

SUZANNE KOPITSKY
559 MILL ST
DANVILLE, PA 17821-1069



Home Insurance Renewal

DAVE & SUE A ALLEN
238 W 9TH ST
BLOOMSBURG PA 17815

9/27/2022

Dear Dave Allen and Sue A Allen,

Thank you for choosing Farmers for your homeowners insurance needs. We appreciate the opportunity to offer continued coverage for you and your family contingent upon payment toward the premium as stated below.

Please review the renewal offer documents that have been enclosed:

- Declaration page – a summary of your insurance coverages, limits, and deductibles
- Detailed reconstruction cost estimate of your home

As a way to thank you for your continued business, we are adding the Declining Deductibles benefit to your policy. This benefit reduces your deductible in the event of a covered loss. Your initial Declining Deductibles balance is \$50 and will grow by \$50 each year that you renew with Farmers. Please refer to the Declining Deductibles endorsement in this renewal package for additional program details.

A summary of your premium and policy change information is shown below. With this renewal, you'll see an increase in your home coverage limits. This change reflects the rising cost to replace homes in your area, including labor and construction materials.

Premium at-a-glance

Policy Premium **\$1,082.00**

Summary of changes

	Previous	Renewal
Coverage: Dwelling	\$184,000	\$199,000

Your Farmers Policy

Policy Number: 76195-59-74
Effective: 11/19/2022 12:01 AM
Expiration: 11/19/2023 12:01 AM

Property Insured

238 W 9th St
Bloomsburg, PA 17815-2506

Your Farmers Agent

Suzanne Kopitsky
559 Mill St
Danville, PA 17821-1069
(570) 580-4845
skopitsky@farmersagent.com

To file a claim log on to [Farmers.com](https://www.farmers.com)
or the [Farmers® Mobile App](#) or call
1-800-435-7764

Did you know?



Farmers Friendly Review

Contact your agent to learn more about the policy discounts, coverage options, and other product offerings that may be available to you.



Go Mobile

The Farmers® Mobile App gives you 24/7 account access on the go. Text GETAPP to 29141 to download it today!

Renewal (continued)

This is not a bill. Your bill with the amount due will be mailed separately to your mortgage company.

If you prefer, you can log into farmers.com today to review your balance and make a payment. You can also contact us at 1-877-327-6392 or visit your agent's office with your payment.

Sincerely,

Farmers Insurance Group®



Farmers Smart Plan Home® Declarations

Policy Number: 76195-59-74
Effective: 11/19/2022 12:01 AM
Expiration: 11/19/2023 12:01 AM
Named Insured(s): Dave Allen
 Sue A Allen
 238 W 9th St
 Bloomsburg, PA 17815
e-mail: dave_allen_62@yahoo.com
Address(es):
Property Insured: 238 W 9th St
 Bloomsburg, PA 17815-2506
Underwritten By: TRUCK INSURANCE EXCHANGE
 6301 Owensmouth Ave.
 Woodland Hills, CA 91367

Premiums

Policy Premium **\$1,082.00**

*also see Information on Additional Fees below

This is not a bill.

Your bill with the amount due will be mailed separately.

This is a non-participating policy in regards to paying dividends to policy holders.

Description of Property

Year of Construction	Construction Type	Roof Type	Number of Units	Occupancy
1985	Plastic/Vinyl Siding	Metal	1	Owner Occupied (Primary Resident)

Property Coverage

Coverage	Limit	Coverage	Limit
Coverage A - Dwelling	\$199,000	Coverage C - Personal Property	\$109,450
Extended Replacement Cost (In Addition to Coverage A Limit)	10% (\$19,900)	Contents Replacement Coverage	Covered
Coverage B - Separate Structures	\$59,700	Coverage D - Loss of Use Additional Living Expense Term	\$39,800 12 Months

Roof Loss Settlement

Age of Roof	Roof Surface Material Type
2	Metal

Note: Roof Surface Material Type is a grouping of similar roof types for the purpose of claim settlement. Roof Surface Material Type will be verified at the time of claim investigation and corresponds to the schedule outlined in the "Definitions" section of your policy.

Liability Coverage

Coverage	Limit	Coverage	Limit
Coverage E - Personal Liability	\$300,000	Coverage F - Medical Payments to Others	\$1,000
Personal Injury	Not Covered		

Declarations (continued)

Optional Coverage

Coverage	Limit	Coverage	Limit
Identity Fraud Expense Coverage	Not Covered	Limited Matching Coverage for Siding and Roof Materials	\$10,000
Building Ordinance or Law (10% of Coverage A or B)		Roof Materials Loss Settlement	Replacement Cost Value
Coverage A	\$19,900		
Coverage B	\$5,970		

Deductible

Type of Loss	Deductible
Applicable to each covered loss	\$2,500

▶ You have accumulated \$50 of Declining Deductibles[®] benefit to be used toward the deductible on your next covered loss.

How We Settle a Covered Loss for Property Claims

All loss settlement options, including replacement cost options, are subject to the terms, conditions and limitations stated in the policy, which includes its endorsements. Certain optional endorsements may contain their own loss settlement provisions not reflected here.

Property Losses	Loss Settlement Terms
Dwelling & Separate Structures (Pays up to the limits for Coverage A or B)	
Roof Materials	Replacement Cost
Wall-to-Wall Carpet	Replacement Cost
Fence	Actual Cash Value
Rest of Dwelling	Extended Replacement Cost
Personal Property Contents (Pays up to the limit for Coverage C)	Replacement Cost

Discounts Applied to Policy

Discount Type	Discount Type
Auto/Home	Preferred Payment Plan
Non Smoker	Good Payer
ePolicy	Claim Free

Other Policy Features and Benefits

- Claim Forgiveness - this benefit prevents your premium from increasing as a result of your next claim after your policy has been in force for five years without a claim.
- Declining Deductibles[®] - This benefit reduces the amount of the deductible you will have to pay on a future loss. Refer to the Deductible section to see your earned benefit amount.

Declarations (continued)

Mortgagee / Other Interest

<i>1st Mortgagee</i>	<i>Loan Number</i>
Pennsylvania Housing Fin Agency ISAQA PO Box 15057 Harrisburg, PA 17105-5057	2118032

Policy and Endorsements

This section lists the policy form number and any applicable endorsements that make up your insurance contract. Any endorsements that you have purchased to extend coverage on your policy are also listed in the coverages section of this declarations document: 56-5648 1st ed.; IL0910 7-02; J7023 1st ed.; J7680 1st ed.; PA040 1st ed.

Other Information

- Please contact your Farmers[®] agent for a free Farmers Friendly Review[®] so that you can ensure that your family is properly protected. Your agent can explain all of the policy discounts/credits, coverage options and our various other product offerings that may be available to you.
- Mortgagee pays premium for this policy.

