UNDERWRITING CRITERIA, PRACTICES, AND TOOLS OF PET HEALTH INSURANCE COMPANIES

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This article examines the underwriting criteria, practices, and tools of pet insurance companies. While companies that sell pet insurance policies are generally transparent about who their underwriting company is, underwriting rules are not as readily available and require consumers to navigate the System for Electronic Rates and Forms Filing (SERFF) online interface. Because pet "health" insurance is actually a form of property and casualty insurance, the underwriters are, as expected, typically property and casualty companies. This paper explores the current pet health insurance landscape and how pet insurance underwriters incorporate quasi-medical underwriting into their pet insurance policies.

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I.   AN OVERIVEW OF PET HEALTH INSURANCE

Pet health insurance may seem like a straightforward product at first glance, but the reality is that it is a poorly understood product by consumers, who often have little idea what underwriting criteria is used to calculate premiums, what is covered under the policy, and even how the policy functions in terms of veterinary bill payment or reimbursement.[1] Consumers' unfamiliarity with pet health insurance may be because it is a newer insurance product than car insurance, homeowners insurance, or life insurance, which are immediately recognizable to the average consumer.[2] Confusion may also stem from the atypicality of the pet health insurance product itself, because it functions similarly to traditional health insurance, yet it is actually property and casualty insurance as a result of pets' legal classification as property. Lastly, some of the confusion may be because there is significant variance in policies and how companies manage claims.[3] This variance in policy operation may be partly because pet health insurance is currently a lightly regulated insurance product in comparison to most major, more established insurance lines.[4]

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[1] While a comprehensive survey regarding consumer understanding of pet health insurance has not been performed, a sampling of consumer complaints reveals that many consumers did not understand their pet health insurance policies. *See Trupanion Complaints,* BETTER BUS. BUREAU, https://www.bbb.org/us/wa/seattle/profile/insurance-companies/trupanion-1296-22429232/complaints (last visited Feb. 21, 2021).

[2] The first pet health insurance policy in the United States was issued in 1982, according to the National Association of Insurance Commissioners (NAIC), which is a state-based, standard-setting organization governed by the insurance regulators from each state and territory in the United States. NAT'L ASS'N INS. COMM'RS, A REGULATOR'S GUIDE TO PET INSURANCE 4 (2019), https://naic.org/prod_serv/PIN-OP-19.pdf [hereinafter NAIC REGULATOR'S GUIDE].

[3] Specifically, the NAIC notes that a lack of consistent definitions across pet insurance policies results in varying coverage. Consumer complaints from the Better Business Bureau reveal this is a frequent source of policyholder confusion. *See* BETTER BUS. BUREAU, *supra* note 1.

[4] NAIC REGULATOR'S GUIDE, *supra* note 2, at 13. While the guide does not explicitly juxtapose a lack of regulation in the pet health insurance industry with the more robust regulation of major lines, the guide notes that the classification of pet health insurance as a limited line in some states results in fewer regulatory requirements.

Pet health insurance provides accident and illness coverage for family-owned pets, primarily dogs and cats.[5] While some pet insurance plans also provide reimbursement for wellness procedures like vaccinations, heartworm testing and spaying or neutering, pet health insurance is primarily used to cover costs for accidents and unexpected illness.[6] It differs from other types of insurance on pets, such as life and theft insurance, which designed to insure the lives of highly valuable animals, such as show dogs and cats.[7] Life and theft policies reimburse owners for stolen animals and pay a death benefit if an animal dies during transport or other covered events.[8] Pet owner liability to third parties from injuries caused by common household pets is generally covered by the owner's homeowners or renters insurance policy, as long as the animal is not an excluded breed and does not have a history of aggression.[9] Unlike life and theft insurance, or the pet liability coverage in a standard homeowners policy, pet health insurance's singular purpose is to cover veterinary expenses.

Pet health insurance is unique because it functions fundamentally like traditional health insurance in that the policyholder pays a premium to cover future medical expenses for the insured. Like traditional health insurance prior to the Affordable Care Act, pet health insurance underwriting incorporates factors such as gender, medical history, and pre-existing conditions when setting premiums for individual pets.[10] Breed, age, size, and spaying/neutering are also common factors in pet health insurance underwriting formulas.[11] The claims process is different from traditional health insurance; pet health insurers generally require the pet owner to pay the veterinary bill upfront, and the company will refund any covered portions after the owner files a claim.[12] Pet "health" insurance is also a bit of a misnomer because this type of policy is actually a specific line of property and casualty insurance, not true health insurance. Generally, it is classified

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[5] NAIC REGULATOR'S GUIDE, *supra* note 2, at 1.

