

# LEMONADE INSURANCE COMPANY

## LCMF Justification for Pennsylvania Homeowners

Lemonade is looking forward to offering coverage to the citizens of Pennsylvania. As a newer company and a new entrant into Pennsylvania, we have looked both to ISO for the loss costs we are using for the program, and also to competitors for insight into the Pennsylvania marketplace. Lemonade's proposed LCMFs have been calculated to account for Lemonade's non-ISO credits, any believed deficiencies in ISO rates, and to better align Lemonade's rates with those of competitors who have historical experience in Pennsylvania. The LCMFs have been calculated at the ISO territory level. A detailed demonstration of the analysis is provided below:

- (1) Lemonade engaged a third-party consultant to generate a Homeowners dataset inclusive of 182,688 scenarios (1903 Zip Codes x 96 scenarios/per zip code) with the following assumptions:
  - a. Variable:
    - i. Zip Code: 1903 Zip Codes were included in the analysis
    - ii. County: Assigned based on Zip Code
    - iii. Coverage A: 300K, 400K, 500K
    - iv. Coverage B: set to equal 10% of Cov A
    - v. Coverage C: scenarios equal to both (1) 50% Cov A and (2) 70% Cov A
    - vi. All Perils Deductible: scenarios equal to both (1) \$500 and (2) \$1,000
    - vii. Ordinance or Law Amount = set equal to 10% Cov A
    - viii. Insurance Score: 8 possible insurance scores, varying by competitor, but selected to produce the same effect (i.e. if Competitor A had a scale of 1-8 and Competitor B had a scale of 100-800, the analysis would use 1 for A and 100 for B)
  
  - b. Fixed:
    - i. Applicant Age = 45
    - ii. Applicant Marital Status = Married
    - iii. Dwelling Age = 25
    - iv. Construction Type = Frame
    - v. Roof Type = Composition
    - vi. Occupancy Type = Primary
    - vii. Gated Community = No
    - viii. Protection Class = 3
    - ix. Smoke Alarm = No
    - x. Deadbolts = No
    - xi. Fire Extinguisher = No
    - xii. Burglar Alarm = None
    - xiii. Fire Alarm = None
    - xiv. Sprinkler Type = None
    - xv. Liability Limit = 100K
    - xvi. Med Limit = 1,000
    - xvii. Wind/Hail Deductible = Policy Deductible
    - xviii. Hurricane Deductible = None
    - xix. Earthquake Deductible = None
    - xx. Requested Contents Replacement = Covered
    - xxi. Requested Dwelling Replacement = None
  
- (2) Premium was calculated using the assumptions above, based on current approved rates and rules for each of the selected Pennsylvania competitors. Lemonade Premium was initially calculated assuming an LCM = 1.54 and LCMF = 1.00, as well as the proposed rates included in this filing. Competitors included:
  - a. Allstate Ind Co
  - b. Allstate Ins Co
  - c. Allstate Prop & Cas Ins Co

## LEMONADE INSURANCE COMPANY

### LCMF Justification for Pennsylvania Homeowners

- d. Erie Ins Exch
  - e. Nationwide Mut Fire Ins Co
  - f. Nationwide Prop & Cas Ins Co
  - g. State Farm Fire & Cas Co
  - h. Travco Ins Co
  - i. Travelers Home & Marine Ins Co
- (3) After reviewing each of the competitors, State Farm Fire & Cas Co was selected as most comparable. It was selected for numerous reasons, including:
- a. It is a larger company that has developed its own independent rates and has credible experience that may provide a better perspective on our expectation about how the policies we write will perform in different geographic regions of the state.
  - b. Based on the 2016 NAIC Market Share Report, State Farm Group is the largest Homeowners Multiple Peril insurance writer in Pennsylvania.
  - c. State Farm Group was also used by Lemonade in selecting additional non-ISO rating factors.
- An analysis was then performed to calculate the proposed LCMF by territory, using the following formula: (State Farm Fire & Cas Co Premium at Coverage A = \$400,000) / (Lemonade Premium at Coverage A = \$400,000)
- \$400,000 was set as the comparison point based on the profile of Lemonade's current book of business, as well as the anticipated need for customers in Pennsylvania. The selected comparison point of \$400K falls in the middle of the range that Lemonade has experience writing. The results of this analysis can be found in Exhibit I, attached.
- (4) Calculated LCMFs based on the comparison to State Farm Fire & Cas Co were then credibility weighted with a factor of 1.0 to moderate their impact. We used a credibility weighting of 25% to ISO to reflect that ISO data comprised only 27.3% in Pennsylvania for Homeowners, and does not include three of the largest competitors by market share in State Farm Group, AllState Insurance Group and Travelers Insurance Group. This calculation can be found in Exhibit II. A comparison of Lemonade's calculated premium using the credibility weighted LCMF vs. State Farm Fire & Cas Co's calculated premium can be found in Exhibit III.

