

AMEX Assurance Company (AAC)
 Premium Car Rental Protection (PCRP)
 Rate Revision
 Actuarial Memorandum

With this filing, AMEX Assurance Company (AAC) is proposing to increase base rates for the PCRP program. Rates have not been revised since the program was introduced over 15 years ago. Due to recent inflationary and economic conditions, the program has been operating at a loss. As shown in the Summary Exhibit, while our proposed rate level change may appear significant on a percentage basis, the maximum proposed dollar increase is only \$13.00 per policy. Given this, we believe that the rate level increase proposed in this filing will allow us to charge adequate rates without creating significant policyholder disruption. Our proposed final rates are selected based on the indications but end in \$X.95 for marketing purposes and consistency.

The attached analysis supports our overall rate level indication. The following table provides a list of each exhibit supporting our indication and proposal:

Exhibit	Description
Summary Exhibit	Summary of Indicated and Proposed Rate Level Changes
Exhibit 1	Indicated Premium Change
Exhibit 2	Premium Trend Analysis
Exhibit 3	Loss Trend Analysis
Exhibit 4	Paid Loss and ALAE Development Factors
Exhibit 5	Claim Count Development Factors
Exhibit 6	Expenses
Exhibit 7	Profit

The following provides a brief overview of the processes, procedures, and assumptions used to calculate the actuarial indication for the AAC PCRP program.

Exhibit 1 – Indicated Premium Change

This exhibit consolidates the information from Exhibits 2 through 7 to derive the indicated rate level change. The source of all information is noted in the exhibit footnotes. The methodology is to develop a trended ultimate loss and ALAE ratio based on five years of experience through December 31, 2025, evaluated as of December 31, 2025. Using a full credibility standard of 1,082 claims, our experience is fully credible. As we have not increased rates in over 15 years, on-level premium adjustment is unnecessary.

The final indication is derived by adding the fixed expense ratio (from Exhibit 6) to the trended ultimate loss and ALAE ratio and dividing by the permissible loss and fixed loss expense ratio (which is equal to 1 minus the variable expense and profit ratio).