

**TENANT PROPERTY PROTECTION PROGRAM**  
**ACTUARIAL MEMORANDUM**  
**(RATES / RULES)**

We are respectfully submitting this filing to introduce a new Tenant Property Protection Program to be written by Wesco Insurance Company in New Mexico. This program will provide tenant homeowners coverage using ISO's standard Contents – Broad Form policy form.

Because the proposed forms and endorsements provide coverage very similar to that of American Modern Home Insurance Company ("American Modern"), the proposed rating algorithm and rate relativities are based on American Modern's most recently approved New Mexico rate/rule filing (AMMH-133808216).

Program Modification: The American Modern program includes both a Renters Package Policy and a Renters Liability Only Policy. With this new program, only the Renters Package Policy will be offered, and all rates and rules related to the Renters Liability Only Policy have been removed. The Premium Determination rule has been expanded to provide additional clarity on how premium is calculated under this program. The Minimum Earned Premium rule has been removed. In addition, certain optional endorsements that the company does not plan to offer have been removed from the manual; in some jurisdictions these endorsements had already been removed by American Modern (citing that these coverages were not currently being marketed, had never been offered, and had no active policies), so these are not true deviations in every state. Examples include Scheduled Personal Property and Self Storage Buyback. All other rates, rules, forms, and endorsements remain consistent with the most recently approved American Modern

Fees: A countrywide review of fees was performed, which found that fees match across states. Accordingly, the following fee structure is included in the manual:

- Installment Fee: \$2.50 per installment for Recurring EFT / Credit Card
- Installment Fee: \$7.00 per installment for all other payment methods
- Non-Sufficient Funds Fee: \$20.00

Expense Provisions: Wesco Insurance Company anticipates that its expense provisions will align with those incurred by American Modern in this program. Because this is a new program for Wesco Insurance Company, the company does not have any company-specific experience data on which to base its expense provisions. The proposed expense provisions are therefore aligned with those of American Modern, as the expected exposures and the expected distribution channel for this program are the same as American Modern's. Because the proposed rating plan is based on American Modern's approved filings and Wesco Insurance Company expects its expense structure to be consistent with American Modern's, no base rate offsets for differing expense provisions have been applied.