## Exhibit I: Homeowners LCMF Calculation by Territory

Territory	4		
	300,000	400,000	500,000
Average Lemonade Premium	1,774	2,004	2,234
Average State Farm Fire & Cas Co Premium	2,827	3,433	4,221
Lemonade Premium for Cov A = 400,000	2,004		
State Farm Fire & Cas Co Premium for Cov A = 400,000	3,433		
Calculated LCMF	1.71		
	300,000	400,000	500,000
Recalculated Lemonade Premium at LCMF = 1.71	3,039	3,433	3,826
State Farm Fire & Cas Co Premium	2,827	3,433	4,221

Territory	30		
	300,000	400,000	500,000
Average Lemonade Premium	922	1,049	1,174
Average State Farm Fire & Cas Co Premium	1,970	2,393	2,943
Lemonade Premium for Cov A = 400,000	1,049		
State Farm Fire & Cas Co Premium for Cov A = 400,000	2,393		
Calculated LCMF	2.28		
	300,000	400,000	500,000
Recalculated Lemonade Premium at LCMF = 2.28	2,104	2,393	2,678
State Farm Fire & Cas Co Premium	1,970	2,393	2,943

Territory	31		
	300,000	400,000	500,000
Average Lemonade Premium	854	971	1,088
Average State Farm Fire & Cas Co Premium	1,937	2,353	2,893
Lemonade Premium for Cov A = 400,000	971		
State Farm Fire & Cas Co Premium for Cov A = 400,000	2,353		
Calculated LCMF	2.42		
	300,000	400,000	500,000
Recalculated Lemonade Premium at LCMF = 2.42	2,069	2,353	2,638
State Farm Fire & Cas Co Premium	1,937	2,353	2,893

Territory	32		
	300,000	400,000	500,000
Average Lemonade Premium	667	758	853
Average State Farm Fire & Cas Co Premium	1,890	2,296	2,823
Lemonade Premium for Cov A = 400,000	758		
State Farm Fire & Cas Co Premium for Cov A = 400,000	2,296		
Calculated LCMF	3.03		
	300,000	400,000	500,000
Recalculated Lemonade Premium at LCMF = 3.03	2,019	2,296	2,583
State Farm Fire & Cas Co Premium	1,890	2,296	2,823

Territory	33		
	300,000	400,000	500,000
Average Lemonade Premium	752	857	962
Average State Farm Fire & Cas Co Premium	1,909	2,319	2,851
Lemonade Premium for Cov A = 400,000	857		
State Farm Fire & Cas Co Premium for Cov A = 400,000	2,319		
Calculated LCMF	2.71		
	300,000	400,000	500,000
Recalculated Lemonade Premium at LCMF = 2.71	2,035	2,319	2,603
State Farm Fire & Cas Co Premium	1,909	2,319	2,851

Territory	34		
	300,000	400,000	500,000
Average Lemonade Premium	863	981	1,100
Average State Farm Fire & Cas Co Premium	2,072	2,516	3,094
Lemonade Premium for Cov A = 400,000	981		
State Farm Fire & Cas Co Premium for Cov A = 400,000	2,516		
Calculated LCMF	2.57		
	300,000	400,000	500,000
Recalculated Lemonade Premium at LCMF = 2.57	2,214	2,516	2,821
State Farm Fire & Cas Co Premium	2,072	2,516	3,094

Territory	35		
	300,000	400,000	500,000
Average Lemonade Premium	715	815	916
Average State Farm Fire & Cas Co Premium	1,994	2,422	2,978
Lemonade Premium for Cov A = 400,000	815		
State Farm Fire & Cas Co Premium for Cov A = 400,000	2,422		
Calculated LCMF	2.97		
	300,000	400,000	500,000
Recalculated Lemonade Premium at LCMF = 2.97	2,125	2,422	2,720
State Farm Fire & Cas Co Premium	1,994	2,422	2,978

Territory	36		
	300,000	400,000	500,000
Average Lemonade Premium	752	857	962
Average State Farm Fire & Cas Co Premium	1,858	2,256	2,774
Lemonade Premium for Cov A = 400,000	857		
State Farm Fire & Cas Co Premium for Cov A = 400,000	2,256		
Calculated LCMF	2.63		
	300,000	400,000	500,000
Recalculated Lemonade Premium at LCMF = 2.63	1,980	2,256	2,533
State Farm Fire & Cas Co Premium	1,858	2,256	2,774

Territory	37		
	300,000	400,000	500,000
Average Lemonade Premium	770	877	985
Average State Farm Fire & Cas Co Premium	2,003	2,433	2,991
Lemonade Premium for Cov A = 400,000	877		
State Farm Fire & Cas Co Premium for Cov A = 400,000	2,433		
Calculated LCMF	2.77		
	300,000	400,000	500,000
Recalculated Lemonade Premium at LCMF = 2.77	2,136	2,433	2,730
State Farm Fire & Cas Co Premium	2,003	2,433	2,991

