

Company:

Spinnaker Insurance Company

NAIC #: 24376

Line of Business: Commercial General Liability

State: Texas

Effective Date: 2/1/2027 New Business & 4/1/2027 Renewals

Purpose of Filing:

This filing supports proposed rate changes for the Commercial General Liability (GL) book of business. Evidence of adverse selection in key distribution channels as well as persistently high net trends necessitate this revision to our rating plan.

Rate Impact:

These proposed rate changes result in an impact of 25.586% on in-force policyholders, which is supported by the overall rate indication of 76.019%. Policyholder dislocations have been split out in separate histograms in our accompanying filing exhibits to demonstrate that the rate impacts on our favorably performing channels are mild; the large increases proposed in this filing are targeted to the channel generating the bulk of our deterioration in profitability.

Data:

The rate indication and justification for rating component changes relies on state-level loss experience in the latest five accident years. Where there is insufficient credibility, the data was augmented with experience from the countrywide product. Due consideration was given to trends in premiums and losses, underwriting expenses, loss development and credibility. The extension of exposures method was used for on-leveling premiums.

Background:

In our most recent rate filing, Harborway Insurance implemented a stabilization rule that caps annual renewal rate changes due to significant changes in our payroll exposure base. We have since identified a distribution channel that is contributing significantly to loss ratio deterioration. Business written through the Agency Wholesalers channel is performing at over a 250% loss ratio, with an additional shock loss reported after the evaluation date of our data.

As of October 1, 2026, there are 70,077 policies in force on the countrywide book, 7,412 of which are distributed through this problematic distribution channel. This represents 10.6% of our in-force countrywide book. In the state, 716 of the total 5,612 policies in force are distributed through agency wholesalers.

It is critical to note that the removal of agency wholesaler business from our stabilization rule as well as the large proposed debit factor is necessary to avoid larger rate increases on the rest of the book. We have demonstrated through a loss ratio segmentation analysis that our proposed rates will eliminate the cross-subsidization that is currently occurring between distribution channels.

We respectfully submit this filing for your review and approval.



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