*Information on Additional Fees

The "Fees" stated in the "Premium/Fees" section on Page 1 apply on a per-policy, not an account basis. The following additional fees also apply:

- 1. Service Charge per installment** (In consideration of our agreement to allow you to pay in installments):
 - For Automatic Bank Payment plans also enrolled in online billing (paperless): **\$0.00** (applied per account)
 - For other Automatic Bank Payment plans: **\$2.00** (applied per account)
 - For Automatic Debit Card plans: **\$3.00** (applied per account)
 - For Automatic Credit Card plans: **\$5.00** (applied per account)
 - For all non-automatic payment plans: **\$7.00** (applied per account)
- 2. Late Fee: \$15.00** (applied per account)
- 3. Returned Payment Charge: \$20.00** (applied per check, electronic transaction, or other remittance which is not honored by your financial institution for reasons including, but not limited to, insufficient funds or a closed account)
- 4. Reinstatement Fee: \$25.00** (applied per policy)

One or more of the fees or charges described above may be deemed a part of premium under applicable state law.

If this account is for more than one policy, changes in these fees are not effective until the revised fee information is provided for each policy.



Policy Endorsements

Declining Deductibles® Endorsement (J7023 - 1st Edition)

In Section I – Property Conditions, Deductible Clause, the following is added:

c. Declining Deductibles Reward ("Reward").

(1) With each renewal of this policy, you will accrue a \$50 Reward which we will add to a **Declining Deductibles Balance** ("Balance") for you.

- i. The amount of your Balance will be available to reduce the Section I policy deductible(s) which applies to your next paid claim.
- ii. The \$50 Reward will accrue even during those policy periods when you have a claim or some of your accrued Balance is used to reduce a deductible.

Example 1. After you have renewed this policy for two years you will have accrued a Balance of \$100 which will reduce your policy deductible as follows.

The applicable deductible (as shown in the Declarations):	\$500
<i>Minus</i> the Balance (as of the second renewal):	\$100
<i>Equals</i> the <i>effective deductible</i> for your next covered claim:	\$400

If you have a \$1000 claim the \$500 policy deductible is reduced to \$400. Your paid claim will be \$600 instead of \$500.

(2) **Eligibility.** In order to qualify for this benefit you must:

- i. maintain this policy in force without interruption; or
- ii. if you cancel this policy, purchase another Farmers Smart Plan Home® policy or another Farmers Insurance Group of Companies® homeowner policy with a **Declining Deductibles Endorsement** within 60 days of the cancellation. The new policy must insure the **dwelling** or your replacement dwelling. If you purchase such other policy, then your Balance will transfer to the replacement policy as of the date of cancellation.

(3) **Program Rules:**

- i. The Balance that is accrued as of the date of loss will be available to reduce the applicable deductible(s) for that loss up to the full amount of the deductible(s). Additional accruals of Rewards at the renewal following the loss will not be available for that loss.
- ii. Your Balance will be applied to reduce the applicable deductible(s) on every loss where a claim payment is made.
- iii. Any remaining Balance that is unused after being applied to reduce a deductible on a paid claim will remain in your Balance for use towards another paid claim.

Example 2. After you renew this policy for twelve years with no claims you will have accrued a Balance of \$600. That Balance will be applied to any loss prior to the next renewal to reduce the deductible of that loss. Any remaining amount will remain in your Balance.

The applicable deductible (as shown in the Declarations):	\$500
Your Balance:	\$600
Balance used to reduce the deductible:	\$500
Your <i>effective deductible</i> on next paid claim:	\$0
Your new Balance after claim payment:	\$100



Policy Endorsements (continued)

If you have a \$1000 claim and a \$600 Balance, the \$500 policy deductible is reduced to \$0. Your paid claim will be \$1000 instead of \$500. You have a remaining Balance of \$100.

- iv. If two or more claims are pending at the same time, the full Balance *as of the date of loss* will apply to the claim that is paid first. Any remaining Balance will be available to reduce the deductible when the next claim is paid.
- v. If the amount of the claim is less than or equal to your deductible after it has been reduced by your available Balance, then your Balance will not be used and will remain available for use on your next paid claim.

Example 3.

Amount of claim	\$350
The applicable deductible (as shown in the Declarations):	\$500
Your Balance:	\$150
<hr/>	
Balance used to reduce the deductible:	\$0
Balance available for your next paid claim:	\$150

- (4) Your Balance will be applied to reduce the amount of the policy deductible on every claim if the policy deductible is applicable to the claim except as explained above in item (3)v.
- (5) Rewards have no cash value to you other than to reduce the amount of an applicable deductible.
- (6) Rewards do not apply if a mortgagee is named in the Declarations, and the mortgagee has foreclosed on the property prior to the date of loss.

Policy Endorsements (continued)

Important Information About Your Policy

The following provides you with information about changes to your home/auto policy, effective upon its renewal.

This message is provided for informational purposes only. It is not a part of your policy and does not affect or provide coverage, in and of itself. Since the policy, including its declarations and endorsements, is your contract with us, it takes precedence over this message. For a more detailed description of your coverage, please refer to your policy documents.

REDUCTION IN COVERAGE

Your policy contract currently includes a condition for Duties After Loss that indicates you must give prompt written notice to us or our agent without unnecessary delay. We have updated the conditions of your policy to specify that in the case of a loss caused by Windstorm or Hail you must provide notice to us within 365 days after the loss. In some instances, this may be a reduction in coverage.

If you have any questions, please contact your Farmers[®] agent.

93-7680 A1

Windstorm or Hail Claim Reporting Limitation (J7680 - 1st Edition)

It is agreed that coverage provided by this policy is modified as follows: In Section I Property Conditions, 3. Duties After Loss, a. is deleted and replaced with the following:

- a. Give prompt written notice to us or our agent without unnecessary delay. In the case of loss caused by **Windstorm or Hail**, the notice must be within 365 days after the date of loss. In the case of theft, you must also immediately notify the police. In case of loss covered in Section I - Extensions of Coverage, Identity Fraud, involving an unauthorized use of a credit card, debit card, fund transfer card, forgery, or acceptance of counterfeit money, you must also immediately notify the police, and as appropriate, the issuer of the card, credit bureau, credit reporting agency, and the credit granter;

93-7680 1st Edition 7-21

This endorsement is part of your policy. All other policy terms and conditions apply.



Policy Notices

Notice of Information Practices

You have certain rights under state and federal law with respect to the privacy of information we obtain about you when you engage in insurance transactions involving insurance primarily for personal, family or household use. You will receive, or already may have received, a notice entitled "Farmers[®] Privacy Notice." Your state gives you additional protections that are explained in this notice. Our information practices, as described in this notice, extend to applicants, policyholders and former policyholders.

