MGT Insurance Company

Commercial Auto

Explanatory Memorandum

MGT Insurance serves small businesses across the country. As part of serving small businesses, MGT provides commercial auto as one of the products for these small businesses and is looking to add its commercial auto product for those small businesses in California. Commercial auto remains chronically underserved by standard markets as many have exited or restricted offerings in this space in California, something we have consistently heard from our top brokers / agents. The brokers we work with consistently report difficulty placing coverage and ask us to provide coverage for small businesses. With this filing MGT insurance plans to help fill this gap by providing a stable, tech-enabled alternative that mirrors market leading insurers while offering reliable capacity for agents/brokers seeking options for their small commercial clients. Our goal is to be in California, serving small business customers for decades to come.

This is a new program filing enclosed, on behalf of MGT insurance Company, the rate manual, rules, and forms for our new commercial auto program, effective 01/01/2026. All of our filings have been labeled, with all rates and rules filing as a "me-too" of those currently approved and on file for Progressive's United Financial Casualty Company (SERFF# PRGS-134179387 / COi Tracking #24-1845) and ISO, updated to be compliant with current California requirements, except for base rates. The base rates have been expense-adjusted; please see the attached exhibit showing expense differences and the adjustment factor. Our forms generally align with those approved and on file for Progressive's United Financial Casualty Company (SERFF# PRGS-132383638 / COi Tracking #20-1892) and ISO.

As part of this filing, the following documentation has been included:

1. Prior Approval Rate Application, Edition 10-22-2025
2. Prior Approval Rate Template, Edition 10-22-2025
3. Exhibits 6 and 16
4. Program Rules, Rates and Rate Orders of Calculation (ROC)

5. CA Commercial Auto Policy, Endorsements, and Declaration Pages

MGT wishes to file in your state the Progressive and ISO-based forms that were previously approved under the following SERFF Tracking Numbers/State Tracking Numbers:

Form Number	Form Name	Source	
		SERFF #	State Tracking #
MGT BA 1001	Commercial Auto Policy	PRGS-132383638	20-1892
MGT BA 1002	Contingent Liability Endorsement - Limited Liability Coverage for Non-Trucking Use of An Automobile	PRGS-132383638	20-1892
MGT BA 1003	Employer's Non-Ownership Liability Endorsement	PRGS-132383638	20-1892
MGT BA 1004	Hired Auto Coverage Endorsement	PRGS-132383638	20-1892
MGT BA 1005	Mobile Home and Modular Home End	PRGS-132383638	20-1892
MGT BA 1006	Trailer Interchange Coverage Endorsement	PRGS-132383638	20-1892
MGT BA 1007	Medical Payment Endorsement	PRGS-132383638	20-1892
MGT BA 1008	Rental Reimbursement Coverage Endorsement	PRGS-132383638	20-1892
MGT BA 1009	Rental Reimbursement with Downtime Protection Coverage Endorsement	PRGS-132383638	20-1892
MGT BA 1010	Roadside Assistance Coverage Endorsement	PRGS-132383638	20-1892
MGT BA 1011	Drive Other Car Coverage - Broadened Coverage for Named Individuals	PRGS-132383638	20-1892
MGT BA 1012	Motor Truck Cargo Legal Liability Coverage Endorsement	PRGS-132383638	20-1892
MGT BA 1013	Garage Operations Physical Damage Legal Liability Coverage Endorsement	PRGS-132383638	20-1892
MGT BA 1014	Non-owned Trailer Physical Damage Coverage Endorsement	PRGS-132383638	20-1892
MGT BA 1015	Any Automobile Legal Liability Coverage Endorsement	PRGS-132383638	20-1892
MGT BA 1016	Waiver of Subrogation	PRGS-132383638	20-1892
MGT BA 1017	Policy Disclosure Notice of Terrorism Insurance Coverage	PRGS-130419479	16-775

MGT BA 1018	Trade And Economic Sanctions	ISO	Form IL 73 24 08 12
MGT BA 1019	Additional Insured Endorsement	PRGS-132383638	20-1892
MGT BA 1020	Named Driver Exclusion	PRGS-134525416	CO Filing
MGT BA 1021	Named Driver Exclusion Election	PRGS-134525416	CO Filing
MGT BA 1201	Policy Changes	ISO	Form IL 12 01 11 85
MGT BA CA 0201	California Amendatory Endorsement	PRGS-132383638	20-1892
MGT BA CA 0202	California Individual Named Insured Endorsement	PRGS-132383638	20-1892
MGT BA CA 0270	California Cancelation and Nonrenewal Endorsement	PRGS-132383638	20-1892
MGT BA CA 2154	California Uninsured Underinsured Motorist Bodily Injury Coverage	PRGS-132383638	20-1892
MGT BA CA 2155	California Uninsured Motorist Property Damage Coverage	PRGS-132383638	20-1892
MGT BA 1000	MGT Commercial Auto Declarations Page	PRGS-132393123	OR Filing

