

State of Tennessee  
Direct Insurance Company (DIC)  
Private Passenger Automobile  
Filing Memorandum

Direct Insurance Company is pleased to present the enclosed Rate (only) Revision for Department review. This revision is submitted using the expedited Filing Method of File & Use in accordance and compliance with TCA § 56-5-302. Our intention is that this filing applies to new business policies effective 6/12/2025, and renewals effective 7/18/2025.

Descriptions of the changes included with the revision follow with actuarial exhibits included as supporting documentation.

**1. Coverage-level and overall rate level impacts:**

|  |                |                |        |                |
|--|----------------|----------------|--------|----------------|
| Direct Insurance Company   |                |                |        | Exhibit I      |
| New Business Eff 06/12/2025, Renewal Business Eff 07/18/2025                       |                |                |        |                |
| Tennessee  |                |                |        |                |
| Proposed Impacts   |                |                |        |                |
| New Business Effective Date: 6/12/2025, Renewal Business Effective Date: 7/18/2025 |                |                |        |                |
| TN DIC Revision  |                |                |        |                |
| COVERAGE   | CURRENT        | PROPOSED       | % CHG  | \$ CHG         |
| BI   | \$ 51,140,613  | \$ 53,678,751  | 5.0%   | \$ 2,538,138   |
| PD   | \$ 61,289,795  | \$ 55,218,144  | -9.9%  | \$ (6,071,652) |
| MED  | \$ 229,715     | \$ 241,217     | 5.0%   | \$ 11,502      |
| UMBI   | \$ 6,365,752   | \$ 6,618,625   | 4.0%   | \$ 252,873     |
| UMP  | \$ 4,223,435   | \$ 3,796,295   | -10.1% | \$ (427,140)   |
| ADD  | \$ 368,894     | \$ 368,894     | 0.0%   | \$ (1)         |
| COMP   | \$ 15,578,690  | \$ 14,800,994  | -5.0%  | \$ (777,695)   |
| COLL   | \$ 42,534,665  | \$ 39,759,479  | -6.5%  | \$ (2,775,186) |
| TOW  | \$ 33,224      | \$ 28,251      | -15.0% | \$ (4,972)     |
| RENT   | \$ 1,127,920   | \$ 1,048,995   | -7.0%  | \$ (78,925)    |
| TOTAL LIABILITY  | \$ 123,618,206 | \$ 119,921,926 | -3.0%  | \$ (3,696,280) |
| TOTAL PHYSICAL DAMAGE  | \$ 59,356,946  | \$ 55,720,167  | -6.1%  | \$ (3,636,779) |
| TOTAL  | \$ 182,975,151 | \$ 175,642,093 | -4.0%  | \$ (7,333,059) |

2. We plan to implement our latest GLM8 version products with improved segmentation vs our current GLM5 and 6 Tennessee products in TN early 2026. Among other improvements, the new GLM8 products do a much better job picking up Lifetime Value and Persistency signals as well as allocating both fixed and variable expense loads more accurately. The improved segmentation will enable us to offer reduced rates to large segments across the state. During the interim period until the GLM8 products become available, we have identified and are proposing changes to several areas where we feel we can push reduced rates into the existing product(s). Specific areas modified with this revision:

- **Paid In Full Discount factors**
- **Multi-Car Discount factors**
- **Coverage Base Rates modified to achieve the filed rate impacts by coverage and overall impact**

Per item 9 Rate/Rule Filing Checklist – No Insureds (zero) will receive rate increase exceeding 25%.

Required Rate/Rule Filing Checklist, actuarial support exhibits and copies of the specific rate tables that have been modified in this revision are included with this filing.