Collection of Information

Much of the information we need comes from you when you apply for insurance. Sometimes, however, we may need additional information or may need to verify information you've given us. In those instances, we may contact you, your spouse or another adult member of your household either by phone or by mail.

In addition, we often employ the common insurance industry practice of asking an outside source, called a "consumer reporting agency" or "insurance support organization," to provide us with consumer reports. On occasion, that source may contact you, another adult member of your household or a neighbor either by phone or in person to provide us with a report. As the Named Insured, you have the right to request that you or your spouse be contacted for a personal interview. If you choose this option, we will make every effort to comply with your request.

We may also obtain information from consumer reporting agencies and other sources for purposes other than underwriting, such as when processing claims, investigating potential fraud, or servicing your account. For example, we may obtain financial information relating to a particular bank account if you desire to set up an electronic funds transfer payment. In addition, we may obtain information relating to health and employment during the processing of a claim.

Types of Information Collected

In connection with the underwriting and/or servicing of policies covering your personal vehicles, we may obtain information, including information relating to the use of your vehicle(s), ages and drivers, mileage, items relating to the driver, such as, personal habits and characteristics, credit information, prior accidents and driving violations, prior arrests or convictions, claims history and previous insurance experience.

In connection with the underwriting and/or servicing of policies covering your real and personal property, we may obtain information, including information relating to construction type, square footage, heating, other physical characteristics of the property, care and maintenance of the property, the personal habits and characteristics of the property's occupants, credit information, claims history and previous insurance experience.

What We Do With Information We Collect About You

We use the information we collect about you to perform insurance functions, including underwriting and servicing your policy, processing claims and for other purposes permitted by state and federal law. For example, we may disclose this information, as permitted by law, and without your prior authorization to:

1. Your Agent, who may need the information to service your policy.
2. Persons who need this information to perform normal business functions for us.
3. Persons conducting actuarial or research studies on our behalf.
4. Another insurance company or an insurance support organization, to detect or prevent criminal activity or fraud in connection with an insurance transaction or to perform an insurance transaction.
5. A medical professional or medical care institution, to verify insurance coverage or benefits or to inform an individual of a medical problem of which the individual may not be aware.

Policy Notices (continued)

6. An insurance regulatory authority.
7. Law enforcement or other governmental authority.
8. A group policyholder to report claims experience or conduct an audit of our operations, but only as necessary to conduct the review or audit.
9. Affiliates, as permitted by law.
10. Persons that perform marketing services on our behalf, as permitted by law.
11. Other non-affiliated third parties, as permitted by law.
12. A party to a proposed or consummated sale, transfer, merger or consolidation of all or part of the company underwriting your policy.

Information obtained from a report prepared by an insurance-support organization may be retained by that organization and disclosed to other persons who use these reports, but only to the extent permitted by federal and state law.

Access to and Correction of Personal Information

You have the right to know the contents of any recorded personal information about you that is in our records, including any investigative consumer report we have obtained. You also have the right to receive a copy of this information and to request that we correct, amend or delete any of the information that you feel is in error. To exercise these rights, you must send us a written request. If you request correction, amendment or deletion of any erroneous information, we will review the recorded personal information and your written request. If the requested changes are in order, we will make the appropriate changes in our records. If we cannot make the change, you then have the option of filing a statement of the reasons why you disagree with our decision, which will be included in our policy records so anyone reviewing the disputed personal information will have access to it. Any future disclosure made by us, if any, will also include your filed statement. We will also provide a copy to anyone designated by you who may have received recorded personal information from us in the past two years. In any case, whether we can or cannot comply with your request to correct recorded personal information, we will advise you of our decision in writing.

These rights do not extend to information collected in connection with or in reasonable anticipation of a claim, or civil or criminal proceeding, or to specific items of privileged information when an applicant or policyholder is suspected of fraud, material misrepresentation or material nondisclosure.

You may contact your Agent for the appropriate service center address where you can direct your written inquiry.

Keeping You Informed

As required by law, we will notify you of our information practices regularly. We reserve the right to modify our practices at any time, when permitted by law.

If, after reading this, you have any further questions, please feel free to contact your Agent.

This notice is sent on behalf of the Farmers Insurance Group of Companies[®], whose members include, but are not limited to:

Policy Notices (continued)

Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange, Mid-Century Insurance Company, Farmers New Century Insurance Company, Foremost Property and Casualty Insurance Company, Farmers Insurance Company, Inc. (A Kansas Corp.), Farmers Insurance Company of Arizona, Farmers Insurance Company of Idaho, Farmers Insurance Company of Oregon, Farmers Insurance Company of Washington, Farmers Insurance of Columbus, Inc., Farmers Texas County Mutual Insurance Company, Illinois Farmers Insurance Company, Mid-Century Insurance Company of Texas, Texas Farmers Insurance Company, Civic Property and Casualty Company, Exact Property and Casualty Company, and Neighborhood Spirit Property and Casualty Company.

25-2480 6-12

Important Notice to the Policyholder

Pennsylvania State Law requires us to notify the insured of the following:

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

25-3885 2-11

Understanding your Coverage: Actual Cash Value Loss Settlements

Depending upon the coverage options you purchased with your policy, covered losses for fences, personal property, wall-to-wall carpeting, and roof materials will be settled based on your property's replacement cost, actual cash value, or according to a payment schedule defined in your policy. This letter provides an overview and explanation of these different loss settlement options.

- **Replacement Cost:** This is a coverage option that pays to replace property in the event of a covered loss at replacement cost *without* deduction for depreciation. Replacement cost payments may initially be paid on an actual cash value or scheduled roof payment basis until the lost or damaged property is repaired or replaced.
- **Actual Cash Value (ACV):** This is defined as replacement cost less the depreciation of your property. Factors that affect depreciation include useful life expectancy, wear, composition, age, maintenance and obsolescence. In the event of a covered loss with actual cash value coverage, we would pay no more than the depreciated amount to repair or replace your damaged property. It's important to note that failure to maintain your property could accelerate its depreciation, resulting in a lower payment in the event of a claim.
- **Scheduled Roof Payment:** This is a settlement option that is only available for covered losses to your roof materials. The schedule for roof loss settlement payments is based on the type of material, roof age, and life expectancy suggested by the manufacturer. Your policy includes a table that sets forth how much will be paid for the loss or damage to the covered roof materials. *In other words, scheduled roof payment determines the Actual Cash Value for roof materials.*

Payment under any of these loss settlement options is subject to the applicable policy deductible.

Policy Notices (continued)

Let's look at some examples to see how this would work in the event of a claim:

Example #1: Carpeting loss paid on an Actual Cash Value basis

Let's assume you have covered damage to your living room carpet due to a broken water pipe. Here are the facts that will be used to determine the loss settlement:

- Your carpet was designed to last 15 years.
- It was six years old when the damage happened.
- It was average in condition and wear.
- The cost to replace the damaged carpet with similar carpet is \$3,000.
- Your deductible is \$500.

