CURE
AUTO INSURANCE • Drive well.

Explanatory Memorandum

CURE is submitting this filing to revise the rates in its Private Passenger Auto program in the state of Michigan.

We are proposing the following changes:

- Increase Bodily Injury and UM/UIM Bodily Injury base rates by +40.0%.
- Increase Property Protection Insurance base rates by +30.0%.
- Increase Personal Injury Protection base rates by +30.0%.
- Introduce a 25.0% renewal rate change cap.
- Discontinue the Annual Mileage Factor for all policies incepted on or after the new business effective date of this filing.

The overall uncapped impact of this filing is +21.4% and the overall impact capped at the proposed 25.0% is 18.9%. Support for the base rate increases can be found in the attached rate indication.

CURE is discontinuing its Annual Mileage Factor for all policies incepted on or after the new business effective date of this filing. Because annual mileage is currently self-reported by the insured and cannot be systematically verified, we have observed a persistent trend of artificially depressed mileage selections. This underreporting decreases collected premium without a commensurate reduction in the true underlying risk exposure. Eliminating this unverified variable removes the opportunity for system abuse, ensuring that our rating structure remains actuarially sound and equitably aligned with actual risk.

While CURE is fully compliant across all other PIP options, we acknowledge that our proposed reduction for the $50,000 limit is 44%, which just falls short of the statutory target reduction of 45%. This minimal deviation is actuarially necessary because the statutory rollbacks have been held constant over a period of excessive inflation. Between May 2019 and September 2026, the Consumer Price Index increased by more than 30%. This is an economic reality DIFS has already recognized by raising the maximum work loss benefit by over 30% during this exact same period. Adjusting for inflation, our 44% rate reduction actually equates to an effective reduction of over 55%. This easily satisfies the original statutory intent while ensuring our premiums remain actuarially adequate for the underlying cost of claims today.

Additionally, this filing corrects a typographical error in our current rate manual. Due to a formatting issue, the $250,000 PIP increased limit factor was incorrectly displayed as 0.780 rather than the previously filed and approved factor of 0.782. We have updated the manual to reflect the correct factor. We confirm this was strictly a manual display error and that our production system has consistently utilized the approved 0.782 factor; therefore, no policyholders were impacted.

The change is requested to be proposed effective on 02/18/2027 for New Business and 03/27/2027 for Renewal Business.