Rating Sample 1

Business Type	For Hire Trucking Operations
Number of Vehicles	2
Number of Drivers	1
Purchased Coverages	BIPD, COMP, COLL, UMUIM, MEDPAY
BIPD Limit	1M CSL
COMP Deductible	2500
COLL Deductible	2500
UMUIM Limit	1M CSL
MedPay Deductible	500
Policy Term	12 Months
Year, Make, Model: Vehicle 1	2024 Kenworth Construction
Year, Make, Model: Vehicle 2	Non-Owned Trailer
Vehicle Garaging Zip Code	92508
Vehicle Operation Radius	500
Driver 1 Age	38
Driver 1 Points	0
Total Policy Premium	**$ 27,313**

	Vehicle #1		**BI**		**PD**		**COMP**		**COLL**		**UMUIM**		**MEDPAY**	
Step	Description	Operation	Factor	Calculation	Factor	Calculation	Factor	Calculation	Factor	Calculation	Factor	Calculation	Factor	Calculation
1	Base Rate		645.46		276.62		107.49		318.69		267.51		10.61	
2	Business Row Factor	*	0.99	639.01	0.99	273.85	1.00	107.49	1.00	318.69	1.00	267.51	1.00	10.61
3	Business Market Factor	*	0.92	587.88	0.92	251.95	1.39	149.41	0.89	283.63	1.00	267.51	1.00	10.61
4	Physical Damage Deductible Factor	*					0.86	128.49	0.85	241.09				
5	Business Class/Body Type Use Factor	*	4.61	2,710.15	4.61	1,161.47	2.06	264.70	1.83	441.19	0.80	214.01	0.80	8.49
6	Stated Amount	*					4.58	1,212.31	5.93	2,616.27				
7	Symbol Factor	*	1.00	2,710.15	1.00	1,161.47	1.00	1,212.31	1.00	2,616.27	1.00	214.01	1.00	8.49
8	Territory Factor	*	1.00	2,710.15	1.00	1,161.47	1.06	1,285.05	1.12	2,930.23	1.52	325.29	1.44	12.22
9	Radius Factor	*	1.41	3,821.31	1.41	1,637.67	1.53	1,966.13	1.40	4,102.32			1.41	17.23
10	Financial Responsibility Factor	*	0.89	3,400.97	0.89	1,457.53	0.94	1,848.16	0.84	3,445.95	0.89	289.51	0.89	15.34
11	Vehicle Coverage Type Factor	*	1.00	3,400.97	1.00	1,457.53	1.00	1,848.16	1.00	3,445.95			1.00	15.34
12	Model Year Factor	*	1.32	4,489.28	1.32	1,923.94	0.79	1,460.05	0.92	3,170.27			1.32	20.25
13	Policy Level Accident Factor	*	1.00	4,489.28	1.00	1,923.94			1.00	3,170.27			1.00	20.25
14	Endorsement Factor	*	1.25	5,611.60	1.25	2,404.92	1.00	1,460.05	1.25	3,962.84			1.25	25.31
15	Late Pay Cancellation Factor	*	1.00	5,611.60	1.00	2,404.92	1.00	1,460.05	1.00	3,962.84			1.00	25.31
16	Fleet Size Factor	*	0.94	5,274.90	0.94	2,260.62	1.00	1,460.05	0.99	3,923.21	0.94	272.14	0.94	23.79
17	Limit Factor	*	2.76	14,558.72	2.76	6,239.32					2.49	677.63	0.80	19.03
18	Multi-Product Discount Factor	*	0.88	12,811.68	0.88	5,490.60	0.88	1,284.84	0.88	3,452.42			0.88	16.75
19	Personal Use Factor	*	1.00	12,811.68	1.00	5,490.60	1.00	1,284.84	1.00	3,452.42			1.00	16.75
20	Driver Surcharge Factor	*	1.10	14,092.84	1.10	6,039.67	1.00	1,284.84	1.18	4,073.86			1.10	18.42
21	(1-Driver Discount Factor)	*	1.00	14,092.84	1.00	6,039.67	1.00	1,284.84	1.00	4,073.86			1.00	18.42
22	Out of State Driver Factor	*	1.00	14,092.84	1.00	6,039.67	1.00	1,284.84	1.00	4,073.86			1.00	18.42
23	USDOT Score Group Factor	*	1.11	15,643.06	1.11	6,704.03	1.39	1,785.93	1.19	4,847.89				
24	Owner/Operator Factor	*	0.95	14,860.90	0.95	6,368.83	1.00	1,785.93	0.88	4,266.15			0.95	17.50
25	USDOT Interaction Factor	*	1.00	14,860.90	1.00	6,368.83	1.00	1,785.93	1.00	4,266.15				
26	Bad Debt Factor	*	1.01	15,009.51	1.01	6,432.52	1.01	1,803.79	1.01	4,308.81	1.01	684.40	1.01	17.68
27	Vehicle Expense Load	+	140.00	15,149.51	60.00	6,492.52								
28	Round to Whole Dollar	ROUND		15,150.00		6,493.00		1,804.00		4,309.00				
29	(1-Sum of Discounts)	*	0.94	14,241.00	0.94	6,103.42	0.94	1,695.76	0.94	4,050.46	0.94	643.34	0.94	16.62
30	Policy Term Factor	*	1.00	14,241.00	1.00	6,103.42	1.00	1,695.76	1.00	4,050.46	1.00	643.34	1.00	16.62
31	(1+Total Adjustment Factor)	*	1.00	14,241.00	1.00	6,103.42	1.00	1,695.76	1.00	4,050.46			1.00	16.62
32	Round to Whole Dollar	ROUND		14,241.00		6,103.00		1,696.00		4,050.00				17.00
33	Rate Cap Factor	*	1.00	14,241.00	1.00	6,103.00	1.00	1,696.00	1.00	4,050.00	1.00	643.34	1.00	17.00
34	Round to Whole Dollar	ROUND		14,241.00		6,103.00		1,696.00		4,050.00		643.00		17.00
	Total Premium			**$ 14,241**		**$ 6,103**		**$ 1,696**		**$ 4,050**		**$ 643**		**$ 17**

