Farmers Automobile Insurance Association
Pekin Insurance Company
Private Passenger Auto – Illinois
Actuarial Memorandum

Farmers Automobile Insurance Association and Pekin Insurance Company are filing a Private Passenger Auto rate change for your review. The total rate level change for this proposal is -2.0% (0.0% Liability, -3.9% Physical Damage). The proposed effective date for this change is September 5, 2025, for both new and renewal business.

Our indicated rate level change for this program is -3.4% for Liability and -10.8% for Physical Damage.

With this filing, we are changing the following rating factors:

1. Base Rates
2. BI Limit V2
3. MED Limit Factor
4. CBG Factor
5. Driver Class Factor
6. Credit Score Factor
7. Advanced Issue Factor
8. Rate Cap
9. Named Non Owner Base Rate

We are also adding the following rating factors:

1. Model Year Factor
2. Auto-Life Discount Factor
3. Electric Vehicle Surcharge Factor
4. Youthful Credit Factor

The Model Year Factor is replacing the Vehicle Age Factor that is currently used in our rating.

For all the changes listed above, we are also filing our final rate manual pages.

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Pekin Insurance - Indicated Rate Level Adjustment - Premium Weighted Indication
Illinois
Effective Date: 09/05/2025

Liability

Coverage	Indicated Rate Change	Inforce Premium	Indicated Premium Change
Bodily Injury	-2.3%	13,666,365	-317,119
Medical	-3.2%	1,660,003	-53,376
Property Damage	-1.6%	10,918,813	-171,932
Uninsured Motorist	-19.3%	1,221,006	-235,133
Underinsured Motorist	-11.7%	1,814,528	-212,821
Total		29,280,715	-990,381

Liability Premium-Weighted Indication **-3.4%** <--Total Premium Change / Total Inforce Premium

Physical Damage

Coverage	Indicated Rate Change	Inforce Premium	Indicated Premium Change
Collision	-11.5%	16,243,472	-1,865,682
Comprehensive	-8.6%	15,074,159	-1,291,332
Emergency Roadside Service (ERS)	-72.3%	336,402	-243,055
Uninsured Motorist Property Damage	-29.8%	35,934	-10,691
Total		31,689,967	-3,400,069

Physical Damage Premium-Weighted Indication **-10.8%** <--Total Premium Change / Total Inforce Premium

Total

Coverage	Indicated Rate Change	Cred-Weighted Indicated Rate Change	Indicated Premium Change
Liability	-3.4%	29,280,715	-990,381
Physical Damage	-10.8%	31,689,967	-3,410,760
Other	0%	608,217	0
		61,578,899	-4,401,142

Total Premium-Weighted Indication **-7.1%** <--Total Premium Change / Total Inforce Premium

Illinois Credibility Indicated Rate Change

Complement to Credibility

Liability

Liability Country-Wide Indication	1.0%	<--Country-Wide Indicated Rate Change - Liability
Complement to Credibility	1.0%	<--The Country-Wide Liability Rate Change is used as the Complement to Credit
Credibility	100.0%	<--Based on 90% Probability with 5% Error

Physical Damage

Physical Damage Country-Wide Indication	-10.3%	<--Country-Wide Indicated Rate Change - Physical Damage
Complement to Credibility	-10.3%	<--The Country-Wide Physical Damage Rate Change is used as the Complement
Credibility	100.0%	<--Based on 90% Probability with 5% Error

Credibility-Weighted Rate Indication

Liability

Premium-Weighted Indication	-3.4%	
Credibility	100%	
Complement to Credibility	1.0%	
Credibility-Weighted Indication	-3.4%	<--(Indication * Credibility) + (Complement * (1 - Credibility))

Physical Damage

Premium-Weighted Indication	-10.8%	
Credibility	100%	
Complement to Credibility	-10.3%	
Credibility-Weighted Indication	-10.8%	<--(Indication * Credibility) + (Complement * (1 - Credibility))

Illinois Personal Auto Premium-Weighted Total Indication

Premium-Weighted Indication	**-7.1%**
Credibility-Weighted Indication	**-7.1%**

Pekin Insurance - Indicated Rate Level Adjustment by Coverage
Illinois
Effective Date: 09/05/2025

