Many rating factors will vary by peril as shown in the rate manual. Flat-dollar charges for optional coverages will only apply once in the rating process and will not impact the individual peril premiums.

B. Basic Premiums

We are implementing basic premium changes that, when combined with all other changes, result in a statewide average 9.9% change for the Non-Tenant Homeowners policy form.

C. Location Rating

We are also introducing the use of the RQE and AIR wildfire models to develop wildfire relativities at the GRID cell level. This new methodology will allow us to better reflect the variation in the wildfire exposure across the state and further segment rates.

We are moving towards the indicated LRFs from the current factors as shown in Exhibit 6.

We are also removing the limitation of individual policyholder movement from their previously applicable combined zone and subzone factors with this change, which will allow policyholders to move to the revised LRFs for their GRID cell.

D. Construction

We are revising our construction factors based primarily on a generalized linear model fit to companywide Non-Tenant experience. Please refer to Exhibit 7 for our current, guideline, and revised factors.

E. Claim Record Rating

We are revising our Claim Record Rating adjustments based primarily on a generalized linear model fit to companywide Non-Tenant experience. Please refer to Exhibit 8 for our current, guideline, and revised adjustments.

F. Loyal Customer Discount

We are revising our Loyal Customer Discount adjustments based primarily on a generalized linear model fit to companywide Non-Tenant experience. Please refer to Exhibit 9 for current, guideline, and revised adjustments.

G. Amount of Insurance

We are restructuring our amount of insurance factors resulting in a revised basic premium calculation. This will result in negligible rate impacts for most policyholders. We are also revising our amount of insurance factors based primarily on a generalized linear model fit to companywide Non-Tenant experience. Please refer to Exhibit 10 for our current, guideline, and revised factors as well as the revised basic premium calculation referenced above.

H. Utilities Rating Plan

We are revising our Utilities Rating Plan adjustments based primarily on a generalized linear model fit to companywide Non-Tenant experience. Please refer to Exhibit 11 for our current, guideline, and revised adjustments.

I. Wildfire Mitigation Discount

We are introducing discounts for policyholders if their home is located within a certified Firewise Community or has been designated by the Insurance Institute for Business and Home Safety (IBHS) as a Wildfire Prepared Home.

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