Territory	38		
	300,000	400,000	500,000
Average Lemonade Premium	706	805	904
Average State Farm Fire & Cas Co Premium	2,037	2,473	3,042
Lemonade Premium for Cov A = 400,000	805		
State Farm Fire & Cas Co Premium for Cov A = 400,000	2,473		
Calculated LCMF	3.07		
	300,000	400,000	500,000
Recalculated Lemonade Premium at LCMF = 3.07	2,170	2,473	2,778
State Farm Fire & Cas Co Premium	2,037	2,473	3,042

Territory	39		
	300,000	400,000	500,000
Average Lemonade Premium	783	893	1,001
Average State Farm Fire & Cas Co Premium	1,910	2,320	2,852
Lemonade Premium for Cov A = 400,000	893		
State Farm Fire & Cas Co Premium for Cov A = 400,000	2,320		
Calculated LCMF	2.60		
	300,000	400,000	500,000
Recalculated Lemonade Premium at LCMF = 2.6	2,035	2,320	2,601
State Farm Fire & Cas Co Premium	1,910	2,320	2,852

Territory	40		
	300,000	400,000	500,000
Average Lemonade Premium	890	1,011	1,133
Average State Farm Fire & Cas Co Premium	2,110	2,563	3,151
Lemonade Premium for Cov A = 400,000	1,011		
State Farm Fire & Cas Co Premium for Cov A = 400,000	2,563		
Calculated LCMF	2.53		
	300,000	400,000	500,000
Recalculated Lemonade Premium at LCMF = 2.53	2,255	2,563	2,871
State Farm Fire & Cas Co Premium	2,110	2,563	3,151

Territory	41		
	300,000	400,000	500,000
Average Lemonade Premium	711	810	910
Average State Farm Fire & Cas Co Premium	2,079	2,525	3,104
Lemonade Premium for Cov A = 400,000	810		
State Farm Fire & Cas Co Premium for Cov A = 400,000	2,525		
Calculated LCMF	3.12		
	300,000	400,000	500,000
Recalculated Lemonade Premium at LCMF = 3.12	2,217	2,525	2,838
State Farm Fire & Cas Co Premium	2,079	2,525	3,104

Territory	42		
	300,000	400,000	500,000
Average Lemonade Premium	803	913	1,025
Average State Farm Fire & Cas Co Premium	1,922	2,335	2,871
Lemonade Premium for Cov A = 400,000	913		
State Farm Fire & Cas Co Premium for Cov A = 400,000	2,335		
Calculated LCMF	2.56		
	300,000	400,000	500,000
Recalculated Lemonade Premium at LCMF = 2.56	2,053	2,335	2,620
State Farm Fire & Cas Co Premium	1,922	2,335	2,871

Territory	43		
	300,000	400,000	500,000
Average Lemonade Premium	788	898	1,007
Average State Farm Fire & Cas Co Premium	2,246	2,728	3,355
Lemonade Premium for Cov A = 400,000	898		
State Farm Fire & Cas Co Premium for Cov A = 400,000	2,728		
Calculated LCMF	3.04		
	300,000	400,000	500,000
Recalculated Lemonade Premium at LCMF = 3.04	2,395	2,728	3,061
State Farm Fire & Cas Co Premium	2,246	2,728	3,355

Territory	44		
	300,000	400,000	500,000
Average Lemonade Premium	950	1,079	1,209
Average State Farm Fire & Cas Co Premium	2,300	2,794	3,436
Lemonade Premium for Cov A = 400,000	1,079		
State Farm Fire & Cas Co Premium for Cov A = 400,000	2,794		
Calculated LCMF	2.59		
	300,000	400,000	500,000
Recalculated Lemonade Premium at LCMF = 2.59	2,460	2,794	3,130
State Farm Fire & Cas Co Premium	2,300	2,794	3,436

Territory	45		
	300,000	400,000	500,000
Average Lemonade Premium	880	1,001	1,122
Average State Farm Fire & Cas Co Premium	2,126	2,582	3,175
Lemonade Premium for Cov A = 400,000	1,001		
State Farm Fire & Cas Co Premium for Cov A = 400,000	2,582		
Calculated LCMF	2.58		
	300,000	400,000	500,000
Recalculated Lemonade Premium at LCMF = 2.58	2,271	2,582	2,894
State Farm Fire & Cas Co Premium	2,126	2,582	3,175

Territory	46		
	300,000	400,000	500,000
Average Lemonade Premium	816	929	1,042
Average State Farm Fire & Cas Co Premium	2,024	2,459	3,023
Lemonade Premium for Cov A = 400,000	929		
State Farm Fire & Cas Co Premium for Cov A = 400,000	2,459		
Calculated LCMF	2.65		
	300,000	400,000	500,000
Recalculated Lemonade Premium at LCMF = 2.65	2,160	2,459	2,757
State Farm Fire & Cas Co Premium	2,024	2,459	3,023