	Vehicle #2		BI		PD	
Step	Description	Operation	Factor	Calculation	Factor	Calculation
1	Base Rate		645.46		276.62	
2	Business Row Factor	*	0.99	639.01	0.99	273.85
3	Business Market Factor	*	0.92	587.88	0.92	251.95
4	Physical Damage Deductible Factor	*				
5	Business Class/Body Type Use Factor	*	0.17	99.94	0.17	42.83
6	Stated Amount	*				
7	Symbol Factor	*	1.00	99.94	1.00	42.83
8	Territory Factor	*	1.00	99.94	1.00	42.83
9	Radius Factor	*	1.41	140.92	1.41	60.39
10	Financial Responsibility Factor	*	0.89	125.42	0.89	53.75
11	Vehicle Coverage Type Factor	*	1.00	125.42	1.00	53.75
12	Model Year Factor	*	1.00	125.42	1.00	53.75
13	Policy Level Accident Factor	*	1.00	125.42	1.00	53.75
14	Endorsement Factor	*	1.25	156.77	1.25	67.19
15	Late Pay Cancellation Factor	*	1.00	156.77	1.00	67.19
16	Fleet Size Factor	*	0.94	147.36	0.94	63.15
17	Limit Factor	*	2.76	406.72	2.76	174.31
18	Multi-Product Discount Factor	*	0.88	357.92	0.88	153.39
19	Personal Use Factor	*	1.00	357.92	1.00	153.39
20	Driver Surcharge Factor	*	1.10	393.71	1.10	168.73
21	(1-Driver Discount Factor)	*	1.00	393.71	1.00	168.73
22	Out of State Driver Factor	*	1.00	393.71	1.00	168.73
23	USDOT Score Group Factor	*	1.11	437.01	1.11	187.29
24	Owner/Operator Factor	*	0.95	415.16	0.95	177.92
25	USDOT Interaction Factor	*	1.00	415.16	1.00	177.92
26	Bad Debt Factor	*	1.01	419.32	1.01	179.70
27	Vehicle Expense Load	+	0.00	419.32	0.00	179.70
28	Round to Whole Dollar	ROUND		419.00		180.00
29	(1-Sum of Discounts)	*	0.94	393.86	0.94	169.20
30	Policy Term Factor	*	1.00	393.86	1.00	169.20
31	(1+Total Adjustment Factor)	*	1.00	393.86	1.00	169.20
32	Round to Whole Dollar	ROUND		394.00		169.00
33	Rate Cap Factor	*	1.00	394.00	1.00	169.00
34	Round to Whole Dollar	ROUND		394.00		169.00
	Total Premium			**$ 394**		**$ 169**

Rating Sample 2

Business Type	Conulting, Legal & Engineering
Number of Vehicles	1
Number of Drivers	2
Purchased Coverages	BIPD, UMUIM
BIPD Limit	250/500/100
UMUIM Limit	250/500
Policy Term	6 Months
Year, Make, Model: Vehicle 1	2024 Cadillac Escalade
Vehicle Garaging Zip Code	91604
Vehicle Operation Radius	300
Driver 1 Age	34
Driver 1 Points	0
Driver 2 Age	32
Driver 2 Points	0
Total Policy Premium	**$ 2,311**

