INDEPENDENCE AMERICAN INSURANCE COMPANY

Pet Insurance

Policy Form # PET-P-20000, et al

ACTUARIAL MEMORANDUM

Independence American Insurance Company is filing to make the following changes to its pet medical program ("V4"). This program is offered to individuals and is reimbursed based on a percentage of allowed charges. We are requesting an effective date of **May 1, 2027.**

- Overall rate revision of **+20.5**%.
- Revision of annual limit factors.
- Revision of deductible factors.
- Revision of coinsurance factors.
- Revision of attained age factors.
- Revision of gender factors.
- Revision of breed factors.
- Introduction of experience modification factors.
- Revision based on change to dental coverage.
- Removal of tenure factors.
- Removal of healthy pet discount.

Rating factors were developed using generalized linear modeling in Earnix. Separate models were developed for dogs and cats using countrywide data from policies effective 1/1/2020 – 3/1/2025, valued as of 5/31/2026. The datasets were separated into 80% for training and 20% for validation. Pure premium was modeled using a log-link function and Tweedie error in two steps. The initial model included annual limit, deductible, coinsurance, attained age, breed group, and gender rating variables. The residual model used those outputs as offsets and included the new claims experience variable. This was done to preserve segmentation of the existing variables to prevent unintended book disruption while capturing new segmentation from the claims experience factor.

The filing support and underlying assumptions can be found in the following files:

- Exhibit 1a – Dog - State Projected Loss Ratio – PTZ
- Exhibit 1a – Cat - State Projected Loss Ratio – PTZ
- Exhibit 1b – Dog - State Projected Loss Ratio – Pumpkin
- Exhibit 1b – Cat - State Projected Loss Ratio – Pumpkin
- Exhibit 1c – Dog - State Projected Loss Ratio – Spot
- Exhibit 1c – Cat - State Projected Loss Ratio – Spot
- Exhibit 2a – Dog - Countrywide Projected Loss Ratio – PTZ
- Exhibit 2a – Cat - Countrywide Projected Loss Ratio – PTZ
- Exhibit 2b – Dog - Countrywide Projected Loss Ratio – Pumpkin
- Exhibit 2b – Cat - Countrywide Projected Loss Ratio – Pumpkin