Territory	47		
	300,000	400,000	500,000
Average Lemonade Premium	1,037	1,177	1,317
Average State Farm Fire & Cas Co Premium	2,355	2,860	3,517
Lemonade Premium for Cov A = 400,000	1,177		
State Farm Fire & Cas Co Premium for Cov A = 400,000	2,860		
Calculated LCMF	2.43		
	300,000	400,000	500,000
Recalculated Lemonade Premium at LCMF = 2.43	2,520	2,860	3,200
State Farm Fire & Cas Co Premium	2,355	2,860	3,517

Territory	48		
	300,000	400,000	500,000
Average Lemonade Premium	611	693	779
Average State Farm Fire & Cas Co Premium	2,103	2,554	3,141
Lemonade Premium for Cov A = 400,000	693		
State Farm Fire & Cas Co Premium for Cov A = 400,000	2,554		
Calculated LCMF	3.68		
	300,000	400,000	500,000
Recalculated Lemonade Premium at LCMF = 3.68	2,252	2,554	2,869
State Farm Fire & Cas Co Premium	2,103	2,554	3,141

Territory	49		
	300,000	400,000	500,000
Average Lemonade Premium	867	986	1,105
Average State Farm Fire & Cas Co Premium	2,042	2,480	3,049
Lemonade Premium for Cov A = 400,000	986		
State Farm Fire & Cas Co Premium for Cov A = 400,000	2,480		
Calculated LCMF	2.52		
	300,000	400,000	500,000
Recalculated Lemonade Premium at LCMF = 2.52	867	986	1,105
State Farm Fire & Cas Co Premium	2,042	2,480	3,049

**Exhibit II: Homeowners Credibility Weighted LCMF Calculation**

Lemonade Territory	Calculated LCMF	Assigned Credibility <sup>1</sup>	Cred Wtd LCMF
4	1.71	75%	1.53
30	2.28	75%	1.96
31	2.42	75%	2.07
32	3.03	75%	2.52
33	2.71	75%	2.28
34	2.57	75%	2.17
35	2.97	75%	2.48
36	2.63	75%	2.23
37	2.77	75%	2.33
38	3.07	75%	2.55
39	2.60	75%	2.20
40	2.53	75%	2.15
41	3.12	75%	2.59
42	2.56	75%	2.17
43	3.04	75%	2.53
44	2.59	75%	2.19
45	2.58	75%	2.18
46	2.65	75%	2.23
47	2.43	75%	2.07
48	3.68	75%	3.01
49	2.52	75%	2.14
Average			2.14

1. All calculated LCMFs by territory assigned 75% credibility;  
 A factor of 1.00 receives the complement of credibility

**Exhibit III: Homeowners Premium Comparison by Territory, inclusive of  
proposed Lemonade LCMF**

Lemonade Territory	Coverage A Limit		
	300,000	400,000	500,000
4	-4%	-10%	-19%
30	-8%	-14%	-22%
31	-9%	-15%	-22%
32	-11%	-17%	-24%
33	-10%	-16%	-23%
34	-9%	-15%	-23%
35	-11%	-17%	-24%
36	-10%	-16%	-23%
37	-10%	-16%	-23%
38	-11%	-17%	-24%
39	-10%	-15%	-23%
40	-9%	-15%	-23%
41	-11%	-17%	-24%
42	-9%	-15%	-23%
43	-11%	-17%	-24%
44	-9%	-15%	-23%
45	-10%	-15%	-23%
46	-10%	-16%	-23%
47	-9%	-15%	-22%
48	-12%	-18%	-25%
49	-9%	-15%	-23%

\*\*Differences are calculated as % of Competitor's Average Premium for that Cov A Amount  
(Lemonade - State Farm Fire & Cas Co) / State Farm Fire & Cas Co

Example:

Territory 4 at \$300,000

(1) Original Lemonade Premium	1,774	From Exhibit I
(2) State Farm Fire & Cas Co Premium	2,827	From Exhibit I
(3) Cred Wtd Territory LCMF	1.53	From Exhibit II
(4) Lemonade Prem * LCMF	2,723	(1) x (3)
(5) Lemonade Premium Relative to State Farm Fire & Cas Co	-4%	[ (4) - (2) ] / (2)

# LEMONADE INSURANCE COMPANY

## LCMF Justification for Pennsylvania Condo

Lemonade is looking forward to offering coverage to the citizens of Pennsylvania. As a newer company and a new entrant into Pennsylvania, we have looked both to ISO for the loss costs we are using for the program, and also to competitors for insight into the Pennsylvania marketplace. Lemonade's proposed LCMFs have been calculated to account for Lemonade's non-ISO credits, any believed deficiencies in ISO rates, and to better align Lemonade's rates with those of competitors who have historical experience in Pennsylvania. The LCMFs have been calculated at the ISO territory level. A detailed demonstration of the analysis is provided below:

- (1) Lemonade engaged a third-party consultant to generate a Condo dataset inclusive of 456,720 scenarios (1903 Zip Codes x 240 scenarios/per zip code) with the following assumptions:
  - a. Variable:
    - i. Zip Code: 1903 Zip Codes were included in the analysis
    - ii. County: assigned based on Zip Code
    - iii. Coverage A: \$50K, \$100K, \$150K
    - iv. Coverage C: \$20K, \$40K, \$60K, \$80K or \$100K
    - v. All Perils Deductible: scenarios equal to both (1) \$500 and (2) \$1,000
    - vi. Ordinance or Law Amount = set equal to 10% Cov A
    - vii. Insurance Score: 8 possible insurance scores, varying by competitor, but selected to produce the same effect (i.e. if Competitor A had a scale of 1-8 and Competitor B had a scale of 100-800, the analysis would use 1 for A and 100 for B)

3 Coverage A combinations x 5 Coverage C combinations x 2 AP Deductible combinations x 8 Insurance Score combinations = 240 scenarios (per Zip Code)

- b. Fixed:
    - i. Applicant Age = 45
    - ii. Applicant Marital Status = Married
    - iii. Dwelling Age = 25
    - iv. Construction Type = Frame
    - v. Roof Type = Composition
    - vi. Occupancy Type = Primary
    - vii. Gated Community = No
    - viii. Protection Class = 3
    - ix. Smoke Alarm = No
    - x. Deadbolts = No
    - xi. Fire Extinguisher = No
    - xii. Burglar Alarm = None
    - xiii. Fire Alarm = None
    - xiv. Sprinkler Type = None
    - xv. Liability Limit = 100K
    - xvi. Med Limit = 1,000
    - xvii. Wind/Hail Deductible = Policy Deductible
    - xviii. Hurricane Deductible = None
    - xix. Earthquake Deductible = None
    - xx. Requested Contents Replacement = Covered
- (2) Premium was calculated using the assumptions above, based on current approved rates and rules for each of the selected Pennsylvania competitors. Lemonade Premium was initially calculated assuming an LCM = 1.54 and LCMF = 1.00, as well as the proposed rates included with this filing. Competitors included:
  - a. Allstate Ind Co
  - b. Allstate Ins Co
  - c. Erie Ins Exch
  - d. Nationwide Mut Fire Ins Co
  - e. Nationwide Prop & Cas Ins Co

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### LCMF Justification for Pennsylvania Condo

- f. State Farm Fire & Cas Co
  - g. Travco Ins Co
  - h. Travelers Home & Marine Ins Co
- (3) After reviewing each of the competitors, State Farm Fire & Cas Co was selected as most comparable. It was selected for numerous reasons, including:
- a. It is a larger company that has developed its own independent rates and has credible experience that may provide a better perspective on our expectation about how the policies we write will perform in different geographic regions of the state.
  - b. Based on the 2016 NAIC Market Share Report, State Farm Group is the largest Homeowners Multiple Peril insurance writer in Pennsylvania.
  - c. State Farm Group was also used by Lemonade in selecting additional non-ISO rating factors.
- An analysis was then performed to calculate the proposed LCMF by territory, using the following formula: (State Farm Fire & Cas Co Premium at Coverage C = \$60,000) / (Lemonade Premium at Coverage C = \$60,000)
- \$60,000 was set as the comparison point based on the profile of Lemonade's current book of business, as well as the anticipated need for customers in Pennsylvania. The results of this analysis can be found in Exhibit IV, attached.
- (4) Calculated LCMFs based on the comparison to State Farm Fire & Cas Co were then credibility weighted with a factor of 1.0 to moderate their impact. We used a credibility weighting of 25% to ISO to reflect that ISO data comprised only 27.3% in Pennsylvania for Homeowners, and does not include two of the largest competitors by market share in State Farm Group, AllState Insurance Group and Travelers Insurance Group. This calculation can be found in Exhibit V. A comparison of Lemonade's calculated premium using the credibility-weighted LCMF vs. State Farm Fire & Cas Co's calculated premium can be found in Exhibit VI.