	Vehicle #1		BI		PD		UMUIM	
Step	Description	Operation	Factor	Calculation	Factor	Calculation	Factor	Calculation
1	Base Rate		645.46		276.62		267.51	
2	Business Row Factor	*	0.99	639.01	0.99	273.85	1.00	267.51
3	Business Market Factor	*	1.00	639.01	1.00	273.85	1.00	267.51
4	Physical Damage Deductible Factor	*						
5	Business Class/Body Type Use Factor	*	0.65	415.35	0.65	178.00	1.25	334.39
6	Stated Amount	*						
7	Symbol Factor	*	1.07	444.43	1.07	190.47	1.00	334.39
8	Territory Factor	*	2.07	919.97	2.07	394.26	0.98	327.70
9	Radius Factor	*	1.17	1,076.36	1.17	461.29		
10	Financial Responsibility Factor	*	1.00	1,076.36	1.00	461.29	1.00	327.70
11	Vehicle Coverage Type Factor	*	1.00	1,076.36	1.00	461.29		
12	Model Year Factor	*	1.54	1,657.60	1.54	710.38		
13	Policy Level Accident Factor	*	1.00	1,657.60	1.00	710.38		
14	Endorsement Factor	*	1.00	1,657.60	1.00	710.38		
15	Late Pay Cancellation Factor	*	1.00	1,657.60	1.00	710.38		
16	Fleet Size Factor	*	0.94	1,558.14	0.94	667.76	0.94	308.04
17	Limit Factor	*	1.59	2,477.44	1.59	1,061.74	1.59	489.78
18	Multi-Product Discount Factor	*	1.00	2,477.44	1.00	1,061.74		
19	Personal Use Factor	*	1.00	2,477.44	1.00	1,061.74		
20	Driver Surcharge Factor	*	1.21	2,997.71	1.21	1,284.70		
21	(1-Driver Discount Factor)	*	1.00	2,997.71	1.00	1,284.70		
22	Out of State Driver Factor	*	1.00	2,997.71	1.00	1,284.70		
23	USDOT Score Group Factor	*	0.98	2,937.75	0.98	1,259.01		
24	Owner/Operator Factor	*	0.95	2,790.86	0.95	1,196.06		
25	USDOT Interaction Factor	*	1.00	2,790.86	1.00	1,196.06		
26	Bad Debt Factor	*	0.99	2,762.96	0.99	1,184.10	0.99	484.88
27	Vehicle Expense Load	+	70.00	2,832.96	30.00	1,214.10		
28	Round to Whole Dollar	ROUND		2,833.00		1,214.00		
29	(1-Sum of Discounts)	*	1.00	2,833.00	1.00	1,214.00	1.00	484.88
30	Policy Term Factor	*	0.51	1,444.83	0.51	619.14	0.51	247.29
31	(1+Total Adjustment Factor)	*	1.00	1,444.83	1.00	619.14		
32	Round to Whole Dollar	ROUND		1,445.00		619.00		
33	Rate Cap Factor	*	1.00	1,445.00	1.00	619.00	1.00	247.29
34	Round to Whole Dollar	ROUND		1,445.00		619.00		247.00
	Total Premium			**$ 1,445**		**$ 619**		**$ 247**

MGT Insurance Company

Commercial Auto

New Program

Exhibit 16

The source used to develop the rates for the new program is an unaffiliated Progressive company, United Financial Casualty Company (CDI# 24-1845). To the best of our knowledge, Progressive uses a largely consistent rating structure across all states in which it writes business.

Our new Commercial Auto program has been developed as a strategic initiative to serve a market where competitive rates and consumer options have deteriorated over the past several years. The program will target small businesses operating within a 500-mile radius and using light vehicles weighing less than 33,000 lbs.

The proposed rate factors in this filing are identical to those in Progressive's most recently approved filing (CDI# 24-1845), except for the base rates, which have been adjusted for expenses.

The Company requests an effective date of January 1, 2026.

MGT Insurance Company
MGT Commercial Auto Program

Exhibit 1
California

Projected Expense Ratio

	Expense	Liability	Physical Damage
(1)	Commissions	14.50%	14.50%
(2)	Other Acquisition	4.50%	4.50%
(3)	General Expense	6.00%	6.00%
(4)	Taxes	2.35%	2.35%
(5)	Profit	12.00%	9.00%
(6)	Investment Income Offset	3.35%	0.29%
(7)	Total	36.00%	36.06%
(8)	Expected Loss Ratio	64.00%	63.94%

(1) See Exhibit 2 - Liability & Auto - Physical Damage
(2) See Exhibit 2 - Liability & Auto - Physical Damage
(3) See Exhibit 2 - Liability & Auto - Physical Damage
(4) Based on specific tax information for California
(5) See Exhibit 3 - Liability & Exhibit 3 - Physical Damage
(6) See Exhibit 3 - Liability & Exhibit 3 - Physical Damage
(7) = (1) + (2) + (3) + (4) + (5) - (6)
(8) = [1.000 - (7)]

MGT Insurance Company
MGT Commercial Auto Program

Exhibit 2 Liability
California

Industrywide Insurer Expense Experience
Commercial Automobile Liability Insurance

Year	(1) Premiums Written	(2) Premiums Earned	(3) General Expense Incurred	(4) Comm. & Brokerage Incurred	(5) Other Acq. Incurred	(6) General Expense (3) / (2)	(7) Comm. & Brokerage (4) / (1)	(8) Other Acq. (5) / (2)	(9) Total Production (7) + (8)
2021	$41,378,150	$38,920,679	$2,287,867	$5,284,881	$1,677,887	5.9%	12.8%	4.3%	17.1%
2022	$46,244,500	$44,205,745	$2,533,458	$5,653,065	$1,746,988	5.7%	12.2%	4.0%	16.2%
2023	$49,437,275	$47,468,419	$2,792,625	$6,002,483	$1,951,929	5.9%	12.1%	4.1%	16.2%
					3-Year Average (2021-2023)	**5.8%**	**12.4%**	**4.1%**	**16.5%**