[6] *Id.* at 9.

[7] *Facts About Pet Insurance*, INS. INFO. INST., https://www.iii.org/article/facts-about-pet-insurance (last visited Feb. 21, 2021). The Insurance Information Institute is a non-profit association dedicated to improving consumer understanding of insurance.

[8] *Id.*

[9] *Id.*

[10] *SERFF Filing Access: California, infra* note 67.

[11] *Id.*

[12] *Id.*

as a type of inland marine insurance for regulatory purposes.[13] This is because pets are legally considered the property of their owners,[14] and inland marine insurance incorporates several miscellaneous coverages and functions as a catch-all for niche types of property and casualty insurance.[15]

The categorization of pet health insurance as inland marine may seem rather curious, and as the pet health insurance market continues to expand, it makes sense to consider placing pet health insurance in its own category. The National Association of Insurance Commissioners (NAIC) is currently investigating whether pet insurance should be removed from the State Licensing Handbook Uniform Licensing Standard[16] as a limited line at the request of a pet health insurer that is unidentified in the NAIC report.[17] "Reasons cited [by the insurer[18]] include: 1) tremendous growth in the pet insurance market; 2) policy premiums that far exceed the cost of the covered item (i.e. the pet); 3) complex policies with multiple coverage options and exclusions."[19] This change would be significant since, in states that do not require a full property and casualty license to sell pet health insurance, insurers are largely exempt from the compliance requirements that major lines must meet, making the pet health insurance market an area that still appears to lack much regulation and oversight.

While most states require a full property and casualty license to sell pet health insurance, some states require only a limited-line license of property and casualty insurance.[20] Limited-lines products are generally designed to be incidental to the sale of another product, which is not typically

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[13] NAIC REGULATOR'S GUIDE, *supra* note 2, at 5.

[14] 3B C.J.S. *Animals* § 4 (2020).

[15] NAIC REGULATOR'S GUIDE, *supra* note 2, at 32.

[16] This NAIC handbook serves as a guide for state insurance departments in establishing effective licensing regulations. NAT'L ASS'N INS. COMM'RS, STATE LICENSING HANDBOOK 1 (2018), https://www.naic.org/documents/prod_serv_marketreg_stl_hb.pdf [hereinafter STATE LICENSING HANDBOOK].

[17] *Id.* at 251–53; NAIC REGULATOR'S GUIDE, *supra* note 2, at 1.

[18] While the identity of the insurer that petitioned the NAIC for additional regulations is uncertain, it is surely a pet insurer that already requires its agents to have full property and casualty licenses in every state and therefore has a business purpose in urging additional regulation that would provide barriers for its competitors.

[19] NAIC REGULATOR'S GUIDE, *supra* note 2, at 1.

[20] *Id.*

the case with pet insurance.[21] Pet health insurance policies are underwritten for individual pets and are often sold separately from other types of insurance. Indeed, of the top five companies in the pet health insurance arena by market share, only one pet insurance branding company (Nationwide) sells policies other than pet health insurance.[22] As evidenced by numerous pet health insurance branding companies that only sell pet policies, pet insurance is frequently being purchased on its own, not merely in addition as part of a bundle of other insurance products.

Additionally, as noted by the NAIC's report, the categorization of pet health insurance policies as inland marine policies makes it difficult to ascertain data specific to the pet health insurance industry because pet policies are not isolated for purposes of regulation and tracking premium volume.[23] Because pet policies are not isolated and reported separately from other inland marine policies, the NAIC data, which offers detailed market share breakdowns for policy lines, is insufficient for the purpose of analyzing the market share of pet health insurance companies. Thus, it is apparent that pet health insurance underwriting lacks comprehensive understanding not only by consumers, but by insurance regulators as well.

Another area of confusion in the pet health insurance industry is the commonplace practice for pet health insurers to operate under a brand name or managing general agent (MGA) (i.e., Petplan[24]), but to outsource the underwriting to one or more underwriting companies (i.e., XL Specialty Insurance). The NAIC notes that this practice can cause confusion among consumers when they are trying to determine which entity is responsible for paying claims or which should be named if the consumer files a complaint with their state insurance department.[25] Among the top five pet health insurers by market share, all five utilize a brand name and different underlying underwriter (including Nationwide, a major personal auto and homeowners insurer). In these cases, the brand name acts as the purveyor of policies underwritten by a different, underlying company.

