

Ace Property and Casualty Insurance Company

Form AH-59951 (06/26)

Travel Protection Insurance
New Program – Rates/Rules

Actuarial Explanatory Memorandum

Ace Property and Casualty Insurance Company (“the Company”) is filing to introduce a new Travel Protection Insurance program (the “Program”). The Company’s policy form outlines the benefits provided and limits applicable under the Program, as well as the terms and conditions of coverage. The forms associated with this program are being submitted concurrently.

This product is intended to offer travelers coverage for losses related to travel including trip cancellation, interruption and delay, baggage and other ancillary benefits. The travel protection coverage will be offered to individuals through Travel Retailers arranging travel services, Travel Insurance Producers and Insurance Producers.

The rates/rules included have been developed using company data, publicly available information, and industry statistics. Please see the attached manual for more details.

Rate of Return and Expense Provisions

The Attached PLR Support Exhibits 1 through 5 provide rate of return support for the proposed rates. Exhibit 1 shows the derivation of the total after-tax rate of return on statutory surplus and the selected budgeted expense provisions for this program. Exhibit 2 shows the derivation of the selected premium to surplus ratio. Exhibit 3 shows the development of Reserve Ratios. Exhibit 4 shows the calculation of the pre and post yield rates. Exhibit 5 shows the historic Return on Equity, before and after tax. The calculations in Exhibits 1 through 5 use company information along with the budgeted expense provisions to arrive at the target rate of return.