



Liberty Mutual Insurance

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Re: Liberty Mutual Group Coronavirus (COVID-19) Premium Relief Action

As part of our response to the unprecedented coronavirus (COVID-19) pandemic, we are filing our recently announced Personal Auto Customer Relief Refund. We intend to provide premium relief in the amount of 15% for two months of annual auto premium for all private passenger auto policies with liability coverage, in-force as of April 7, 2020.

Emergency orders and social distancing have led to either required or recommended staying at home. Only essential activities are advised. As such, there will be meaningful changes to driving behavior. These changes will have resulting impacts on the frequency and severity of car accidents.

Frequency improvements will result from decreases in miles driven and less traffic while driving. Changes in severity are less clear but are likely to partially offset favorable frequency impacts. With fewer cars on the road, faster driving is likely to take place. As medical and emergency services are more limited than in recent history, resulting injuries may be more difficult and costly to treat. There may also be changes in the costs of vehicle repair, with both parts and labor inaccessibility.

Even though specific impacts are currently unknown, we propose acting quickly to acknowledge the likelihood of pure premium reductions and to give customers much needed premium relief. Our 15% premium relief refund will be similarly applied to each private passenger auto policy with liability coverage and in-force as of April 7, 2020. This ensures that there is no dissimilar treatment of policyholders.

Refunds countrywide will total approximately \$250 million to Liberty Mutual and Safeco personal auto insurance customers. As a result of these extraordinary circumstances, and the urgent need of policyholders to receive these funds, it is our intention that this initiative will not impact the company's rating plan and therefore will not require any future modifications or filings.