American Pet Insurance Company
Trupanion
Response to Objections Received April 12, 2023

Dear Shuqian Guan,

For ease of reading, we have included your objections below, and following each objection is our response.

Objection 1: Thank you for the updated Standard Exhibits. Please also update the rate template with 20224 ending data.

Response: Please see the updated rate template and associated exhibits.

Objection 2: In Exhibit B, please add two columns: Non-Utilizer paid losses and Utilizer Paid losses. And explain how long it takes you to determine the non-utilizer. What criteria is used to determine the non-utilizer.

Response: There is only one Trupanion product and we do not classify pets as utilizers or non-utilizers in our underwriting or in our experience study. For the sake of this one analysis and to answer the questions related to this objection, we have classified utilizers as any pet with a paid claim. Therefore, in the updated Exhibit B, the non-utilizer paid losses (column g) are all 0.

Please see the updated Exhibit B.

Objection 3: Refer to "Non utilizers buy the product to protect themselves from unexpected large claims in the future. It is not known in advance who is a utilizer or a non-utilizer", in Exhibit B, are all non-utilizers under Trupanion Policy plan? If not, what plan do they usually choose?

Response: Yes, we are only using experience on the three policy plans for the Trupanion Program.

Objection 4: The data in standard exhibits are combined data of all three policy plans: Trupanion, Exam Day Offer, and White Label Plan, correct?

Response: Correct.

Objection 5: What are the differences between this program and the program transferred to the Independence American Insurance Company?

Response: The programs differ in the following ways:
First, they differ in the types of coverage offered. The following are some examples of key coverage differences between the products.

	Trupanion	Pets Best
Exam Fees	Not covered	Coverage through Optional Rider
Prescription Drugs	Covered	Coverage through Optional Rider

Alternative Therapies	Coverage through Optional Rider	Coverage through Optional Rider
Behavioral Therapy	Coverage through Optional Rider	Not Covered
Wellness	Not Covered	Coverage through Optional Rider
Routine Dental Care	Not Covered	Coverage through Optional Rider

Second, they differ in the way that products are rated as the pet ages. Different products in the marketplace treat the effect of a pet aging in different ways. With some products, as a pet ages, the premiums for that product automatically increases; with other products, the pet is priced throughout the life of the policy as the age at which it was enrolled and therefore a pet's aging does not affect its' rate.

	Trupanion	Pets Best
Age Based Pricing	Age of Enrollment	Attained Age

Third, they differ in the amount of coverage offered and the pet owner responsibility fees.

	Trupanion	Pets Best
Pay Out Limit	No Limit	$2,500, $5,000, $10,000 or No Limit
Co-Insurance	10%	10%, 20%, or 30%
Deductible Amount	$0 - $1000	$50 - $1000
Deductible Type	Per Condition	Annual

Fourth, they differ in their waiting periods.

	Trupanion	Pets Best
Accident	5 days	3 days
Illness	30 days	14 days
Cranial Cruciate Ligament Rupture	30 days	6 months

Objection 6: Refer to Expense Fee/Rate Exhibit D:
a. "The $2 is a commission is paid per pet per month, regardless of the premium amount." Explain who receives the $2 commission?

> **Response:** This $2 per pet per month commission is paid to our licensed field sales partners.

b. "This is included in the commission and brokerage expenses and not the general expense." What does General Expense include? How is the 4.7% calculated?

> **Response:** General Expense includes all APIC direct expenses not related to policy acquisition or claims adjudication, as well as an allocation of fees paid to General Agents, based on their costs related to IT, legal and administrative/overhead expenses as well as salaries and other compensation expense related to employees not involved in claims adjudication or policy acquisition. The 4.7% is calculated by dividing total general expenses by total earned premium for APIC.

Objection 7: Provide Exhibit 4, On-level premium factors, with formulas intact.

> **Response:** Please see updated Exhibit 4.

Objection 8: In Exhibit 5, Use 20184 quarter data as example, explain what "structural modifications" you made to change the exposures from 209,205 (filing 21-1465) to 215,038 (this filing 3/23 submitted Exhibit 8). To better understand the data you used to calculate premium trend, the answer to this question is very important.

> **Response:** Previously, the dataset being used attributed all info related to an exposure to the current state they live in. We've restated California experience such that exposures and their respective earned premium to tie to the reporting period each quarter. This change will be effective in our exhibits moving forward.

Objection 9: Rate manual,
a. Clarify who receives Web Link partner Factor.

> **Response:** Web link Partners are defined as businesses that will place a web link to the Company on their website.

b. Do you have a definition of Inffinity group? Who is eligible for the Affinity Group factor?

> **Response:** The Affinity Group Factor applies to groups of individuals, each on their own individual policy, that are members of the same entity such as employers or associations. An affinity group is defined as an entity that endorses, recommends, or sponsors the Company's pet health insurance program which entitles its members to an expense reduction credit.

c. The first sentence of your guidelines stated, "Your premium will not change due to your pet aging."- However, you have been making rate increase filings almost every year, sometimes twice a year. Therefore, the policy premium does increase almost every year for every policy holder if they do not make changes to their policies. Is this correct?

Response: Our business rating model assigns the risk classification of a pet's age to that pet at the time of enrollment and keeps it assigned for the entire duration of that policy. For example, when a dog enrolls at one year old, it will be priced in the "one year old" category for its life. This rating category is not meant to lock in a pet's premium or the factor associated with this age, it is simply to treat all pets that enrolled at a specific age the same. In contrast, all our competitors will automatically increase premiums for individual pets as they age by using an attained age pricing curve in addition to any approved rate filings.

Our currently approved Age Factors and 12 Month Continuous Enrollment Factors work together to achieve our age at enrollment approach.

Thank you,
Alan Schomburg