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[21] *Id.*

[22] NATIONWIDE, https://qec.petinsurance.com/quote1 (last visited Feb. 25, 2021) (showing option to insure "[b]ird or exotic pet").

[23] NAIC REGULATOR'S GUIDE, *supra* note 2, at 5.

[24] Petplan is a branding company that sells pet health insurance policies underwritten by XL Specialty Insurance Company. *See generally* PETPLAN, https://www.gopetplan.com/?utm_campaign=G-[B]-Petplan-Core-US-BMMD&utm_source=google&utm_medium=cpc&gclid=EAIaIQobChMIk9Snws3B6QIVj4jICh0REwS5EAAYASAAEgKftPD_BwE (last visited Feb. 21, 2021).

[25] NAIC REGULATOR'S GUIDE, *supra* note 2, at 7.

While the NAIC notes the potential for confusion in this common practice in the pet insurance industry, using a brand name and a different underwriter is not unique to pet health insurance. For example, Allstate, an insurance company that is probably best known for its car insurance policies, utilizes multiple underwriting companies, some of which are not recognizable as Allstate subsidiaries.[26] While most of Allstate's underwriting companies are immediately recognizable as subsidiaries of the parent company (i.e., Allstate Fire and Casualty Insurance Company, which is one of the Allstate underwriters in Northbrook, Illinois)[27] other underwriters for the company are not so quickly recognizable, such as Castle Key Insurance Company, an Allstate underwriting company in St. Petersburg, Florida.[28] However, the underwriting companies that are unrecognizable as the underwriters for an insurance brand are generally subsidiaries of the insurer, while with pet health insurance, underwriting is often outsourced to an entirely different company. While the practice is not unique to the pet health insurance industry, it may be less of a concern in more established insurance lines with greater regulatory oversight.

Indeed, the expansion of the pet health insurance market and relative lack of regulatory supervision has attracted the attention of the NAIC, which created the Pet Insurance (C) Working Group in April 2019.[29] The working group is currently drafting a pet insurance model law with the goal of "develop[ing] of a model law to establish appropriate regulatory standards for the pet insurance industry."[30] The model law, in its working form, would force pet health insurers to make additional disclosures and would disallow the exclusion of coverage based on preexisting conditions beyond six months after the policy's effective date of coverage.[31] The model law does not address underwriting formulas and rates, though, like other forms of insurance, pet health insurance rates are already subject to state regulation

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[26] *Underwriting Companies*, ALLSTATE, https://www.allstate.com/about/name-location.aspx (last visited Feb. 21, 2021).

[27] *Id.*

[28] *Id.*

[29]*Pet Insurance*, NAT'L ASS'N INS. COMM'RS (Sept. 9, 2020), https://content.naic.org/cipr_topics/topic_pet_insurance.htm.

[30] *Pet Insurance (C) Working Group*, NAT'L ASS'N INS. COMM'RS, https://content.naic.org/cmte_c_pet_wg.htm (last visited Feb. 21, 2021).

[31]Pet Insurance Model Act: Discussion Draft for Pet Insurance (C) Working Group (Feb. 19, 2020), https://content.naic.org/sites/default/files/call_materials/NAIC%20Pet%20Insurance%20Model%20Law%20DiscussionDraft20200226.pdf [hereinafter Pet Insurance Model Act].

and approval.[32] While the NAIC's model law would only have the force of a statute when a state legislature adopts it (often in a modified form), NAIC models are influential and it is likely that some states would adopt the model act or variations of it.

A.   INDUSTRY GROWTH AND PROJECTIONS

Since the first pet policy in the U.S. was issued in 1982 by Veterinary Pet Insurance[33] (now Nationwide), the pet health insurance market has expanded beyond a niche submarket of property and casualty insurance to a common purchase for pet owners looking to protect their finances from extraordinary vet bills. Households in the U.S. spent a combined $72 billion in 2018 on pet medical insurance care, which was 4.5 percent higher than in 2017.[34] The U.S. pet insurance industry was worth slightly more than $1 billion in 2017 and is expected to nearly double to $2 billion by 2022.[35]

Despite the staggering amount of money spent on pet health insurance and the increase in popularity of the policies, only a small fraction of pet owners in the U.S. carry pet insurance.[36] An estimated one to two percent of the nation's nearly ninety million pet dogs and more than ninety-four million pet cats are insured.[37] However, the pet insurance market is expected to grow more than fourteen percent per year, supported by several trends—most importantly, increased consumer awareness of the existence of pet health insurance as an existing, available policy type.[38]

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[32] *SERFF Filing Access: California, infra* note 67.