Bodily Injury

	(1)	(2)	(3)	(4)	(2)*(3)*(4)/(1) = (5)	
Accident Year Ending	Earned Exposures	Capped Incurred Losses + ALAE	Loss Development Factor	Loss Trend Factor	Pure Premium	Weight
2020 H1	55,194	4,281,343	0.99	1.53	118	0%
2020 H2	55,307	3,967,622	0.99	1.47	104	0%
2021 H1	52,347	3,352,516	0.99	1.42	90	0%
2021 H2	50,470	3,720,608	0.94	1.37	95	0%
2022 H1	47,413	4,501,189	1.03	1.33	130	0%
2022 H2	47,955	4,667,923	1.08	1.28	134	0%
2023 H1	48,685	4,856,232	1.03	1.23	127	0%
2023 H2	49,438	6,958,536	0.95	1.19	159	0%
2024 H1	43,364	4,424,827	1.00	1.15	117	50%
2024 H2	36,413	3,626,209	1.07	1.11	118	50%
Total	486,586	36,108,041			118	100%

(6) Excess Loss Provision	19.7%	
(7) Expected CAT Pure Premium	0	
(8) Fixed Expense & ULAE Ratio	24.5%	
(9) Variable Expense Ratio	16.7%	
(10) Underwriting Profit Provision	6.0%	
(11) Indicated Average Premium	227	[(5)*[1+(6)]+(7)]*[1+(8)]/[1-(9)-(10)]
(12) Current Average Premium	233	
(13) Premium Trend Factor	1	
(14) Indicated Rate Level Adjustment	-2.3%	(11)/(12)/(13)-1

Medical

	(1)	(2)	(3)	(4)	(2)*(3)*(4)/(1) = (5)	
Accident Year Ending	Earned Exposures	Capped Incurred Losses + ALAE	Loss Development Factor	Loss Trend Factor	Pure Premium	Weight
2020 H1	54,695	752,102	1.00	1.35	19	0%
2020 H2	54,827	590,774	0.97	1.30	14	0%
2021 H1	51,901	690,411	1.00	1.29	17	0%
2021 H2	50,048	758,513	0.96	1.25	18	0%
2022 H1	47,021	557,544	0.98	1.24	14	0%
2022 H2	47,570	770,270	0.94	1.21	18	0%
2023 H1	48,308	883,963	0.89	1.18	19	0%
2023 H2	49,066	802,824	0.84	1.16	16	0%
2024 H1	43,044	787,086	0.74	1.14	15	50%
2024 H2	36,154	934,693	0.66	1.11	19	50%
Total	482,632	7,528,180			17	100%

(6) Excess Loss Provision	0.0%	
(7) Expected CAT Pure Premium	0.012456	
(8) Fixed Expense & ULAE Ratio	24.5%	
(9) Variable Expense Ratio	16.7%	
(10) Underwriting Profit Provision	6.0%	
(11) Indicated Average Premium	28	[(5)*[1+(6)]+(7)]*[1+(8)]/[1-(9)-(10)]
(12) Current Average Premium	28	
(13) Premium Trend Factor	1	
(14) Indicated Rate Level Adjustment	-3.2%	(11)/(12)/(13)-1

Property Damage

	(1)	(2)	(3)	(4)	(2)*(3)*(4)/(1) = (5)	
Accident Year Ending	Earned Exposures	Capped Incurred Losses + ALAE	Loss Development Factor	Loss Trend Factor	Pure Premium	Weight
2020 H1	55,195	3,404,333	1.00	1.67	103	0%
2020 H2	55,308	3,791,051	1.00	1.58	108	0%
2021 H1	52,347	3,729,398	1.00	1.52	108	0%
2021 H2	50,471	4,783,743	0.99	1.44	136	0%
2022 H1	47,413	4,504,340	1.00	1.39	132	0%
2022 H2	47,955	5,080,705	1.00	1.33	140	0%
2023 H1	48,685	5,310,304	1.00	1.26	137	0%
2023 H2	49,438	5,359,201	0.99	1.21	130	0%
2024 H1	43,364	4,126,015	0.99	1.16	110	50%
2024 H2	36,413	3,730,245	1.04	1.10	118	50%
Total	486,589	43,819,333			114	100%

(6) Excess Loss Provision	0.0%	
(7) Expected CAT Pure Premium	0.001358	
(8) Fixed Expense & ULAE Ratio	24.5%	
(9) Variable Expense Ratio	16.7%	
(10) Underwriting Profit Provision	6.0%	
(11) Indicated Average Premium	183	[(5)*[1+(6)]+(7)]*[1+(8)]/[1-(9)-(10)]
(12) Current Average Premium	186	
(13) Premium Trend Factor	1	
(14) Indicated Rate Level Adjustment	-1.6%	(11)/(12)/(13)-1

