

Homebound Insurance Exchange

Actuarial Memorandum

Georgia

Mobile Home

Homebound Insurance Exchange is submitting for your consideration a rate filing for our Open Mobile Home Insurance Program.

Description of Rate Indication Methodology

Overview

The current National Summit Mobile Home program will be closed to New Business and existing customers will be non-renewed and given a policy offer into Homebound Insurance Exchange. As such, Homebound's rate indication methodology utilizes the National Summit Georgia experience as it is representative of the portfolio Homebound plans to write moving forward. Exhibits 9-15 will utilize Annual Statement data from National Summit as this is expected to be representative of Homebound's portfolio moving forward.

National Summit's portfolio has encountered challenges in recent years due to a significant increase in severity trends and PCS events since 2020. Initially expected to be temporary, current data indicates that this trend is likely to continue. Without appropriate rate adjustments, the ongoing pressures will erode surplus over time, jeopardizing the long-term sustainability of the book. Homebound remains committed to deriving rates that are adequate and fair, ensuring that they are not excessive, while safeguarding the financial stability required to continue protecting policyholders in Georgia.

Experience Period and Proposed Effective Date

Homebound rate indication methodology uses the National Summit's Georgia experience for the latest ten accident years (2015 – 2024) for our Mobile Home products, with years ending 12/31. Our last rate revision for this program was effective January 20, 2023. The proposed effective date for this rate filing is October 6, 2025.

Basis of Presentation with respect to Reinsurance and Catastrophe Experience

Direct earned premiums and direct losses & allocated loss adjustment expenses (ALAE) are used in developing our rate indication. Large Catastrophe events, which are defined as those storms with total incurred losses & ALAE of \$10 million or more, are excluded from the data used in our analysis.

Loss Development Projections of Ultimates

Direct losses & ALAE, as well as claim counts, are developed to an ultimate basis using data excluding Large Catastrophe events. For losses associated with historical Homebound Mobile Home, ultimates are developed separately for Non-Catastrophe claims and for claims related to Small Catastrophe events. Small Catastrophe events are defined as those storms with total incurred losses and ALAE of \$2 million up to \$10 million. Non-Catastrophe claims include all remaining claims, including those related to storm events with total incurred losses and ALAE of less than \$2 million.