Because the carpet is in average condition and has been installed for 6 of their 15 useful years, it would be depreciated by 40% ($6 \div 15$), or \$1,200 ($40\% \times \$3,000$). The actual cash value of that carpet damage would be the replacement cost minus the amount depreciated, or \$1,800 ($\$3,000 - \$1,200$). Since your deductible is \$500, you would receive \$1,300 ($\$1,800 - \500).

Example #2: Roof materials loss paid on a Scheduled Roof Payment basis

Let's assume you have covered damage to your roof from a wind storm. Here are the facts that will be used to determine the loss settlement:

- Your composition roof shingles were designed to last 20 years
- They were 10 years old when the damage happened
- The cost to replace the damaged shingles with similar shingles is \$10,000
- Your deductible for wind damage is \$1,000

In your policy under the definition of Scheduled Roof Payment Percentage, there is a table that sets forth how much will be paid for the loss or damage to the roof materials. Find the Scheduled Roof Payment Percentage that will be applied to the cost of repairs by finding the material type of your roof (Composition Shingle with an expected life of under 30 years), and then cross reference it with the age of your roof (10 years) to determine the Scheduled Roof Payment Percentage of 66.7%. The scheduled roof payment for that roof damage would be the replacement cost multiplied by the scheduled roof payment percentage, or \$6,670 ($\$10,000 \times 66.7\%$). Finally, since your deductible is \$1,000, you would receive \$5,670 ($\$6,670 - \$1,000$).

*Remember, covered loss to your property will not include damage due to wear and tear and age. Thus, if your property had deteriorated to the point that a complete replacement was required before the damage occurred, repair or replacement of the property would not be covered under your policy. Keeping your roof **properly** maintained will help you avoid this situation.*

Example #3: Fence loss paid on an Actual Cash Value basis:

Let's assume that the shared wood fence that separates you and your neighbor's property is damaged by wind. Here are the facts that will be used to determine the loss settlement:

- The fence has a useful life expectancy of 20 years.
- The fence was 5 years old when the damage occurred.
- It was average in condition and wear.
- The cost to replace the damaged sections of fence is \$4000. Since this fence is shared with your neighbor, you are responsible for one half of the cost of repair, or \$2,000, as is your neighbor.
- Your wind damage deductible is \$1,000.

Policy Notices (continued)

Because the fence had been in place for 5 of its 20 useful years, it would be depreciated by 25% ($5 \div 20$), or \$500 ($25\% \times \$2,000$). The actual cash value of the fence damage would be the replacement cost minus the amount depreciated, or \$1,500 ($\$2,000 - \500). Finally, since your deductible is \$1,000, you would receive \$500 ($\$1,500 - \$1,000$).

Example #4: Personal property loss paid on an Actual Cash Value basis:

Suppose your television set is stolen during a burglary of your home. Here are the facts that will be used to determine the loss settlement:

- The television has a useful life expectancy of 10 years.
- The television was two years old when stolen.
- It was average in condition and wear.
- The cost to replace the television is \$1,200.
- Your deductible is \$500.

Because the 2 year old television had a 10 year life expectancy at the time of theft, it would be depreciated 20% ($2 \div 10$) or \$240 ($20\% \times \$1,200$). The actual cash value of the television would be the replacement cost minus the amount depreciated, or \$960 ($\$1,200 - \240). Since your deductible is \$500, you would receive \$460.00 ($\$960 - \500).

If you have any further questions about the loss settlement for a covered loss, we would invite you to contact your Farmers agent. Your Declarations will set forth the type of loss settlement found in your policy for roof materials, fences, personal property and wall-to-wall carpeting.

Understanding Your Coverage: Optional Coverage Offerings

It is important to recognize the alternate coverage options that remain available to you and how they may affect the outcome of a loss. The section below includes an explanation of several optional coverage offerings available to purchase. This is not a summary of all optional coverages available for purchase.

- **Marring to Metal Roof Materials Coverage:** This coverage option adds coverage for cosmetic marring of metal roof components of a covered loss which is otherwise excluded on the base policy contract. Marring typically does not result in a reduction in the material's effective function. Metal roof components include: gutters, flashing, downspouts, vents, drip edge, etc. This coverage is for wind or hail damage only.
- **Limited Matching Coverage:** Limited Matching Coverage for Vinyl or Aluminum Siding and Roof Materials for Composition Shingle Roofs provides coverage to replace undamaged property for composition shingle roofs and vinyl or aluminum siding, that would not otherwise be covered, to match the replacement of damaged obsolete or discontinued property on a covered loss, up to a limit.
- **Sewer and Drain Water Damage Coverage:** This is a coverage which pays for property damaged caused by contact with water which enters the dwelling via the plumbing or sump system, as a result of reverse flow of water originating off your property or water from below the surface of the ground. Coverage is available at various levels to accommodate individual requests.

Payment under any of the optional coverage offerings is subject to the applicable policy deductible. Let's look at some examples to see how these would work in the event of a claim:

Example #1: Marring to Metal Roof Materials Coverage

A strong winter storm caused small tree branches to break off and damage the roof of your home. As a result small dents, surface blemishes and scratches were observed on your gutters. Farmers determines that the source of the damage was a covered loss but finds that nature of the damage is entirely cosmetic and is not covered under the base contract. If purchased, the optional coverage Marring

Policy Notices (continued)

to Metal Roof Materials Coverage would cover this loss and pay to replace or repair the affected gutters subject to other applicable policy provisions such as your chosen deductible.

Example #2: Limited Matching Coverage

Let's assume a thunderstorm delivers marble sized hail to your neighborhood. Upon inspection of the covered loss, siding damage is observed on the southern exposures of your home. Upon receipt of multiple repair estimates it is determined that the style of matching vinyl siding on your home is no longer produced or available. The loss settlement of the base contract would only pay to replace the damaged siding on the southern exposures, which would result in different types of siding to be present after repair. Limited Matching would pay to replace damaged and undamaged siding on the dwelling, so the appearance of the siding is consistent.

Example #3: Sewer and Drain Water Damage Coverage

The city sewer main backs into your property's lateral sewer line and backs into your house from the drains in your showers/tubs and sinks. A lot of black water and sewage damages both your flooring, walls and personal property. The optional Sewer and Drain coverage with the Extended Personal Property coverage selection would pay for the cleanup, disposal, repair and replacement of the specific property damaged by the contact with the black water up to the chosen limit for the endorsement.

Not all optional coverages are listed above. Please contact your Farmers agent to find out more information on the many coverage options available to purchase for your policy.

25-4972 4-18

Reconstruction Cost and Your Coverage A (Dwelling) Amount

Policy Number: 76195-59-74

This document contains important information about your insurance coverage. Please review this information carefully.

