Spinnaker Insurance Company
Hippo Preferred Insurance Program
HO-3

Rate, Rule and Forms Filing Memorandum

Spinnaker Insurance Company (“Spinnaker”) is submitting the enclosed proposed rate and rule changes to its Homeowners (HO-3) program distributed through Hippo Analytics, Inc., doing business as Hippo Insurance Services (Hippo), in the state of New Jersey to be effective 3/19/27, for new business and 5/8/27, for renewal business.

This filing includes updates to rates previously filed under HIPO-133517015.
This filing includes updates to rules previously filed under HIPO-135050695.
This filing includes updates to forms previously filed under WOOD-131979103.

The overall uncapped rate impact of all changes reflected in this filing is +14.9%. Rate impacts from the proposed variable changes were offset through base rate revisions to achieve a rate neutral impact.

The rate impact reflects total premium including optional coverages and policy fees.

In accordance with N.J.S.A 52:27EE-51 and N.J.A.C 1:1-45 insurance companies are required to provide notification to policyholders and the public when an insurer or a rating organization files for a consumer insurance rate increase of greater than +7.0%. We have attached the Policyholder Notification that will be delivered to policyholders.

In addition, pursuant to N.J.S.A 52:27EE-50 and N.J.A.C 11:1-2A all companies submitting prior approval rate filing over +7.0% must provide a copy of the filing to the Division of Rate Counsel. We will be mailing the Division of Rate Counsel a paper copy of our filing.

We are proposing the following rule changes:

New Items:

- Coverage A per Square Foot, Square Footage, Roof Covering
    - These property-specific rating variables are used to better reflect dwelling characteristics in the rating plan.
- Inspection Fee
    - We are introducing an inspection fee to account for vendor costs. This fee is a direct pass-through, with no additional markup.

Changes to Existing Items:

- Revised Policy Fee
    - Update to the policy Fee in our manual to align with the revision; support for this revision is included in NJ Policy Fee Exhibit.
- Replacing our ACV Loss Settlement endorsement rule with our Roof Systems Payment Schedule endorsement rule
- Updated Rate Order Calculation and rate tables to align with updates made in this filing
- Clerical updates to rules that are part of a countrywide effort being made in all states to improve the readability and clarity of various rules as well as in some cases to remove items that are duplicated elsewhere which align with our guidelines, or in other cases add items that are currently today only listed in our rate tables in which we feel explanatory language in the Rule Manual will help with transparency in understanding the item

We are proposing the following forms changes:

- Replacing ACV Loss Settlement endorsement, HO493 (12/2012), with Roof Systems Payment Schedule endorsement, HO926 (02/2022)
- Application – Replacing HAPP01C (11_2017) with new form HAPP01C (03_2027)

Actuarial Supporting Exhibits and Enclosures

The rating factor relativities proposed in this filing are actuarially supported with by-peril multivariate analyses using penalized regression techniques, which are an extension of the Generalized Linear Model methodology commonly used in actuarial pricing. The analyses were performed in vendor software, Akur8, which is designed specifically for insurance ratemaking.

Frequency and Severity models were fit for the following perils: Fire, Theft, Other, Wind, Water Non-Weather, Hail, Water Weather.

The rate justification supporting the proposed changes is detailed in the attached exhibits:

- GLM technical actuarial memorandum and supporting exhibits
- Base Rate Calculation Exhibit
- Policy Fee Exhibit
- Revised rate tables

Changes to Existing Rating Steps

This filing proposes changes to rating factors for the following existing rating variables:

1. Base Rate
2. Territory
3. Construction Type/Protection Class - Factors for P1 (fire) peril were taken from Travelers' approved filing #TRVD-133092909 due to limited exposure across protection class tiers in our own experience.
4. Deductible – AOP deductible factors were derived from fitting a Weibull distribution to the Fire and Non-Weather Water perils using a maximum likelihood estimate. This results in a shape parameter that varies in proportion to coverage A. For the Other, Theft and Weather Water perils where our own internal data is more volatile, deductible factors were taken from approved filing #TRVD-134585304.
5. Wind Deductible – Wind and Hail deductible factors were derived from fitting a Weibull distribution to the Wind and Hail perils using a maximum likelihood estimate. This results in a shape parameter and a scale parameter that varies in proportion to coverage A.
6. Hurricane Deductible – Adopted from TRV filing #TRVD-131729753 due to limited internal data.
7. Age of Roof/Roof Payment Schedule – The factors for RPS = "No" were based on our GLM-indicated factors. The factors for RPS = "Y" were adapted from Travelers' approved filing #TRVD-133092909 using the relativities of their Y/N factors.
8. Age of Home
9. Coverage A
10. Age of Insured
11. Number of Stories
12. Multiple Policy Discount
13. Policy Fee

New Rating Variables

1. Coverage A per Square Foot
2. Square Footage
3. Roof Covering

Enclosed is an authorization for Hippo to submit this filing on behalf of the Company. All correspondence related to this filing should be directed to Hippo. If there are any requests for additional information related to items prepared by the Company, we will forward the request immediately to the Company. We will submit the Company’s response to your attention as soon as we receive it.