Spinnaker Insurance Company
Sola Wind & Hail Crisis Program

Rate Rule Filing Memorandum

Spinnaker Insurance Company ("the Company") is proposing a 10% rate increase with a 5% cap on renewal increases for their optional tornado, wind & hail coverage program in Arkansas with a new business effective date of 12/1/2026 and a renewal business effective date of 1/1/2027. The program was previously approved in the state under SERFF Tracking #WOOD-134173537.

This product provides benefit to the insured during a verified tornado, wind and/or hail event as defined in the policy. This is a parametric-type product.

The Company has experienced adverse loss outcomes since its inception in 2024, as well as observed an increasing trend in severe weather events in recent years, particularly in those that trigger claim payouts as defined in the policy. Data supporting these observations is provided in Exhibit 5. This rate increase is intended to provide adequate rates for the current environment.

The data used in support of this rate increase includes admitted business only and is on a countrywide basis to improve credibility. The data is evaluated as of 7/31/2026.

Rate/Rule:

- Industry Expense Provision (details in Exhibit R5)
    - Exhibit R1 shows the derivation of the total after tax rate of return on statutory surplus based on the selected budgeted expense provisions for this program. Exhibit R2.1 shows the derivation of the after-tax investment income on policyholder supplied funds. Exhibit R2.2 shows the derivation of the reserves to incurred ratio. Exhibit R2.3 shows the projected after-tax total rate of return. Exhibit R3 shows the derivation of the selected premium to surplus ratio. Exhibit R4 shows the derivation of the target after tax rate of return on statutory surplus. Exhibit R5 shows the derivation of the selected expense provisions.
- Rate Support:
    - See Exhibit 1 through Exhibit 6.