

NATIONAL CASUALTY COMPANY

Actuarial Memorandum

North Carolina

A modification to National Casualty Company (the Company)'s pet insurance program, Modular Pet Insurance Plan, is submitted for your review. The overall impact of the submitted plan changes is -8.2%. The Company requests that this filing apply to all new business policies written on or after 7/2/2026 and all renewal policies effective on or after 8/27/2026. Revised rate manual pages are included to replace those currently on file. Credibility weighted indication was calculated based on state indication.

Information about the Plan

1. Description of Plan

The Company's MPI plan was soft launched in September 2021 with limited sales to ensure the product was meeting consumer expectations. The product was not made widely available through direct-to-consumer channels until July 2023.

The Plan covers eligible medical and wellness veterinary expenses for veterinary services prescribed to prevent, diagnose, and treat an insured pet's condition. The Plan offers Accident, Illness, Cruciate, Congenital/Hereditary, Behavioral, Prescription Food, and two levels of Wellness options for canines and felines. Accident, Illness, and one Avian Wellness coverage is available for avians, and Accident and Illness coverage are available for rabbit, reptile, and exotic pets. Policy limit, deductible, and coinsurance options varying by coverage.

Modular Pet Insurance will be offered direct to consumers. We have 4,313 in-force policies within the state as of June 30, 2025.

The Company is filing for an overall rate increase resulting from rating variable changes and a base rate change for this plan as noted in the "Summary of Proposed Changes" section below.

2. Premium Rating Basis

Rates vary by coverage, breed, age, tenure, gender, territory, and utilization, as well as by policy deductible, limit, and coinsurance selection. As a result of the soft launch, volume is low and indicated segmentation derived from the product's own experience is unavailable. The product's segmentation is priced with the most recent available experience from the Company's comparable product: Percent of Invoice – Plan A (POI Plan A), Plan A

Summary of Proposed Changes

1. Rate Level Change

The overall rate level change is -8.2%, which is distributed to factor changes including: pet factors updates, zip code factors, and base rate. Please refer to the "Ratemaking Indication" section below for a summary of how the indication was developed.

2. Pet Factor Updates