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MAP2 Frequently Asked Questions

What is MAP2?

MAP2 is the next generation of our personal auto product. It includes a new rating plan, new features, and new discounts. We will launch the new product in Enumclaw Property & Casualty Insurance Company (EP&C) in the 4th Quarter of 2011.

Why do we need MAP2?

We needed to update our rating plan and address some profitability and competitive issues created by MAP1. This sets the stage for healthy growth in this line of business.

When MAP1 was launched in 2006, agents embraced it and we experienced rapid growth. While we like to grow, we did it while attracting some higher loss cost producing business. We also built in some constraints, such as static tiering and pricing differentials for the new business versus the conversion tiers that have led to pricing inaccuracies over time.

These issues are partially responsible for our current results and also created a powerful and continuing reason for you to re-rate and rewrite many of your existing customers.

During the last 2 years, we have addressed profitability issues with several rate increases. This has slowed our growth but has not addressed the structural issues within the MAP1 product.

MAP2 will allow our Personal Auto book to grow profitably again.

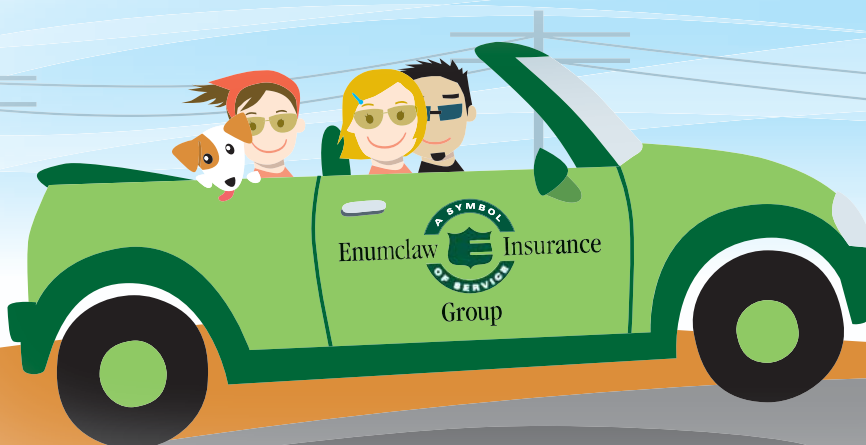
What happened to tiers and the scorecard?

They don't exist in MAP2. The rating plan is now simpler and more straightforward. The final premium is based on rate relativities that correspond with individual risk attributes. It also prices for the changes in risks that occur over time. This removes the need to rewrite a policy.

What new discounts will be available?

- **Homeownership/Package Discount:** a discount for customers who own their home; an even deeper discount if their home policy is written by Mutual of Enumclaw!
- **Legacy Discount:** for drivers under age 25 who leave their parent's policy and are written on their own EP&C auto policy. Retaining these young drivers as they mature creates long term customers and stability for us both.
- **Experience Discount:** for policies with good driving and claim history. If all rated drivers are citation-free, chargeable at fault accident-free, have no more than one non-chargeable at fault accident and (all states except Utah) have no more than one non-glass comprehensive claim in the past 3 years then they are eligible.
- **Advance Quote Discount:** for policies that are quoted at least 3 days prior to the effective date of the policy.

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Will there be any new policy features?

The total dollar amount savings of all the discounts your customer has qualified for will now be displayed on their declarations page.

Are there any coverage changes?

We will no longer offer a few of the lower deductible options for comprehensive and collision that we did in the past. 100/200 liability and UMBI/UIMBI options will no longer be available. Medical payments coverage will no longer be available in Washington.

Why will the product be launched in EP&C?

We are launching MAP2 in EP&C so that we can avoid adverse impacts to our current personal auto book. We did not want to create a disruptive conversion process or a rate capping scenario. This approach will affect our current customers the least. We will not be forcing a conversion of the current Mutual of Enumclaw personal auto book into MAP2.

What happens to the MAP1 business?

Although we will no longer write new business in the program, the existing policies will continue to renew in MAP1. We will continue to manage the profitability of the product as we do today, adjusting rates and making changes as needed.

Will we convert existing business into EP&C/MAP2?

No, but there is an exception to this. Current EP&C customers, of which there are very few, will renew with the new MAP2 pricing structure.

Will we allow rewrites of MAP1 customers into MAP2?

Yes. Rewrites will be allowed and a rewrite button will be provided in IBQ.

What are the impacts to a policyholder rewritten from MAP1 (MoE) into MAP2 (EP&C)?

The policyholder will no longer be a part of a mutual company, so they will lose the rights associated with membership. They will also temporarily lose the ability to combine their new auto policy with their other policies for billing purposes.

Are eligibility guidelines different?

There are no major changes to our eligibility guidelines.

What type of customer does MAP2 target?

The product is geared toward our "Target Customer" which is defined as package customers with at least 2 vehicles. Also, customers with good insurance scores, a good driving history, and multiple policies will see pricing advantages.

What rates of commission will we be paying?

We will pay agents the same commissions as currently in MAP1 (MoE).

Is the Average Driver Factor going away?

No. We moved away from assigned vehicle/usage type pricing, which is inherently less accurate, when we launched MAP1 in 2006.

Does this new product still charge for both the ticket and the accident resulting from the same incident?

No. You will be pleased to know that we have moved away from this practice; concurrent activity will result in a single charge.

Is the customer rerated at every renewal, so that tickets drop off and other attributes are accounted for, etc?

Yes, the policy will be rerated at every renewal so that the premium is as accurate and up to date as possible.

Does MAP2 use the same auto rating territories as MAP1?

Yes.

What kind of documentation is needed to verify discounts?

This varies depending on the discount. Refer to Underwriting Guidelines for details. There are no verification requirements for new MAP2 discounts.

What kind of policy fees are there?

There are no policy fees. Billing fees are the same as for our other products; remember that policies paid via EFT do not incur the monthly fee.

Do you still use IBQ? How about other comparative rating tools?

Yes, we will still use IBQ. There are no new comparative rater tools being launched with MAP2.

Are there any issues around combined billing?

Combined billing is not available across companies initially. MAP2 customers will not be able to combine bills with their MoE homeowner's policy. Once we finish conversion to the new Point In system from CSC for personal lines, combined billing will be available.

Are we making any changes to the way we determine motorhome values?

Yes. We are happy to report that motorhomes will now be rated according to their actual cash value (ACV).

If a customer is rewritten into EP&C/MAP2 will the loyalty discount be reset at zero?

No. The loyalty discount will continue on the new policy.