



**Midvale Indemnity Company  
Private Passenger Auto Program  
Filing Memorandum**

In April, Midvale Home and Auto (“we” or the “Company”) informed your office of the measures we have taken to accommodate our customers during this challenging time, and our plan is to continue with these efforts. We recently returned approximately \$300,000 countrywide (the “Premium Relief Fund”) to assist our customers during the difficult times presented by COVID-19 and would like to continue supporting our customers, so we are seeking your approval to offer additional relief.

Although shelter in place orders and other restrictions have been easing, there is still a relative decrease in the average miles driven per day over prior years. If these trends continue, even at a lesser rate, for the remainder of the year, we project continued loss savings for the Company. As such, we believe the best way to assist our customers during these unprecedented conditions is to return approximately \$370,000 countrywide in additional relief back to our customers by extending our Premium Relief Fund until December 1, 2020.

Additional Premium Relief Fund payments in Mississippi are estimated at approximately \$2,100.

The Premium Relief Fund will take the form of two premium savings payments representing 10% of the monthly premium, delivered in September 2020 to customers in force as of August 31, and again in December for those in force as of November 30. The methodology used to determine the additional relief amount includes the evaluation of losses, consideration for programs announced by competitors, and consideration for longer term driving reductions that have been forecast due to economic impacts stemming from the various stay at home orders.

We also understand the importance of clear communications to our customers. Accordingly, we have included our Relief Payment customer communication as Exhibit A for your review. These payments are applicable to Midvale Indemnity Company (NAIC #27138).

American Family Mutual Insurance Company, S.I. also has reviewed our enterprise’s financial position and we are confident that the Relief Payment would not have a significant impact on our solvency or overall financial position, including our risk-based capital levels. As we approach the peak season for catastrophe claims, we have ensured that we have sufficient liquidity to meet our policy obligations and provide the Relief Payments.

This Relief Payment would be applied uniformly to each customer in a fair and equitable manner, so as to avoid any issues with the Unfair Trade Practices Act. To further avoid any perceptions of self-dealing, Company employees who are at the director level and above, would not be eligible to receive the Relief Payment.

We believe that our initial premium relief efforts were properly accounted for as reductions to premium written and earned in accordance with our initial request to you, and the recent interpretive guidance issued by the Statutory Accounting Principles Working Group in INT 20-08T. Accordingly, we intend to record the additional payments in a consistent manner.

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. As always, we appreciate the work you do. We are happy to provide you with any additional materials and to host a teleconference to facilitate further discussion if necessary.