

**Independence American Insurance Company
Pets Best 2.0 Pet Health Insurance Program**

Actuarial Memorandum

Purpose

Independence American Insurance Company (“IAIC”) is filing to revise its Pets Best 2.0 Pet Health Insurance Program. Proposed changes include revisions to coinsurance/limit factors as well as medical base rate, with a requested effective date of April 2, 2026.

Summary of Proposed Changes

Impact of Medical Base Rate:	37.9%
Impact of Coins./Limit Change:	-0.8%
Overall Rate Impact - Medical:	36.8%

- Revision of promotional offers to align with the approved amendatory endorsement

Experience – Exhibits 1 & 7

Please see the rate indication and experience exhibits provided with this filing.

Trend and Development – Exhibits 3 and 5

A trend factor of 17.9% per year for the historical periods and 12.0% per year for the prospective period was used to project future expected medical claims. Historical trend selections, including two-point trend split point, were based on IAIC program data, with consideration given to the magnitude and duration of early-new-program claim reporting patterns.

Please note that as the IAIC Pets Best 2.0 program was introduced in August 2023, development and trend factors derived solely from its data are not yet credible, even on a countrywide basis. To obtain credible factors, we have supplemented the IAIC Pets Best data with experience from the American Pet Insurance Company (“APIC”) Pets Best program. The IAIC program was initially filed based on the APIC program, and their medical coverage structures remain materially the same, though rate levels differ.

Loss and claim development factors were selected directly from recent quarters’ combined data. As medical pure premium trend is driven by average policy tenure, this selection was made from 16-pt combined data to avoid over-weighting recent years where the combined book is much more tenured than the current IAIC Pets Best program.

Actuarial Certification

I, Michael Jewell, am an Associate of the Society of Actuaries, a Member of the American Academy of Actuaries, and meet the Qualification Standards to render the actuarial opinion contained herein.

In forming my opinion, I relied upon the data and actuarial workpapers produced by Kate Hildebrand, ACAS, VP of Product and Pricing at Pets Best, which were reviewed for reasonableness and consistency.