Do You Think You Have Enough Coverage?

At renewal your policy will provide **\$159** per square foot to rebuild your home. (This does not include any additional amount added by extension or endorsement to your policy.)

When you first obtained your policy, Farmers[®] used an estimating program to calculate a reconstruction cost estimate for your home. This was an estimate, not a guarantee of reconstruction costs.

For this renewal offer we have applied a reconstruction cost factor as part of the annual renewal process. Since we do not unilaterally reduce the Coverage A amount at renewal, there will be no change in the Coverage A amount if application of the factor would result in a decrease in the Coverage A amount. The chart below shows the amount for which we have offered to insure your home at renewal as well as the reconstruction cost estimate with the factor applied (see below). We will calculate a new estimate, rather than apply the reconstruction cost factor, upon request or when you notify us of changes to the features of your home.

Coverage A (Dwelling) Amount offered to insure your home:	\$199,000
Reconstruction Cost Estimate:	\$199,000

Policy Notices (continued)

Please review the next page to make sure the details about your home are correct, and let me know of any necessary changes. Changes to these details could result in a change to the reconstruction cost estimate. Feel free to contact me at any time if you want a new estimate calculated or if you want to make a change to the amount for which your home is insured.

It's important to understand that reconstruction cost is NOT the same as the market value of your home.

Reconstruction Cost

Reconstruction cost is the amount it would cost to rebuild your home if it were destroyed. It includes costs like materials and labor and city/county fees. It is not what a buyer would pay for your home or the amount of your mortgage. It does not include the value or cost of the land.

vs.

Market Value

Market value is the price a buyer would pay to purchase the home, including the land and property, in its current condition. It takes into account the location, the desirability of the property, changes in the housing market, and the economy. It does not take into account the cost to build a new home.

Do You Need Help?

As your Farmers Agent I am happy to help you with any questions you have. I can provide guidance as to the coverage options available, but I cannot choose your coverage amounts for you. Ultimately it is your responsibility to make sure you have purchased sufficient insurance coverage to rebuild your home and replace your personal property.

If you have questions about your coverage or the Coverage A amount offered for your home with this renewal offer please contact my office at **(570) 580-4845**. As your Farmers Agent, I am committed to providing you with excellent service.

Sincerely,

Suzanne Kopitsky

Questions to Consider When You are Determining Your Coverage:

- Is the square footage accurate?
- Have you remodeled your kitchen, bathrooms or any other part of your home?
- What is the overall quality of your home? (See the Quality Grade definitions later in this document.)

Information We Have About Your Home.

Please review the information below about your home for accuracy. Additionally, keep in mind that the amount for which we have offered to insure your home is not a guarantee of reconstruction costs. Again, feel free to contact me if you want to make a change to your Coverage A amount.

ZIP Code:	17815-2506	Roof Material:	Metal
Year Built:	1985	Garage Type:	Detached
Square Footage:	1,250	Interior Wall Construction	Drywall
Style or Number of Stories:	1 Story	Material:	
Dwelling Quality Grade:	Standard	Basement:	Yes
Foundation Type:	Basement	Number of Units:	1
Foundation Shape:	6-7 Corners - L Shape		

Please note that the above information is not an all inclusive list of the individual home features that would be used to recalculate your estimate, but would be major contributors to the development of that estimate. If you desire a complete list of all home features or any

Policy Notices (continued)

other information, please contact me so I can provide that information. Please see the next page for definitions of selected reconstruction cost terms.

There are other coverages and/or options that may be right for you, including those that follow. Some may not be available based on your policy form and/or some may have additional underwriting requirements.

Extended Replacement Cost Coverage: This coverage increases your Coverage A (Dwelling) limit up to an additional 25% or 50% of the Coverage A amount to repair or replace covered damage to your home. This coverage is subject to the policy terms and conditions and may not be available in all states. This coverage may provide an additional layer of protection as your policy **does not** provide Guaranteed Replacement Cost coverage. If your policy does not already include this coverage as indicated on your Declarations page, contact your agent to explore your coverage options.

Building Ordinance or Law Coverage: This coverage pays for increased costs incurred from rebuilding your home in compliance with updated building codes. Contact your agent to learn more about this coverage and the limits available to you.

Options to Choose a Reduced Coverage A (Dwelling) Amount: Depending upon your state, there may be several options to insure your home for lower limits and/or less coverage.

Personal Property: You may also be able to purchase increased coverage for certain items of personal property. These items may include but are not limited to jewelry, watches, electronic data processing equipment, fine arts, firearms, silverware, and other collectibles.

Please contact me to discuss any of the coverages or options listed above.

Selected Definitions

<i>Term</i>	<i>Definitions</i>
Square Footage	The total square footage figure includes all floors of your home. IMPORTANT: The total square footage does NOT include any of the following: attached garage or built-in garage, carport, basement (even if fully finished), attached greenhouse, porches or decks, or any detached structures.
Reconstruction Cost Factor	This Factor is applied as part of the annual renewal process. The Factor may be based on the approximate difference between a current and former reconstruction cost estimate program and/or may reflect the changes in the cost of materials and labor required to rebuild a home in your area.
Dwelling Quality Grade	The following "definitions" are general guidelines to help with your review. Your home can have elements of more than one specific Dwelling Quality Grade. Therefore, you should determine the Quality Grade by choosing the one that comes closest to describing your home. Premium: Unique style and/or shape which vary from the other homes in the area. They are typically very large homes, generally at least 5,000 square feet. Vaulted ceilings (9' - 12') typically throughout. Highest grade materials used throughout (countertops, cabinets, flooring, wall coverings etc.). Contains unique features such as wall safes, built-in movie theaters, and other luxury constructions. Custom: These homes can be recognized by the unique style and/or shape which vary from the other homes in the area. They are typically quite large homes. Custom homes are distinguished by style and shape as well as by the finishes, though they may contain both Above Average and/or Premium quality finishes. Includes features such as highly upgraded kitchen and bath countertops, floor and wall coverings, built-in bookshelves, and wet bars.

Policy Notices (continued)

Term

Definitions

Above Average: Tract style home construction with upgraded features. Home design is produced throughout the area. Many rooms, including the kitchen, bathrooms, and bedrooms have been upgraded from the standard construction design and have features that are made of higher quality materials. Typical designs include raised ceilings. Many upgraded features include the wall and floor coverings, lighting fixtures and kitchen and master bath countertops.

Standard: Typical of common tract style home construction. Home design is produced throughout the area. Features come as part of the packaged construction design and are made of solid and quality conventional materials. Typical designs may include slightly higher ceilings with occasional vaulted ceilings. Some upgraded features but not prevalent.

