

What is the Paid Loss Surcharge?

Insurance is designed to protect one's property from *catastrophic*, unforeseen losses.

On average, 95% of Pioneer State Mutual's policyholders either don't submit any claims or only submit weather or glass claims each year. However, the remaining claims are substantial enough to potentially cause *everyone's* premium to rise. In order to prevent this, Pioneer State Mutual and the vast majority of insurance companies have a "Paid Loss Surcharge" that is designed to isolate the rising cost of non-weather related claims.

Under this program, if you file two (2) or more claims in a span of three (3) years, your premium will *significantly* rise. This surcharge will follow you, even if you decide to switch insurance companies.

How much will my premium go up if I file several claims?

Below is Pioneer State Mutual's Premium Calculation that details the surcharge percentage for each claim filed over three (3) years:

Number of Claims	Surcharge	Initial Annual Premium	Annual Premium After Surcharge
2	150%	\$600	\$1500
3	225%	\$600	\$1950
4	250%	\$600	\$2100
5+	300%	\$600	\$2400

Does every type of claim factor into the surcharge?

Pioneer State Mutual Insurance understands that some catastrophic claims are unavoidable. Therefore, under our Homeowners policies, if you file a glass, equipment breakdown or weather-related claim (unless lack of proper maintenance attributed to the loss), we won't apply the surcharge to your annual premium.

How can I avoid the Paid Loss Surcharge?

Before you file a claim, ask yourself these questions:

- Is this caused by the weather? Is it a glass or equipment breakdown claim that's covered in my current policy?
If you answered yes to either of these questions, then you should contact your agent to inquire about filing a claim.

If no, then ask yourself:

- How many claims have I already filed in the last three years?
- How much will this claim cost if I have it fixed versus how much would the surcharge cost in the long term?

Considering these questions could save you money by preventing a surcharge to your annual premium.

For more information on the Paid Loss Surcharge,
contact your Independent Insurance Agent.