Pekin Insurance - Indicated Rate Level Adjustment by Coverage
Illinois
Effective Date: 09/05/2025

Uninsured Motorist

Accident Year Ending	(1) Earned Exposures	(2) Capped Incurred Losses + ALAE	(3) Loss Development Factor	(4) Loss Trend Factor	(2)*(3)*(4)/(1) = (5) Pure Premium	Weight
2020 H1	55,178	195,511	1.00	1.58	6	0%
2020 H2	55,338	517,016	1.00	1.51	14	0%
2021 H1	52,379	511,334	1.00	1.46	14	0%
2021 H2	50,507	205,046	1.00	1.40	6	0%
2022 H1	47,446	196,234	1.00	1.35	6	0%
2022 H2	47,992	746,075	0.92	1.29	18	20%
2023 H1	48,719	256,340	0.84	1.25	5	20%
2023 H2	49,483	338,124	0.86	1.20	7	20%
2024 H1	43,420	131,721	0.90	1.15	3	20%
2024 H2	36,448	325,000	1.22	1.11	12	20%
Total	486,911	3,422,402			9	100%

(6) Excess Loss Provision	12.9%	
(7) Expected CAT Pure Premium	0	
(8) Fixed Expense & ULAE Ratio	24.5%	
(9) Variable Expense Ratio	16.7%	
(10) Underwriting Profit Provision	6.0%	
(11) Indicated Average Premium	17	[(5)*[1+(6)]+(7)]*[1+(8)]/[1-(9)-(10)]
(12) Current Average Premium	21	
(13) Premium Trend Factor	1	
(14) Indicated Rate Level Adjustment	-19.3%	(11)/(12)/(13)-1

Underinsured Motorist

Accident Year Ending	(1) Earned Exposures	(2) Capped Incurred Losses + ALAE	(3) Loss Development Factor	(4) Loss Trend Factor	(2)*(3)*(4)/(1) = (5) Pure Premium	Weight
2020 H1	53,818	1,064,585	0.92	1.56	29	0%
2020 H2	53,995	1,340,971	0.88	1.50	33	0%
2021 H1	51,126	885,135	0.85	1.45	21	0%
2021 H2	49,290	1,046,192	0.99	1.39	29	0%
2022 H1	46,281	1,054,588	0.91	1.34	28	0%
2022 H2	46,784	476,890	1.20	1.29	16	20%
2023 H1	47,505	225,000	1.15	1.24	7	20%
2023 H2	48,299	747,212	1.15	1.20	21	20%
2024 H1	42,434	280,000	1.47	1.15	11	20%
2024 H2	35,673	265,000	2.77	1.11	23	20%
Total	475,205	7,385,574			16	100%

(6) Excess Loss Provision	11.2%	
(7) Expected CAT Pure Premium	0	
(8) Fixed Expense & ULAE Ratio	24.5%	
(9) Variable Expense Ratio	16.7%	
(10) Underwriting Profit Provision	6.0%	
(11) Indicated Average Premium	28	[(5)*[1+(6)]+(7)]*[1+(8)]/[1-(9)-(10)]
(12) Current Average Premium	32	
(13) Premium Trend Factor	1	
(14) Indicated Rate Level Adjustment	-11.7%	(11)/(12)/(13)-1

Collision

Accident Year Ending	(1) Earned Exposures	(2) Capped Incurred Losses + ALAE	(3) Loss Development Factor	(4) Loss Trend Factor	(2)*(3)*(4)/(1) = (5) Pure Premium	Weight
2020 H1	44,402	5,114,026	1.00	1.72	198	0%
2020 H2	44,723	5,850,866	1.00	1.64	214	0%
2021 H1	42,590	6,115,932	0.99	1.55	221	0%
2021 H2	41,164	7,643,997	1.00	1.48	274	0%
2022 H1	38,792	6,956,943	1.00	1.40	252	0%
2022 H2	39,434	7,677,299	0.98	1.33	255	0%
2023 H1	40,274	7,620,486	0.99	1.27	236	0%
2023 H2	41,088	8,578,534	0.98	1.20	245	0%
2024 H1	36,038	6,198,803	0.95	1.14	187	50%
2024 H2	30,146	6,040,409	0.87	1.09	188	50%
Total	398,652	67,797,296			188	100%

(6) Excess Loss Provision	0.0%	
(7) Expected CAT Pure Premium	0.01567	
(8) Fixed Expense & ULAE Ratio	20.7%	
(9) Variable Expense Ratio	18.0%	
(10) Underwriting Profit Provision	6.0%	
(11) Indicated Average Premium	298	[(5)*[1+(6)]+(7)]*[1+(8)]/[1-(9)-(10)]
(12) Current Average Premium	337	
(13) Premium Trend Factor	1	
(14) Indicated Rate Level Adjustment	-11.5%	(11)/(12)/(13)-1