Expense Summary

	Expenses	Actual Expenses - Industrywide 2021	2022	2023	3 - Year Average	Selected
(1)	Commissions	12.8%	12.2%	12.1%	12.4%	**14.50%**
(2)	Other Acquisition	4.3%	4.0%	4.1%	4.1%	**4.50%**
(3)	General Expense	5.9%	5.7%	5.9%	5.8%	**6.00%**
(4)	Taxes					2.35%
(5)	Profit					12.00%
(6)	Inv. Income					-3.35%
					Total Expenses	36.00%
					Expected Loss & LAE	64.00%
					TOTAL	100.0%

4 - Based on specific tax information for California
5 - See Exhibit 3
6 - See Exhibit 3

(1) thru (5) Source: Industry Annual Insurance Expense Exhibit, Part III, Column 1, Line(s) 19.3, 19.4.

MGT Insurance Company
MGT Commercial Auto Program

Exhibit 2 Phsyical Damage
California

Industrywide Insurer Expense Experience
Commercial Automobile Physical Damage Insurance

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Premiums		General Expense	Comm. & Brokerage	Other Acq.	General Expense	Comm. & Brokerage	Other Acq.	Total Production
Year	Written	Earned	Incurred	Incurred	Incurred	(3) / (2)	(4) / (1)	(5) / (2)	(7) + (8)
2021	$12,318,519	$11,719,058	$745,158	$1,732,415	$568,311	6.4%	14.1%	4.8%	18.9%
2022	$13,760,245	$13,222,070	$804,835	$1,910,088	$600,946	6.1%	13.9%	4.5%	18.4%
2023	$14,899,798	$14,407,284	$923,396	$2,035,580	$645,588	6.4%	13.7%	4.5%	18.2%
				3-Year Average (2018-2020)		**6.3%**	**13.9%**	**4.6%**	**18.5%**

	Expense Summary					
		Actual Expenses - Industrywide				
	Expenses	**2021**	**2022**	**2023**	**3 - Year Average**	**Selected**
(1)	Commissions	14.1%	13.9%	13.7%	13.9%	**14.50%**
(2)	Other Acquisition	4.8%	4.5%	4.5%	4.6%	**4.50%**
(3)	General Expense	6.4%	6.1%	6.4%	6.3%	**6.00%**
(4)	Taxes					2.35%
(5)	Profit					9.00%
(6)	Inv. Income					-0.29%
					Total Expenses	36.06%
					Expected Loss & LAE	63.94%
					TOTAL	100.0%

4 - Based on specific tax information for California
5 - See Exhibit 3b
6 - See Exhibit 3b

(1) thru (5) Source: Industry Annual Insurance Expense Exhibit, Part III, Column 1, Line(s) 21.2

MGT Insurance Company | **Exhibit 3 - Liability**
MGT Commercial Auto Program | **California**

Estimated Investment Earnings on Unearned Premium Reserves and on Loss Reserves

A.	Unearned Premium Reserve	
	1. Direct Earned Premium	$10,000,000
	2. Mean Direct Unearned Premium Reserve (1) X 0.451	$4,510,000
	3. Deduction for Prepaid Expenses	

Commission and Brokerage Expense	14.5%
Taxes, Licenses & Fees	2.4%
50% of Other Acquisition Expense	2.3%
50% of Company Operating Expense	3.0%
Total	**22.1%**

	(Total)	22.1%
	4. Deduction for Federal Taxes Payable	4.2%
	5. (2) X [(3) + (4)]	$1,186,130
	6. Net Subject to Investment = (2) - (5)	$3,323,870
B.	Delayed Remission of Premium (Agent's Balances)	
	1. Direct Earned Premium	$10,000,000
	2. Average Agents' Balance	38.5%
	3. Delayed Remission = (1) X (2)	$3,851,122
C.	Loss and LAE Reserves	
	1. Direct Earned Premium	$10,000,000
	2. Expected Incurred Losses = (1) X 0.6065	**$6,065,000**
	3. Expected Mean Loss Reserves = (2) X 1.776	$10,769,026
D.	Net Subject to Investment = (A.6) - (B.3) + (C.3)	$10,241,774
E.	Average Rate of Return	**4.1%**
F.	Investment Earnings on Net Subject to Investment = (D) X (E)	$418,323
G.	Average Rate of Return as a Percent of Direct Earned Premium = (F) / (A.1)	**4.18%**
H.	Average Rate of Return as a Percent of Direct Earned Premium After Federal Income Taxes = (G) X [(1.000) - (0.199)]	3.35%
I.	Required Total Return on Premium	**12.00%**
J.	Indicated After Tax Underwriting Profit Provision = (I) - (H)	8.65%

MGT Insurance Company | **Exhibit 3 - Liability**

MGT Commercial Auto Program

Estimated Investment Earnings on Unearned Premium Reserves and on Loss Reserves

Line A-1 Direct Earned Premium

Direct earned premium - Represents an estimate of annual premium volume for the company.

