

Berkshire Hathaway Direct Insurance Company Omaha, NE

August 30<sup>th</sup>, 2026

Per the KS P&C Checklist we wanted to address some of the questions listed.

On the rate effects tab:

The risk characteristic experiencing the most significant rate disruption is General Liability coverage, the largest coverage group within our Business Liability line. As shown in the THREE P&L Q2 2026 document attached to this filing, the ultimate loss and ALAE ratio for Business Liability has exceeded our targeted loss ratio of 62.5% both on a weighted-average basis across 2023–2026 and individually in 2024 and 2025 — reaching 110% in 2024 alone. While our data support an actuarially indicated rate increase of 32.6%, we are proposing a rate change of 22.6% in this filing — significantly lower than what is actuarially justified for this line of business. We anticipate that customers facing the largest increases will shop the market and compare our renewal offer against competitors' rates; however, we expect our revised rates to remain competitive enough to retain the majority of this business. We are prepared to lose policies rather than continue writing business we expect to run at a significant underwriting loss.

Thank you for your attention,

Kam Lui

Actuarial Analyst