Pekin Insurance - Indicated Rate Level Adjustment by Coverage
Illinois
Effective Date: 09/05/2025

Comprehensive

	(1)	(2)	(3)	(4)	(2)*(3)*(4)/(1) = (5)	
Accident Year Ending	Earned Exposures	Capped Incurred Losses + ALAE	Loss Development Factor	Loss Trend Factor	Pure Premium	Weight
2020 H1	47,224	3,410,885	1.00	2.27	164	0%
2020 H2	47,338	4,398,595	1.00	2.11	196	0%
2021 H1	45,165	3,979,492	1.00	1.96	172	0%
2021 H2	43,482	5,429,171	1.00	1.82	228	0%
2022 H1	41,071	4,185,794	1.00	1.70	173	0%
2022 H2	41,548	6,079,924	1.00	1.58	231	0%
2023 H1	42,476	4,998,990	1.00	1.47	173	0%
2023 H2	43,170	6,127,241	1.00	1.36	193	0%
2024 H1	37,978	4,529,588	1.00	1.27	151	50%
2024 H2	31,729	3,577,760	1.05	1.18	139	50%
Total	421,180	46,717,441			145	100%

(6) Excess Loss Provision	0.1%	
(7) Expected CAT Pure Premium	25.00	
(8) Fixed Expense & ULAE Ratio	20.7%	
(9) Variable Expense Ratio	18.0%	
(10) Underwriting Profit Provision	6.0%	
(11) Indicated Average Premium	270	[(5)*[1+(6)]+(7)]*[1+(8)]/[1-(9)-(10)]
(12) Current Average Premium	296	
(13) Premium Trend Factor	1	
(14) Indicated Rate Level Adjustment	-8.6%	(11)/(12)/(13)-1

Emergency Roadside Service (ERS)

	(1)	(2)	(3)	(4)	(2)*(3)*(4)/(1) = (5)	
Accident Year Ending	Earned Exposures	Capped Incurred Losses + ALAE	Loss Development Factor	Loss Trend Factor	Pure Premium	Weight
2020 H1	47,083	103,773	1.00	1.35	3	0%
2020 H2	47,328	96,477	1.00	1.32	3	0%
2021 H1	45,170	106,580	1.00	1.29	3	0%
2021 H2	43,495	91,793	0.99	1.26	3	0%
2022 H1	41,083	94,578	0.92	1.23	3	0%
2022 H2	41,558	108,087	1.00	1.20	3	0%
2023 H1	42,469	99,326	1.00	1.18	3	0%
2023 H2	43,188	94,701	1.00	1.15	3	0%
2024 H1	38,000	59,766	1.00	1.12	2	50%
2024 H2	31,759	15,454	1.01	1.10	1	50%
Total	421,134	870,535			1	100%

(6) Excess Loss Provision	0.1%	
(7) Expected CAT Pure Premium	0.00011	
(8) Fixed Expense & ULAE Ratio	20.7%	
(9) Variable Expense Ratio	18.0%	
(10) Underwriting Profit Provision	6.0%	
(11) Indicated Average Premium	2	[(5)*[1+(6)]+(7)]*[1+(8)]/[1-(9)-(10)]
(12) Current Average Premium	7	
(13) Premium Trend Factor	1	
(14) Indicated Rate Level Adjustment	-72.3%	(11)/(12)/(13)-1

Uninsured Motorist Property Damage

	(1)	(2)	(3)	(4)	(2)*(3)*(4)/(1) = (5)	
Accident Year Ending	Earned Exposures	Capped Incurred Losses + ALAE	Loss Development Factor	Loss Trend Factor	Pure Premium	Weight
2020 H1	8,587	14,205	1.00	2.27	4	0%
2020 H2	8,476	17,551	1.00	2.11	4	0%
2021 H1	7,825	36,118	1.00	1.96	9	0%
2021 H2	7,452	32,259	1.00	1.82	8	0%
2022 H1	6,944	18,137	1.00	1.70	4	0%
2022 H2	6,877	24,832	1.00	1.58	6	0%
2023 H1	6,973	18,111	1.00	1.47	4	0%
2023 H2	7,101	15,880	1.00	1.36	3	0%
2024 H1	6,298	9,350	1.00	1.27	2	50%
2024 H2	5,408	7,329	1.00	1.18	2	50%
Total	71,939	193,773			2	100%