Line A-2 Direct Unearned Premium Reserve

The mean direct unearned premium reserve is determined by multiplying the direct earned premium in line A-1 by the ratio of the mean direct unearned premium reserves to the direct earned premium for the latest available calendar year of business.

	($ 000)
1. Direct Earned Premium for Calendar Year 2023	$40,819,524
2. Direct Unearned Premium Reserve as of 12/31/21	$16,576,617
3. Direct Unearned Premium Reserve as of 12/31/22	$18,477,441
4. Direct Unearned Premium Reserve as of 12/31/23	$20,155,993
5. Mean Direct Unearned Premium Reserve = ½ [(2) + (3)]	$18,403,350
6. Ratio (4) / (1)	**0.451**
7. Selected Ratio	**0.451**

Source: From IEE Part II for industry as reported by S&P.

Line A-3 Deduction for prepaid expenses

Production costs and a large part of the other company expenses in connection with the writing and handling of insurance policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provision for expense used in our determination of the expected loss and LAE ratio.

Line A-4 Deduction for Federal Taxes Payable

Assume 21% Federal Tax on 20% of Unearned Premium Reserve

Line B-2 Delayed Remission of Premium (Agent's Balances)

The total agents' balances (uncollected premiums due) is based on the deferred premiums, agents' balances and installments booked but deferred and not yet due. This average is based on balances for calendar years 2021, 2022, and 2023.

	($ 000)
1. Direct Earned Premium for Calendar Year 2023	$40,819,524
2. Deferred premiums, agents' balances and installments 2023	$21,693,080
3. Direct Earned Premium for Calendar Year 2022	$37,561,658
4. Deferred premiums, agents' balances and installments 2022	$11,296,923
5. Direct Earned Premium for Calendar Year 2021	$33,078,244
6. Deferred premiums, agents' balances and installments 2021	$10,688,938
7. Mean Ratio = { [(2) / (1)] + [(4) / (3)] + [(6) / (5)]} / 3	**0.385**
8. Selected Mean Ratio	**0.385**

Source: From IEE Part II for industry as reported by S&P.

Line C-2 Expected Incurred Losses

The expected incurred losses are determined by multiplying the direct earned premium by the average expected loss ratio (including loss adjustment expenses)

MGT Insurance Company **Exhibit 3 - Liability**

MGT Commercial Auto Program

Estimated Investment Earnings on Unearned Premium Reserves and on Loss Reserves

Line C-3 **Expected Mean Loss Reserves**

The expected mean loss reserve is determined by multiplying the expected incurred losses in line C-2 by the average ratio of the mean loss reserve to the incurred loss in the latest two available calendar years for this line of business. This data is based on industrywide data.

		($ 000)
1.	Direct Incurred for Calendar Year 2021	$21,123,308
2.	Direct Incurred for Calendar Year 2022	$26,396,504
3.	Direct Incurred for Calendar Year 2023	$30,346,233
4.	Direct Reserves as of 12/31/20	$39,388,669
5.	Direct Reserves as of 12/31/21	$44,472,610
6.	Direct Reserves as of 12/31/22	$50,339,092
7.	Direct Reserves as of 12/31/23	$57,656,163
8.	Mean Loss Reserves 2021 = .5 X [(4) + (5)]	$41,930,640
9.	Mean Loss Reserves 2022 = .5 X [(5) + (6)]	$47,405,851
10.	Mean Loss Reserves 2023 = .5 X [(6) + (7)]	$53,997,628
11.	Ratio (8) / (1)	1.985
12.	Ratio (9) / (2)	1.796
13.	Ratio (10) / (3)	1.779
14.	[(11) + (12) + (13)] / 3	1.853
15.	**Estimated Reserve Discount**	20.0%
16.	Federal Taxes Payable (% of Reserves): (15) X 0.21	4.2%
17.	(14) X [1.00 - (16)]	1.776
18.	**Selected Ratio**	**1.776**

Source: From IEE Part II for industry as reported by S&P.

Line E **Average Rate of Return**

The average rate of return is the ratio of net investment income earned to mean cash and invested assets.

Year	Net Investment Income Earned	Cash and Invested Assets: Invested Assets	Cash and Invested Assets: Mean	Rate of Return
2021	$56,067,507	$2,260,356,787	$2,260,356,787	2.48%
2022	$71,471,440	$2,217,020,463	$2,238,688,625	3.19%
2023	$72,686,136	$2,361,394,896	$2,289,207,679	3.18%
			Two-Year Average Rate of Return	3.2%
			Selected Rate of Return	**3.2%**

To include realized capital gains (or losses), a three-year average rate of return is calculated and added to the above rate of return.