## Exhibit IV: Condo LCMF Calculation by Territory

Territory	4				
	20,000	40,000	60,000	80,000	100,000
Average Lemonade Premium	664	822	983	1,107	1,229
Average State Farm Fire & Cas Co Premium	826	1,012	1,177	1,343	1,529
Lemonade Premium for Cov A = 60,000	983				
State Farm Fire & Cas Co Premium for Cov A = 4	1,177				
Calculated LCMF	1.20				
	20,000	40,000	60,000	80,000	100,000
Recalculated Lemonade Premium at LCMF = 1.	795	985	1,177	1,325	1,471
State Farm Fire & Cas Co Premium	826	1,012	1,177	1,343	1,529

Territory	30				
	20,000	40,000	60,000	80,000	100,000
Average Lemonade Premium	321	346	384	420	458
Average State Farm Fire & Cas Co Premium	401	443	483	522	566
Lemonade Premium for Cov A = 60,000	384				
State Farm Fire & Cas Co Premium for Cov A = 4	483				
Calculated LCMF	1.26				
	20,000	40,000	60,000	80,000	100,000
Recalculated Lemonade Premium at LCMF = 1.	405	435	483	528	576
State Farm Fire & Cas Co Premium	401	443	483	522	566

Territory	31				
	20,000	40,000	60,000	80,000	100,000
Average Lemonade Premium	301	305	313	323	336
Average State Farm Fire & Cas Co Premium	401	443	483	522	566
Lemonade Premium for Cov A = 60,000	313				
State Farm Fire & Cas Co Premium for Cov A = 4	483				
Calculated LCMF	1.54				
	20,000	40,000	60,000	80,000	100,000
Recalculated Lemonade Premium at LCMF = 1.	465	470	483	498	519
State Farm Fire & Cas Co Premium	401	443	483	522	566

Territory	32				
	20,000	40,000	60,000	80,000	100,000
Average Lemonade Premium	302	308	318	331	348
Average State Farm Fire & Cas Co Premium	399	443	481	520	563
Lemonade Premium for Cov A = 60,000	318				
State Farm Fire & Cas Co Premium for Cov A = 4	481				
Calculated LCMF	1.51				
	20,000	40,000	60,000	80,000	100,000
Recalculated Lemonade Premium at LCMF = 1.	457	465	481	500	526
State Farm Fire & Cas Co Premium	399	443	481	520	563

Territory	33				
	20,000	40,000	60,000	80,000	100,000
Average Lemonade Premium	304	312	327	344	365
Average State Farm Fire & Cas Co Premium	398	442	480	518	561
Lemonade Premium for Cov A = 60,000	327				
State Farm Fire & Cas Co Premium for Cov A = 4	480				
Calculated LCMF	1.47				
	20,000	40,000	60,000	80,000	100,000
Recalculated Lemonade Premium at LCMF = 1.	446	459	480	505	536
State Farm Fire & Cas Co Premium	398	442	480	518	561

Territory	34				
	20,000	40,000	60,000	80,000	100,000
Average Lemonade Premium	398	469	552	620	688
Average State Farm Fire & Cas Co Premium	516	596	670	743	826
Lemonade Premium for Cov A = 60,000	552				
State Farm Fire & Cas Co Premium for Cov A = 4	670				
Calculated LCMF	1.21				
	20,000	40,000	60,000	80,000	100,000
Recalculated Lemonade Premium at LCMF = 1.	483	569	670	753	835
State Farm Fire & Cas Co Premium	516	596	670	743	826

Territory	35				
	20,000	40,000	60,000	80,000	100,000
Average Lemonade Premium	311	328	354	380	412
Average State Farm Fire & Cas Co Premium	471	537	596	657	725
Lemonade Premium for Cov A = 60,000	354				
State Farm Fire & Cas Co Premium for Cov A = 4	596				
Calculated LCMF	1.69				
	20,000	40,000	60,000	80,000	100,000
Recalculated Lemonade Premium at LCMF = 1.	525	553	596	642	695
State Farm Fire & Cas Co Premium	471	537	596	657	725

Territory	36				
	20,000	40,000	60,000	80,000	100,000
Average Lemonade Premium	333	366	414	457	503
Average State Farm Fire & Cas Co Premium	468	533	592	651	716
Lemonade Premium for Cov A = 60,000	414				
State Farm Fire & Cas Co Premium for Cov A = 4	592				
Calculated LCMF	1.43				
	20,000	40,000	60,000	80,000	100,000
Recalculated Lemonade Premium at LCMF = 1.	476	524	592	654	719
State Farm Fire & Cas Co Premium	468	533	592	651	716

Territory	37				
	20,000	40,000	60,000	80,000	100,000
Average Lemonade Premium	326	355	397	436	478
Average State Farm Fire & Cas Co Premium	468	533	592	651	716
Lemonade Premium for Cov A = 60,000	397				
State Farm Fire & Cas Co Premium for Cov A = 4	592				
Calculated LCMF	1.49				
	20,000	40,000	60,000	80,000	100,000
Recalculated Lemonade Premium at LCMF = 1.	486	528	592	649	713
State Farm Fire & Cas Co Premium	468	533	592	651	716



