurance Mutual Holding Company through an intercompany quota share reinsurance agreement, and as such, Main Street America has confidence that the Premium Credits would not have a significant impact on our solvency or overall financial position.

We understand that we are in a unique position to make a meaningful impact benefiting our customers and we certainly want to do our part to help during this trying time and appreciate your assistance on this matter.