Economy: Basic home features and design. Simple construction layout and floor plan. Inexpensive fixtures and features. Lower grade, but functional, construction materials (for example: roofing, flooring, cabinets, and countertops).

25-8862 4-18

Important Information Regarding Your Policy

Thank you for choosing Farmers Insurance for your insurance needs. We appreciate your business and want to keep you informed of actions concerning your policy.

Reduction in Coverage

Effective upon renewal, your policy is amended to include a 365-day time limitation from the date of loss for claims resulting from Windstorm or Hail. This is effective February 2, 2022.

If you have any questions, please contact your Farmers[®] Agent, who will be happy to help you, or this office directly at (888) 327-6377.

25-9074 9-21

Privacy Policy

This notice describes our privacy policies and procedures in safeguarding information about customers and former customers that obtain financial products or services for personal, family or household purposes. **Please note that if state law is more protective of an individual's privacy than federal privacy law, we will protect information in accordance with state law while also meeting federal requirements.**

Information We Collect

We may collect the following categories of information for the purposes identified below. Please note that the examples are not an exhaustive list and may fall into multiple categories. Categories and specific pieces of information collected may vary depending on the nature of your relationship with us.

Category	Purpose of Use	What may be included in this category	Some examples
Internal	Authenticate your identity; create, maintain and secure your account with us; maintain your preferences.	Knowledge and Belief, Authenticating, Preference	Passwords, PIN, mother's maiden name, individual interests
Historical	Complete a transaction or provide a service for which the personal information was collected; conduct analytics and modeling.	Personal history	Past claims, prior insurance carriers, prior addresses, medical history, criminal history
Financial	Process your billing; make payments; complete a transaction or provide a service for which the personal information was collected.	Account, Ownership, Transactional, Credit	Credit card number, bank account, records of real or personal property, credit, income, loan records, taxes
External	Identify information to verify you; complete a transaction or provide a service for which the personal information was collected; deliver product offerings that may be relevant to you; conduct analytics.	Identifying, Ethnicity, Gender, Demographic, Medical and Health, Physical Characteristics	Name, username, government issued identification, social security number, gender, browsing behavior, age range, income bracket, physical and mental health, medical records
Social	Establish your communication preferences; complete a transaction or provide a service for which the personal information was collected; process your policy, account or claim.	Professional, Criminal, Public Life, Family, Social Network, Communication	Job titles, work history, school attended, convictions, charges, marital and family status, email, telephone recordings
Tracking	Contact you; provide relevant information; provide a location-based product or service requested by you; conduct analytics.	Computer or Mobile Device, Contact, Location	IP Address, geolocation, email address, physical address, telephone number, country

We collect certain information ("nonpublic personal information") about you and the members of your household ("you") from the following sources:

- Information you provide on applications or other forms, such as your social security number, assets, income, and property information;
- Information about your transactions with us, our affiliates or others, such as your policy coverage, premiums, and payment history;

-
- Information from your visits to the websites we operate, use of our mobile sites and applications, use of our social media sites, and interaction with our online advertisements;
 - Information we receive from consumer reporting agencies or insurance support organizations, such as motor vehicle records, credit report information and insurance claims history; and
 - If you obtain a life, long-term care or disability product, information we receive from you, medical professionals who have provided care to you and insurance support organizations, regarding your health.

How We Protect Your Information

Our customers are our most valued assets. Protecting your privacy is important to us. We restrict access to personal information to those individuals, such as our employees and agents, who provide you with our products and services. We require individuals with access to your information to protect it and keep it confidential. We maintain physical, electronic, and procedural safeguards that comply with applicable regulatory standards to guard your nonpublic personal information. We do not disclose any nonpublic personal information about you except as described in this notice or as otherwise required or permitted by applicable law.

Information We Disclose

We may disclose the nonpublic personal information we collect about you, as described above, to our affiliates, to companies that perform marketing services on our behalf or to other financial institutions with which we have joint marketing agreements, and to other third parties, all as permitted by law and for our everyday business purposes, such as to process your transactions and maintain your accounts and insurance policies. Many employers, benefit plans or plan sponsors restrict the information that can be shared about their employees or members by companies that provide them with products or services. If you have a relationship with Farmers or one of its affiliates as a result of products or services provided through an employer, benefit plan or plan sponsor, we will follow the privacy restrictions of that organization.

We are permitted to disclose personal health information:

- (1) to process your transaction with us, for instance, to determine eligibility for coverage, to process claims or to prevent fraud;
- (2) with your written authorization, and
- (3) otherwise as permitted by law.

When you are no longer our customer, we continue to share your information as described in this notice.

Sharing Information with Affiliates

The Farmers Insurance Group[®] of Companies includes affiliates that offer a variety of financial products and services in addition to insurance. Sharing information enables our affiliates to offer you a more complete range of products and services.

We may disclose nonpublic personal information, as described above in **Information We Collect**, as permitted by law to our affiliates, which include:

- Financial service providers such as insurance companies and reciprocals, investment companies, underwriters and brokers/dealers.
- Non-financial service providers, such as data processors, billing companies and vendors that provide marketing services for us.

We are permitted by law to share with our affiliates information about our transactions and experiences with you. In addition, we may share with our affiliates consumer report information, such as information from credit reports and certain application information, received from you and from third parties, such as consumer reporting agencies and insurance support organizations.

IMPORTANT PRIVACY CHOICES

You have choices about the sharing of some information with certain parties. These choices may differ based on the particular affiliate(s) with which you do business.

For 21st Century customers: We are offering you an Opt-Out opportunity which is included with your policy documents. If you prefer that we not share your consumer report information with Farmers you may opt-out of such disclosures that is, you may direct us not to make those disclosures --other than as otherwise permitted by law. You may do so by following the procedure explained in the Opt-Out Form. You may opt-out only by returning the Opt-Out Form. We will implement your request within a reasonable time. If it is your decision not to opt-out and to allow sharing of your information with the Farmers affiliates, you do not need respond in any way.

For Bristol West customers: If you prefer that we not share consumer report information with our affiliates, except as otherwise permitted by law, you may use the Opt-out form included with your policy documents. Please verify that your Bristol West policy number is listed. If not, please add the policy numbers on the form and mail to the return address printed on the form. We will implement your request within a reasonable time after we receive it. Any policyholder may opt-out on behalf of other joint policyholders. An opt-out by any joint policyholder will be deemed to be an opt-out by all policyholders of the policy. If it is your decision not to opt-out and to allow sharing of your information with our affiliates, you do not need to request an Opt-Out or respond to us in any way.