Territory	38				
	20,000	40,000	60,000	80,000	100,000
Average Lemonade Premium	381	445	521	583	649
Average State Farm Fire & Cas Co Premium	466	533	590	649	716
Lemonade Premium for Cov A = 60,000	521				
State Farm Fire & Cas Co Premium for Cov A = 4	590				
Calculated LCMF	1.13				
	20,000	40,000	60,000	80,000	100,000
Recalculated Lemonade Premium at LCMF = 1.	432	503	590	660	734
State Farm Fire & Cas Co Premium	466	533	590	649	716

Territory	39				
	20,000	40,000	60,000	80,000	100,000
Average Lemonade Premium	335	370	418	463	509
Average State Farm Fire & Cas Co Premium	463	528	585	643	708
Lemonade Premium for Cov A = 60,000	418				
State Farm Fire & Cas Co Premium for Cov A = 4	585				
Calculated LCMF	1.40				
	20,000	40,000	60,000	80,000	100,000
Recalculated Lemonade Premium at LCMF = 1.	468	518	585	648	712
State Farm Fire & Cas Co Premium	463	528	585	643	708

Territory	40				
	20,000	40,000	60,000	80,000	100,000
Average Lemonade Premium	307	318	338	359	385
Average State Farm Fire & Cas Co Premium	476	544	604	665	734
Lemonade Premium for Cov A = 60,000	338				
State Farm Fire & Cas Co Premium for Cov A = 4	604				
Calculated LCMF	1.79				
	20,000	40,000	60,000	80,000	100,000
Recalculated Lemonade Premium at LCMF = 1.	548	568	604	642	688
State Farm Fire & Cas Co Premium	476	544	604	665	734

Territory	41				
	20,000	40,000	60,000	80,000	100,000
Average Lemonade Premium	310	326	351	377	406
Average State Farm Fire & Cas Co Premium	471	539	598	659	726
Lemonade Premium for Cov A = 60,000	351				
State Farm Fire & Cas Co Premium for Cov A = 4	598				
Calculated LCMF	1.70				
	20,000	40,000	60,000	80,000	100,000
Recalculated Lemonade Premium at LCMF = 1.	529	555	598	642	691
State Farm Fire & Cas Co Premium	471	539	598	659	726

Territory	42				
	20,000	40,000	60,000	80,000	100,000
Average Lemonade Premium	300	301	305	310	317
Average State Farm Fire & Cas Co Premium	476	544	604	665	734
Lemonade Premium for Cov A = 60,000	305				
State Farm Fire & Cas Co Premium for Cov A = 4	604				
Calculated LCMF	1.98				
	20,000	40,000	60,000	80,000	100,000
Recalculated Lemonade Premium at LCMF = 1.	595	598	604	615	630
State Farm Fire & Cas Co Premium	476	544	604	665	734

Territory	43				
	20,000	40,000	60,000	80,000	100,000
Average Lemonade Premium	315	334	365	395	430
Average State Farm Fire & Cas Co Premium	474	541	602	663	731
Lemonade Premium for Cov A = 60,000	365				
State Farm Fire & Cas Co Premium for Cov A = 4	602				
Calculated LCMF	1.65				
	20,000	40,000	60,000	80,000	100,000
Recalculated Lemonade Premium at LCMF = 1.	520	551	602	652	709
State Farm Fire & Cas Co Premium	474	541	602	663	731

Territory	44				
	20,000	40,000	60,000	80,000	100,000
Average Lemonade Premium	392	461	541	607	674
Average State Farm Fire & Cas Co Premium	620	738	843	947	1,065
Lemonade Premium for Cov A = 60,000	541				
State Farm Fire & Cas Co Premium for Cov A = 60,000	843				
Calculated LCMF	1.56				
	20,000	40,000	60,000	80,000	100,000
Recalculated Lemonade Premium at LCMF = 1.56	611	718	843	945	1,050
State Farm Fire & Cas Co Premium	620	738	843	947	1,065

Territory	45				
	20,000	40,000	60,000	80,000	100,000
Average Lemonade Premium	464	561	668	751	835
Average State Farm Fire & Cas Co Premium	621	739	844	949	1,067
Lemonade Premium for Cov A = 60,000	668				
State Farm Fire & Cas Co Premium for Cov A = 60,000	844				
Calculated LCMF	1.26				
	20,000	40,000	60,000	80,000	100,000
Recalculated Lemonade Premium at LCMF = 1.26	585	709	844	949	1,055
State Farm Fire & Cas Co Premium	621	739	844	949	1,067

Territory	46				
	20,000	40,000	60,000	80,000	100,000
Average Lemonade Premium	336	372	423	468	517
Average State Farm Fire & Cas Co Premium	625	744	849	956	1,075
Lemonade Premium for Cov A = 60,000	423				
State Farm Fire & Cas Co Premium for Cov A = 60,000	849				
Calculated LCMF	2.01				
	20,000	40,000	60,000	80,000	100,000
Recalculated Lemonade Premium at LCMF = 2.01	674	746	849	939	1,037
State Farm Fire & Cas Co Premium	625	744	849	956	1,075