(6) Excess Loss Provision	0.0%	
(7) Expected CAT Pure Premium	0	
(8) Fixed Expense & ULAE Ratio	20.7%	
(9) Variable Expense Ratio	19.5%	
(10) Underwriting Profit Provision	6.0%	
(11) Indicated Average Premium	3	[(5)*[1+(6)]+(7)]*[1+(8)]/[1-(9)-(10)]
(12) Current Average Premium	4	
(13) Premium Trend Factor	1	
(14) Indicated Rate Level Adjustment	-29.8%	(11)/(12)/(13)-1

Underwriting Expense Exhibit - State of Illinois - Personal Auto Line

Liability

	Variable*	Fixed**	% Variable	
Commissions & Brokerage Expenses	12.6%	$0	100%	Relative to Premium
Taxes, Licenses, & Fees	0.8%	$0	100%	Relative to Premium
Other Acquisition Expenses	2.3%	$25	25%	Variable Portion is relative to Premium, Fixed Portion is relative to Earned Exposures
General Expenses	0.9%	$7	25%	Variable Portion is relative to Premium, Fixed Portion is relative to Earned Exposures
Reinsurance	0.1%	$0	100%	Relative to Premium
Underwriting Profit & Contingencies	6.0%	$0	100%	Relative to Premium
Personal Auto Liability Expense Load	22.7%	$32		Sum of Expense Categories

*Percent Variable is already applied to the Variable Expenses Shown
**(1 - Percent Variable) is already applied to the Fixed Expenses Shown

Fixed Expense & ULAE Ratio Calculation

ULAE Ratio	13.9%	Relative to Losses - 100% Fixed
Personal Auto Fixed Expense Load	$32	Relative to Earned Exposures - See above
Illinois 12-Month Personal Auto Earned Exposures	79,777	Liability Earned Exposures 2024
Illinois Projected Total Annual Personal Auto Losses	23,847,757	(Liability Pure Premium + Excess Load + CAT Load) * (2024 Liability Earned Exposures)
Personal Auto Fixed Expense Ratio	10.6%	Relative to Losses - (Personal Auto Fixed Expense Fee * Illinois 12-Month Personal Auto Earned Exposures) / Illinois Projected Total Annual Personal Auto Losses
Fixed Expense & ULAE Ratio	24.5%	Personal Auto Fixed Expense Ratio + ULAE Ratio - Relative to Losses

Variable Expense Ratio	22.7%
Fixed Expense & ULAE Ratio	24.5%

Underwriting Expense Exhibit - State of Illinois - Personal Auto Line

Physical Damage

	Variable*	Fixed**	% Variable	
Commissions & Brokerage Expenses	12.6%	$0	100%	Relative to Premium
Taxes, Licenses, & Fees	1.3%	$0	100%	Relative to Premium
Other Acquisition Expenses	2.4%	$28	25%	Variable Portion is relative to Premium, Fixed Portion is relative to Earned Exposures
General Expenses	0.9%	$8	25%	Variable Portion is relative to Premium, Fixed Portion is relative to Earned Exposures
Reinsurance	0.8%	$0	100%	Relative to Premium
Underwriting Profit & Contingencies	6.0%	$0	100%	Relative to Premium
Personal Auto Physical Damage Expense Load	24.0%	$36		Sum of Expense Categories

*Percent Variable is already applied to the Variable Expenses Shown
**(1 - Percent Variable) is already applied to the Fixed Expenses Shown

Fixed Expense & ULAE Ratio Calculation

ULAE Ratio	10.7%	Relative to Losses - 100% Fixed
Personal Auto Fixed Expense Load	$36	Relative to Earned Exposures - See above
Illinois 12-Month Personal Auto Earned Exposures	69,707	Physical Damage Earned Exposures 2024
Illinois Projected Total Annual Personal Auto Losses	24,916,724	(Physical Damage Pure Premium + Excess Load + CAT Load) * (2024 Physical Damage Earned Exposures)
Personal Auto Fixed Expense Ratio	10.0%	Relative to Losses - (Personal Auto Fixed Expense Fee * Illinois 12-Month Personal Auto Earned Exposures) / Illinois Projected Total Annual Personal Auto Losses
Fixed Expense & ULAE Ratio	20.7%	Personal Auto Fixed Expense Ratio + ULAE Ratio - Relative to Losses

Variable Expense Ratio	24.0%
Fixed Expense & ULAE Ratio	20.7%