For Farmers customers: If you prefer that we not share consumer report information with our affiliates, except as otherwise permitted by law, you may request an Opt-Out Form by calling toll free, 1-800-327-6377, (please have all of your policy numbers available when requesting Opt-Out Forms). A form will be mailed to your attention. Please verify that all of your Farmers policy numbers are listed. If not, please add the policy numbers on the form and mail to the return address printed on the form. Any policyholder may opt out on behalf of other joint policyholders. An opt-out by any joint policyholder will be deemed to be an opt-out by all policyholders of the policy issued by the affiliates listed on the Farmers Privacy Notice. We will implement your request within a reasonable time after we receive the form.

If you decide not to opt-out or if you have previously submitted a request to opt-out on each of your policies, no further action is required.

Additionally, under the California Consumer Privacy Act (“CCPA”), California residents have the right to opt out of the sale of personal information to certain third parties. Although we do not currently share personal information in a manner that would be considered a sale under CCPA, you may still submit a request to opt out by calling us at 1-855-327-6548 or submitting a request through our CCPA Web Form at <https://www.farmers.com/california-consumer-privacy/> .

Modifications to our Privacy Policy

We reserve the right to change our privacy practices in the future, which may include sharing nonpublic personal information about you with other nonaffiliated third parties. Before we make any changes, we will provide you with a revised privacy notice and give you the opportunity to opt-out of, or, if applicable, to opt-in to that type of information sharing.

Website and Mobile Privacy Policy

Our Enterprise Privacy Statement includes our website and mobile privacy policies which provides additional information about website and mobile application use. Please review those notices if you transmit personal information to us over the Internet through our websites and/or mobile applications.

Recipients of this Notice

While any policyholder may request a copy of this notice, we are providing this notice to the named policyholder residing at the mailing address to which we send your policy information. If there is more than one policyholder on a policy, only the named policyholder will receive this notice. You may receive more than one copy of this notice if you have more than one policy with us. You also may receive notices from affiliates, other than those listed below.

More Information about these Laws?

This notice is required by applicable federal and state law. For more information, please contact us.

Signed

Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange, Mid-Century Insurance Company, Farmers Insurance Company, Inc. (A Kansas Corp.), Farmers Insurance Company of Arizona, Farmers Insurance Company of Idaho, Farmers Insurance Company of Oregon, Farmers Insurance Company of Washington, Farmers Insurance of Columbus, Inc., Farmers Insurance Hawaii, Inc., Farmers New Century Insurance Company, Farmers Services Insurance Agency, Farmers Specialty Insurance Company, Farmers Texas County Mutual Insurance Company, Farmers Financial Solutions, LLC (a member of FINRA and SIPC)*, FFS Holding, LLC, Illinois Farmers Insurance Company, Mid-Century Insurance Company of Texas, Texas Farmers Insurance Company, Civic Property and Casualty Company, Exact Property and Casualty Company, and Neighborhood Spirit Property and Casualty Company, American Federation Insurance Company, 21st Century Advantage Company, 21st Century Assurance Company, 21st Century Auto Insurance Company of New Jersey, 21st Century Casualty Company, 21st Century Centennial Insurance Company, 21st Century Indemnity Insurance Company, 21st Century Insurance & Financial Services, Inc., 21st Century Insurance Company, 21st Century Insurance Company of Southwest, 21st Century North America Insurance Company, 21st Century Pacific Insurance Company, 21st Century Premier Insurance Company, 21st Century Superior Insurance Company, Hawaii Insurance Consultants Ltd., American Pacific Insurance Company, Inc., Bristol West Casualty Insurance Company, Bristol West Holdings, Inc., Bristol West Insurance Company, Bristol West Insurance Services of California, Inc., Bristol West Insurance Services, Inc. of Florida, Bristol West Preferred Insurance Company, BWIS of Nevada, Inc.; Coast National Holding Company, Coast National Insurance Company; Foremost County Mutual Insurance Company, Foremost Insurance Company Grand Rapids, Michigan, Foremost Lloyds of Texas, Foremost Property and Casualty Insurance Company, Foremost Signature Insurance Company, and Security National Insurance Company (Bristol West Specialty Insurance Company in TX).

The above is a list of the affiliates on whose behalf this privacy notice is being provided. It is not a comprehensive list of all affiliates of the companies comprising the Farmers Insurance Group of Companies.

*For more background information on Farmers Financial Solutions, LLC (“FFS”) or its registered representatives/Agents, visit FINRA’s BrokerCheck at www.finrabrokercheck.com or call the BrokerCheck toll free hotline at (800) 289-9999. You may obtain information about the Securities Investor Protection Program (SIPC) including the SIPC brochure by contacting SIPC at (202) 371-8300 or via the internet at www.sipc.org. FFS is registered with the US Securities and Exchange Commission and the Municipal Securities Rulemaking Board (MSRB). The MSRB website is accessible at www.msrb.org and includes an Investor Brochure that describes the protections that may be provided by the MSRB and how to file a complaint with the appropriate regulatory authority.



Subscription Agreement Notice

Important Notice - Please keep for your records - Subscription Agreement Notice

By payment of the policy premium, you acknowledge that you have received and read the Truck Insurance Exchange Subscription Agreement (the terms of which are provided below) and that you agree to be bound to all of the terms and conditions of the Subscription Agreement.

Under the Subscription Agreement, you appoint Truck Underwriters Association (the "Association") to act as the attorney-in-fact. The Association has acted in this capacity since 1935. The Subscription Agreement provides for payment of compensation to the Association for its becoming and acting as attorney-in-fact. This compensation consists of a membership fee and a percentage of premiums on all policies of insurance or reinsurance issued or effected by the Exchange. These fees are included in your policy payment and are not an additional fee.

We reserve the right to request that you provide us with a signed Subscription Agreement and if you fail to do so, your coverage may be terminated.

Subscription Agreement

For and in consideration of the benefits to be derived therefrom the subscriber covenants and agrees with Truck Insurance Exchange and other subscribers thereto through their and each of their attorney-in-fact, Truck Underwriters Association, to exchange with all other subscribers' policies of insurance or reinsurance containing such terms and conditions therein as may be specified by said attorney-in-fact and approved by the Board of Governors or its Executive Committee for any loss insured against, and subscriber hereby designates, constitutes and appoints Truck Underwriters Association to be attorney-in-fact for subscriber, granting to it power to substitute another in its place, and in subscriber's name, place and stead to do all things which the subscriber or subscribers might or could do severally or jointly with reference to all policies issued, including cancellation thereof, collection and receipt of all monies due the Exchange from whatever source and disbursement of all loss and expense payments, effect reinsurance and all other acts incidental to the management of the Exchange and the business of interinsurance; subscriber further agrees that there shall be paid to said Association, as compensation for its becoming and acting as attorney-in-fact, the membership fees and twenty per centum of the Premium Deposit for the insurance provided and twenty per centum of the premiums required for continuance thereof.