Territory	47				
	20,000	40,000	60,000	80,000	100,000
Average Lemonade Premium	372	430	501	560	621
Average State Farm Fire & Cas Co Premium	622	740	844	950	1,068
Lemonade Premium for Cov A = 60,000	501				
State Farm Fire & Cas Co Premium for Cov A = 4	844				
Calculated LCMF	1.68				
	20,000	40,000	60,000	80,000	100,000
Recalculated Lemonade Premium at LCMF = 1.	626	724	844	942	1,046
State Farm Fire & Cas Co Premium	622	740	844	950	1,068

Territory	48				
	20,000	40,000	60,000	80,000	100,000
Average Lemonade Premium	308	320	341	364	390
Average State Farm Fire & Cas Co Premium	471	537	596	657	725
Lemonade Premium for Cov A = 60,000	341				
State Farm Fire & Cas Co Premium for Cov A = 4	596				
Calculated LCMF	1.75				
	20,000	40,000	60,000	80,000	100,000
Recalculated Lemonade Premium at LCMF = 1.	538	559	596	636	681
State Farm Fire & Cas Co Premium	471	537	596	657	725

Territory	49				
	20,000	40,000	60,000	80,000	100,000
Average Lemonade Premium	308	322	344	368	396
Average State Farm Fire & Cas Co Premium	467	532	590	649	716
Lemonade Premium for Cov A = 60,000	344				
State Farm Fire & Cas Co Premium for Cov A = 4	590				
Calculated LCMF	1.72				
	20,000	40,000	60,000	80,000	100,000
Recalculated Lemonade Premium at LCMF = 1.	529	552	590	630	679
State Farm Fire & Cas Co Premium	467	532	590	649	716

## Exhibit V: Condo Credibility Weighted LCMF Calculation

Lemonade Territory	Calculated LCMF	Assigned Credibility <sup>1</sup>	Cred Wtd LCMF
4	1.20	75%	1.15
30	1.26	75%	1.19
31	1.54	75%	1.41
32	1.51	75%	1.39
33	1.47	75%	1.35
34	1.21	75%	1.16
35	1.69	75%	1.52
36	1.43	75%	1.32
37	1.49	75%	1.37
38	1.13	75%	1.10
39	1.40	75%	1.30
40	1.79	75%	1.59
41	1.70	75%	1.53
42	1.98	75%	1.74
43	1.65	75%	1.49
44	1.56	75%	1.42
45	1.26	75%	1.20
46	2.01	75%	1.75
47	1.68	75%	1.51
48	1.75	75%	1.56
49	1.72	75%	1.54
Average			1.40

1. All calculated LCMFs by territory assigned 75% credibility;  
A factor of 1.00 receives the complement of credibility

## Exhibit VI: Condo Premium Comparison by Territory, inclusive of proposed Lemonade LCMF

Lemonade Territory	Coverage C Limit				
	20,000	40,000	60,000	80,000	100,000
4	-8%	-7%	-4%	-5%	-8%
30	-4%	-7%	-5%	-4%	-3%
31	6%	-3%	-9%	-13%	-16%
32	5%	-4%	-8%	-12%	-15%
33	3%	-4%	-8%	-10%	-12%
34	-11%	-9%	-4%	-3%	-3%
35	0%	-8%	-10%	-12%	-14%
36	-6%	-9%	-8%	-7%	-7%
37	-5%	-9%	-8%	-8%	-9%
38	-10%	-8%	-3%	-1%	-1%
39	-6%	-9%	-7%	-6%	-7%
40	2%	-7%	-11%	-14%	-17%
41	1%	-8%	-10%	-13%	-15%
42	10%	-4%	-12%	-19%	-25%
43	-1%	-8%	-10%	-11%	-13%
44	-10%	-11%	-9%	-9%	-10%
45	-11%	-9%	-5%	-5%	-6%
46	-6%	-12%	-13%	-14%	-16%
47	-10%	-12%	-10%	-11%	-12%
48	2%	-7%	-11%	-14%	-16%
49	1%	-7%	-10%	-13%	-15%

\*\*Differences are calculated as % of Competitor's Average Premium for that Cov C Amount  
(Lemonade - State Farm Fire & Cas Co) / State Farm Fire & Cas Co

Example:

Territory 4 at \$20,000

(1) Original Lemonade Premium	664	From Exhibit IV
(2) State Farm Fire & Cas Co Premiur	826	From Exhibit IV
(3) Cred Wtd Territory LCMF	1.15	From Exhibit V
(4) Lemonade Prem * LCMF	762	(1) x (3)
(5) Lemonade Premium Relative to State Farm Fire & Cas Co	-8%	[ (4) - (2) ] / (2)