

NEXT INSURANCE US COMPANY

FILING MEMORANDUM

Workers' Compensation

On behalf of Next Insurance US Company ("ERGO | NEXT"), we are submitting this filing to introduce their rates and rules in your jurisdiction for workers' compensation coverage.

ERGO | NEXT is in the process of gaining authority to write Workers Compensation in California for the carrier Next Insurance US Company. In support of that filing effort, ERGO | NEXT is submitting this filing as a new standard offering for Workers Compensation. ERGO | NEXT is part of Munich Re Group 361 which is currently filed for use by American Alternative Insurance, American Family Home Insurance Company and American Modern Home Insurance Company. Munich Re has 3 companies that are available to write Workers Compensation, however they only have legacy business written in these companies and are not actively writing New Business. ERGO | NEXT writes small commercial business and intends to offer Workers Compensation to its small commercial insureds.

ERGO | NEXT will use the rules and supplementary rating information in the Workers' Compensation Insurance Rating Bureau of California ("WCIRB") Basic Manual supplemented with the independent manual pages contained in this filing.

The proposed rates are based on the most recent approved WCIRB approved pure premiums. ERGO | NEXT is proposing an intra company tier structure and has included the placement criteria with this submission along with support for the various rate levels. A return on equity exhibit is provided to support the standard tier loss cost multiplier as well as the profit and expense selections. The proposed expenses reflect the expected expenses for the new program. Additional support for the expense selections is presented in the file "Small Business Benchmark IEE 2022-2024 (expense selection support)".