The remaining portion of the Premium Deposit and of additional term payments made by or on behalf of the subscriber shall be applied to the payment of losses and expenses and to the establishment of reserves and general surplus. Such reserves and surplus may be invested and reinvested by a Board of Governors duly elected by and from subscribers in accordance with provisions of policies issued, which Board or its Executive Committee or an agent or agency appointed by written authority of said Executive Committee shall have full powers to negotiate purchases, sales, trades, exchanges, and transfers of investments, properties, titles and securities, together with full powers to execute all necessary instruments. The expenses above referred to shall include all taxes, license fees, attorneys' fees and adjustment expenses and charges, expenses of members' and governors' meetings, agents' commissions, and such other specified fees, dues and expenses as may be authorized by the Board of Governors. All other expenses incurred in connection with the conduct of the Exchange and such of the above expenses as shall from time to time be agreed upon by and between the Association and the Board of Governors or its Executive Committee shall be borne by the Association.

The principal office of the Exchange and its attorney-in-fact shall be maintained in the City of Los Angeles, County of Los Angeles, State of California.

This agreement can be signed upon any number of counterparts with the same effect as if the signatures of all subscribers were upon one and the same instrument, and shall be binding upon the parties thereto, severally and ratably as provided in policies issued. Wherever the word "subscriber" is used the same shall mean members of the Exchange, the subscriber hereto, and all other subscribers to this or any other like agreement. Any policy issued hereon shall be non-assessable.



2022 Exchange Update

Dear Fellow Truck Insurance Exchange Member

As we close the books on 2021, Farmers Insurance Group® continues to provide its customers with coverage options to help them manage risk and meet their insurance needs. We strive to deliver the best value and experience to every customer we're privileged to serve. Farmers appreciates your business and looks forward to continuing to earn your confidence for many years to come.

Truck Insurance Exchange is one of the insurers comprising Farmers Insurance Group®. Truck Insurance Exchange along with Farmers Insurance Exchange and Fire Insurance Exchange, and their subsidiaries and affiliates, provide automobile, homeowners, personal umbrella and business owners insurance. For more information, please visit farmers.com

Recent Developments

- A key highlight in 2021 was our successful acquisition and integration of MetLife Auto & Home®, which diversified our distribution and extended the Farmers brand to new customers.
- We also continued our strong performance in customer experience, with our overall customer satisfaction score at an all-time high.
- In a year of elevated weather and fire catastrophes, Farmers responded with our award-winning Catastrophe team to serve our customers and help communities in need.

Better Together

- We began pivoting to a new way of working based on feedback from our employees and after demonstrating we're more than capable of operating Farmers and serving our customers with the vast majority of our employees working virtually.
- We are committed to a diverse workforce and are proud that Farmers has achieved a perfect score of 100 on the 2022 Corporate Equality Index (CEI).

Your Voting Rights

As a member of Truck Insurance Exchange, you have the important right to vote for representatives of the Exchange Board of Governors. To ensure that all our customers have an opportunity to exercise their voting rights, we now have three ways in which you can cast your votes. You may vote in person at the Annual Meeting of Members of Truck Insurance Exchange, appoint a proxy to act on your behalf by requesting and returning a completed proxy form, or conveniently cast your votes online through your Farmers.com account. Additional information on Truck Insurance Exchange and your voting options can be found in the FAQs on the other side of this page.

Thank you for your ongoing support and participation.

Sincerely,

A handwritten signature in cursive script that reads "Ronald L. Marrone".

Ronald L. Marrone
Chair of the Board of Governors of Truck Insurance Exchange

2022 Exchange Update (continued)

FREQUENTLY ASKED QUESTIONS

As a member of Truck Insurance Exchange, we want you to understand the basics of the operation of an Exchange because, as you will see below, you are an owner of the Exchange.

What is an Exchange?

An Exchange is an insurance organization, which operates in most ways like any other insurance company, but with a few key differences. Truck Insurance Exchange was organized under a provision in the California Insurance Code, which allows insureds to "exchange" policies with other insureds. Because the insureds cannot practically be involved in actually issuing policies, collecting premium, paying commissions to agents, etc., they appoint a third party - called an "attorney-in-fact" (AIF) - to perform those duties on their behalf for a fee. That appointment is made through a document called a "Subscription Agreement." You were asked to sign a Subscription Agreement at the time you applied for insurance with Truck Insurance Exchange and that is how you became a member (aka subscriber).

Who owns the Exchange?

You do. Subscribers of the Exchange are owners until such time as they no longer have insurance from the Exchange. Subscribers elect a Board of Governors which supervises the financial affairs of the Exchange and the performance of the AIF in conformity with the Subscription Agreement terms.

Why is an AIF fee paid to Truck Underwriters Association (TUA)?

Under the Subscription Agreement mentioned above, members appoint TUA to perform certain of the tasks, such as policy issuance and collection of premium, which are involved in running an insurance operation. The Subscription Agreement specifies an AIF fee of 20 percent of premium, although TUA has taken less than that amount.

What is TUA?

TUA is a wholly owned subsidiary of Farmers Group, Inc. (FGI), which is part of the Zurich Insurance Group, Ltd (ZIG), a Swiss company. Neither TUA, FGI nor ZIG has any ownership interest in Truck Insurance Exchange, which is owned by its subscribers (insureds).

How was your premium dollar spent by Truck Insurance Exchange in 2021?

Your premium dollar covers Exchange costs including losses incurred, acquisition costs, taxes, license fees, the AIF fee, and any contributions to surplus. For 2021, the AIF fee was 14.4% of the premium dollar, which included the AIF profit of 6.68% of the premium dollar for that year.

Can the Exchange lose money?

If premiums collected exceed claims payments and other expenses (including the fee for the AIF), then the Exchange retains those net premium earnings (as contributions to surplus). If premiums are not sufficient to cover claims and expenses, the Exchange will lose money. That's one reason it is important to build surplus to pay future losses. The AIF does not participate in claims losses and does not enjoy any net premium earnings. Importantly, subscribers are not responsible for any losses the Exchange might suffer.

How can I exercise my right to vote?

You may exercise your voting rights in any of the following ways:

1. By attending the annual members' meeting in Woodland Hills, CA on March 21, 2023 at 2 PM,
2. Electronically through your Farmers.com account (voting will be available from January 1, 2023 to March 10, 2023 and you will be required to create a Farmers.com account if you do not already have one), or
3. Through mail by requesting a paper proxy from the Subscriber Relations Office (completed proxies must be received by March 10, 2023)

Where can I get more information about the Exchange, or obtain a paper proxy?

You can go to www.farmers.com/about-us for most questions. If you have additional questions or want to obtain a paper proxy along with a postage paid envelope to confidentially return your proxy, please contact:

Subscriber Relations Office
Truck Insurance Exchange
Attn: Corporate Secretary
P.O. Box 4461
Woodland Hills, CA 91365
Subscriber.relations@farmersinsurance.com