Year	Realized Capital Gains (or Losses)	Mean Cash and Invested Assets	Rate of Return
2021	$17,495,884	$2,260,356,787	0.8%
2022	-$3,899,791	$2,238,688,625	-0.2%
2023	$48,119,317	$2,289,207,679	2.1%
		Three-Year Average Rate of Return	0.90%
		Selected Rate of Return	**0.90%**

Selected Total Rate of Return

Net Investment Income Earned and Net Realized Capital Gains (or Losses) **4.1%**

Line H **Federal Income Tax Rate**

The effective income tax rate on investment income is calculated as a weighted average of the effective tax rate on investments and the tax rate for capital gains, with the rates of return as weights:

	Rate of Return	Federal Income Tax Rate
Net Investment Income Earned	3.2%	19.6%
Net Realized Capital Gains (or Losses)	0.9%	21.0%
	4.1%	**19.9%**

Investment	2023	Effective Tax Rate
Taxable Bonds	$41,095,427	21.0%
Tax Exempt Bonds	$5,048,633	5.3%
Stocks	$1,125,419	21.0%
Common Stocks in Affiliates	$2,606,024	13.1%
Cash	$8,370,293	21.0%
Other Invesments	$8,618,483	21.0%
Expense and Other Deductions	$6,855,151	21.0%
Total	$73,719,430	**19.6%**

MGT Insurance Company | **Exhibit 3 - Physical Damage**
MGT Commercial Auto Program | **California**

Estimated Investment Earnings on Unearned Premium Reserves and on Loss Reserves

A. Unearned Premium Reserve

1.	Direct Earned Premium	$10,000,000
2.	Mean Direct Unearned Premium Reserve (1) X 0.423	$4,230,000
3.	Deduction for Prepaid Expenses	

Commission and Brokerage Expense	14.5%
Taxes, Licenses & Fees	2.4%
50% of Other Acquisition Expense	2.3%
50% of Company Operating Expense	3.0%
Total	**22.1%**

22.1%

4.	Deduction for Federal Taxes Payable	7.0%
5.	(2) X [(3) + (4)]	$1,230,930
6.	Net Subject to Investment = (2) - (5)	$2,999,070

B. Delayed Remission of Premium (Agent's Balances)

1.	Direct Earned Premium	$10,000,000
2.	Average Agents' Balance	34.2%
3.	Delayed Remission = (1) X (2)	$3,422,202

C. Loss and LAE Reserves

1.	Direct Earned Premium	$10,000,000
2.	Expected Incurred Losses = (1) X 0.6365	**$6,365,000**
3.	Expected Mean Loss Reserves = (2) X 0.204	$1,295,764

D. Net Subject to Investment = (A.6) - (B.3) + (C.3) — $872,632

E. Average Rate of Return — **4.1%**

F. Investment Earnings on Net Subject to Investment = (D) X (E) — $35,642

G. Average Rate of Return as a Percent of Direct Earned Premium = (F) / (A.1) — **0.36%**

H. Average Rate of Return as a Percent of Direct Earned Premium
After Federal Income Taxes = (G) X [(1.000) - (0.199)] — 0.29%

I. Required Total Return on Premium — **9.00%**

J. Indicated After Tax Underwriting Profit Provision = (I) - (H) — 8.71%

MGT Insurance Company **Exhibit 3 - Physical Damage**
MGT Commercial Auto Program **California**
Estimated Investment Earnings on Unearned Premium Reserves and on Loss Reserves

Line A-1 Direct Earned Premium
Direct earned premium - Represents an estimate of annual premium volume for the company.

Line A-2 Direct Unearned Premium Reserve
The mean direct unearned premium reserve is determined by multiplying the direct earned premium in line A-1 by the ratio of the mean direct unearned premium reserves to the direct earned premium for the latest available calendar year of business.

	($ 000)
1. Direct Earned Premium for Calendar Year 2023	$12,793,366
2. Direct Unearned Premium Reserve as of 12/31/21	$4,798,365
3. Direct Unearned Premium Reserve as of 12/31/22	$5,471,308
4. Direct Unearned Premium Reserve as of 12/31/23	$5,972,045
5. Mean Direct Unearned Premium Reserve = ½ [(2) + (3)]	$5,413,906
6. Ratio (4) / (1)	**0.423**
7. Selected Ratio	**0.423**

Source: From IEE Part II for industry as reported by S&P.

Line A-3 Deduction for prepaid expenses
Production costs and a large part of the other company expenses in connection with the writing and handling of insurance policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provision for expense used in our determination of the expected loss and LAE ratio.

Line A-4 Deduction for Federal Taxes Payable
Assume 21% Federal Tax on 20% of Unearned Premium Reserve

Line B-2 Delayed Remission of Premium (Agent's Balances)
The total agents' balances (uncollected premiums due) is based on the deferred premiums, agents' balances and installments booked but deferred and not yet due. This average is based on balances for calendar years 2021, 2022 and 2023.

	($ 000)
1. Direct Earned Premium for Calendar Year 2023	$12,793,366
2. Deferred premiums, agents' balances and installments 2023	$3,828,848
3. Direct Earned Premium for Calendar Year 2022	$11,732,291
4. Deferred premiums, agents' balances and installments 2022	$3,397,476
5. Direct Earned Premium for Calendar Year 2021	$10,266,549
6. Deferred premiums, agents' balances and installments 2021	$4,494,627
7. Mean Ratio = { [(2) / (1)] + [(4) / (3)] + [(6) / (5)]} / 3	**0.342**
8. Selected Mean Ratio	**0.342**

Source: From IEE Part II for industry as reported by S&P.

