February 9, 2023

TRUPANION Pet Health Insurance Program
ACTUARIAL MEMORANDUM & CERTIFICATION

PURPOSE

The purpose of this filing is to present rate factor changes and to demonstrate that the resulting rates are reasonable, not excessive, inadequate, or unfairly discriminatory. The rates in this filing are determined in accordance with sound and commonly accepted actuarial principles. We believe that the information contained in this memorandum and the accompanying supporting rate exhibits are sufficient to demonstrate the above to an actuary qualified in the same practice area in which the filing is made. This filing is not intended to be used for other purposes.

The urgent rate need is due to higher than expected veterinary inflation trends in 2022 and the resulting deterioration of loss experience in New York.

SUMMARY OF PROPOSED CHANGES

Effective Date:	May 1, 2023
Overall Rate Impact:	+22.16%
Statistical Reporting Agent:	NISS
Base Rates:	Revising based on experience to target a +22.16% impact.

PROPOSED RATE INCREASE

Effective May 1, 2023, we are filing for an overall impact of 22.16%. The proposed filing only includes a change to the base rate.

EXP-1, Table 1 shows the process and assumptions that were used to develop the needed increase.

EXP-6 (Current and Proposed Monthly Premium) shows the impact of our factor and base rate changes in the context of building the overall rate increase for New York policyholders.

JDG-2 shows New York specific experience.

EXPERIENCE PERIOD

We used an experience period of October 1, 2021 to September 31, 2022, with no months of runout. EXP-3 shows the ultimate incurred loss development for the experience period.

TREND ANALYSIS

Pet Health insurance trend considerations are similar to those of human medical insurance. For the purpose of trending incurred ultimate losses we selected a 7.8% loss trend factor, this is consistent with the 12-point exponential. EXP-3 provides support for this selection.

EXP-2 shows our development of on-level premium. Earned premium at current rate level is calculated using a traditional parallelogram method with New York rate changes effective July 2016 to present. EXP-2 uses the on-level premium factors and develops the support for the selected -5.0% premium trend.

STANDARD FOR FULL CREDIBILITY

For the purposes of this filing, we continue to use a standard of 7,552 claims for full credibility. EXP-4 shows a limited fluctuation methodology and the development of our credibility standard.

DEVELOPMENT OF LOSS RATIO & LAE

RF-3 and RF-4 show the development of expenses for this filing.

CERTIFICATION

I, Mikel Gray, Director of Trupanion Pricing for the American Pet Insurance Company, am a member of the American Academy of Actuaries. I meet the qualification standards for certifying Regulatory Filings and rendering the Actuarial Opinion contained herein. To the best of my knowledge, the rates and underwriting manual presented in this filing follow the rules and guidelines of the state of New York. The rates have been developed using standard actuarial practices in keeping with the Actuarial Standards of Practice. It is my opinion that the rates and rules are appropriate, adequate, and not excessive or unfairly discriminatory.

Mikel Gray, FSA, MAAA
Director, Trupanion Pricing
American Pet Insurance Company

2/09/2023
Date