Line C-2 Expected Incurred Losses
The expected incurred losses are determined by multiplying the direct earned premium by the average expected loss ratio (including loss adjustment expenses)

Estimated Investment Earnings on Unearned Premium Reserves and on Loss Reserves

Line C-3 Expected Mean Loss Reserves

The expected mean loss reserve is determined by multiplying the expected incurred losses in line C-2 by the average ratio of the mean loss reserve to the incurred loss in the latest two available calendar years for this line of business. This data is based on industrywide data.

		($ 000)
1.	Direct Incurred for Calendar Year 2021	$5,770,030
2.	Direct Incurred for Calendar Year 2022	$7,721,435
3.	Direct Incurred for Calendar Year 2023	$8,170,549
4.	Direct Reserves as of 12/31/20	$1,144,886
5.	Direct Reserves as of 12/31/21	$1,404,258
6.	Direct Reserves as of 12/31/22	$1,739,189
7.	Direct Reserves as of 12/31/23	$1,742,376
8.	Mean Loss Reserves 2021 = .5 X [(4) + (5)]	$1,274,572
9.	Mean Loss Reserves 2022 = .5 X [(5) + (6)]	$1,571,724
10.	Mean Loss Reserves 2023 = .5 X [(6) + (7)]	$1,740,783
11.	Ratio (8) / (1)	0.221
12.	Ratio (9) / (2)	0.204
13.	Ratio (10) / (3)	0.213
14.	[(11) + (12) + (13)] / 3	0.213
15.	**Estimated Reserve Discount**	20.0%
16.	Federal Taxes Payable (% of Reserves): (15) X 0.21	4.2%
17.	(14) X [1.00 - (16)]	0.204
18.	**Selected Ratio**	**0.204**

Source: From IEE Part II for industry as reported by S&P.

Line E Average Rate of Return

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2023	$48,119,317	$2,289,207,679	2.1%
		Three-Year Average Rate of Return	0.90%
		Selected Rate of Return	**0.90%**

Selected Total Rate of Return	Net Investment Income Earned and Net Realized Capital Gains (or Losses)	**4.1%**

Estimated Investment Earnings on Unearned Premium Reserves and on Loss Reserves

Line H Federal Income Tax Rate

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Stocks	$1,125,419	21.0%
Common Stocks Dividends	$2,606,024	13.1%
Cash	$8,370,293	21.0%
Other Invesments	$8,618,483	21.0%
Expense and Other Deductions	$6,855,151	21.0%
Total	$73,719,430	**19.6%**

California Department of Insurance

Affidavit

Company Tracking Number[1]: MGT-CA-CA-2025

Application Type: Prior Approval Rate Application

Company Name[2]: MGT Insurance Company

Group Name: MGT Group

Title of Declarant: IRC LLC - President

Name of Declarant: Jeremy Battles

Telephone # of Declarant: (212) 571-3884

As set forth above, I am employed with the above-referenced group, and I am authorized to execute this Affidavit on its behalf. I have made reasonable efforts to review the information filed in the above-referenced application as well as relevant documents, records, and information possessed by or known to the group. Based on such review, I declare under penalty of perjury under the laws of the State of California, that the information filed in the above referenced application is true, complete, and accurate, and that no form of price optimization, whether in a model or by any methodology, has been used in the development of the filed rates for any segment of the filed rating plan. I declare under penalty of perjury that the Excel templates submitted in the filing have not been altered in any way not expressly authorized by the Prior Approval Rate Filing Instructions.

Authorized Electronic Signature: Jeremy W. Battles Digitally signed by Jeremy W. Battles Date: 2025.12.02 10:29:02 -05'00' Date: 12/2/25

[1] "Company Tracking Number" is the "Co Tr Num" listed on SERFF to identify the application.

[2] For applications in which multiple companies are included (group filings), provide the first listed company on the application.

Exhibit A - Expense Comparision

	Progressive	
	Commercial Auto Liability	**Commercial Auto Physical Damage**
Commission	10.00%	10.00%
Other Acquisition	4.50%	4.50%
General Expenses	6.50%	6.50%
Taxes, Licenses, Fees	3.00%	3.00%
Total Expenses	**24.00%**	**24.00%**
Profit	8.65%	8.65%
Total Expense & Profit	32.65%	32.65%
Permissible Loss Ratio	**67.35%**	**67.35%**

	MGT - Selected	
	Commercial Auto Liability	**Commercial Auto Physical Damage**
Commission	14.50%	14.50%
Other Acquisition	4.50%	4.50%
General Expenses	6.00%	6.00%
Taxes, Licenses, Fees	2.35%	2.35%
Total Expenses	**27.35%**	**27.35%**
Profit	8.65%	8.65%
Total Expense & Profit	36.00%	36.00%
Permissible Loss Ratio	**64.00%**	**64.00%**

	Commercial Auto Liability	**Commercial Auto Physical Damage**
Rate Adjustment Factor	1.05	1.05