[33] NAIC REGULATOR'S GUIDE, *supra* note 2, at 4. The first pet policy issued in 1982 by VPI covered the dog playing Lassie on television; INS. INFO. INST., *Facts and Statistics: Pet Statistics*, https://www.iii.org/fact-statistic/facts-statistics-pet-statistics (last visited Oct. 17, 2020). This policy was almost certainly a pet life and theft insurance policy rather than a health insurance policy, but it served as the United States' introduction to pet policies generally.

[34] INS. INFO. INST., supra note 33.

[35] *Id.*

[36] Interestingly, pet insurance is more common in European countries than in the United States, with half of all pets in Sweden covered by pet health insurance. *Id.*

[37] Susan Jenks, *Pet Insurance is the Latest Work Perk*, N.Y. TIMES (June 7, 2017), https://www.nytimes.com/2017/06/07/well/family/pet-insurance-is-the-latest-work-perk.html.

[38] Ryan Smith, *Pet Insurance Market Set to Double by 2022,* INS. BUS. MAG. (Oct. 4, 2018), https://www.insurancebusinessmag.com/us/news/breaking-news/pet-insurance-market-set-to-double-by-2022-113038.aspx.

Some of the pet health insurance market's growth may be attributed to the expanding popularity of the "pet humanization concept," which refers to the increasing demand for pet grooming and care products as humans continue to treat pets more like family members.[39] The emotional appeal of pet health insurance is undeniable for those who see their pets as part of the family and do not want finances to limit them from providing treatment to their pet. After all, veterinarians have no obligation to treat animals when the owner cannot pay, and only forty-one percent of Americans report they would be able to cover a $1,000 emergency with savings.[40] Pet health insurance coverage can help pet owners avoid having to euthanize their pet simply because they cannot afford to treat the condition.[41] This appeal, combined with Americans' increasing conceptualization of pets as bona fide family members,[42] may in part account for the pet health insurance market boon over the last decade. Pet owners, especially millennials, are increasingly more willing to spend more on their animals to ensure a healthy and long life. [43] As pets become more entrenched in the inner family life of Americans, benefits like "pawternity leave" for new dogs and cats, as well as pet health insurance offered as a benefit at work, are gaining traction. [44]

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[39] *Pet Insurance is the New Millennial Pink*, BUS. INS. (Jan. 31, 2020), https://www.businessinsurance.com/article/20200131/NEWS06/912332853/Pet-insurance-is-the-new-millennial-pink.

[40] Megan Leonhardt, *41% of Americans Would be Able to Cover a $1,000 Emergency with Savings*, CNBC (Jan. 22. 2020), https://www.cnbc.com/2020/01/21/41-percent-of-americans-would-be-able-to-cover-1000-dollar-emergency- with-savings.html.

[41] *NAPHIA's Pet Insurance Buying Guide*, N. AM. PET HEALTH INS. ASS'N, https://naphia.org/find-pet-insurance/naphias-pet-insurance-buying-guide/   (last visited Oct. 4, 2020).

[42] Ninety-five percent of respondents to a Harris Poll survey said they consider their pets to be members of the family. *See* Larry Shannon-Missal, *More Than Ever, Pets are Members of the Family*, THE HARRIS POLL (July 16, 2015), https://theharrispoll.com/whether-furry-feathered-or-flippers-a-flapping-americans-continue-to-display-close-relationships-with-their-pets-2015-is-expected-to-continue-the-pet-industrys-more-than-two-decades-strong/.

[43] *Americans are Spending More on Pets than Ever Before: $72 Billion*, CISION PR NEWSWIRE (March 21, 2019, 6:40 PM), https://www.prnewswire.com/news-releases/americans-are-spending-more-on-pets-than-ever-before-72-billion-300816835.html.

[44] Mark Williams, *Pawternity Leave: More Companies Offering Time off When Employees Adopt a Pet*, CHI. TRIB. (Jan. 7, 2020), https://www.chicagotribune.com/

The juxtaposition of pet owners' conceptualization of pets as members of the family deserving of their own form of health insurance and the insurance industry's conceptualization of pets as property is partly why pet health insurance is such an enigma in the industry. Indeed, while pets are categorized as property, the NAIC's draft model law indicates there is an aspect of morality at play in this particular line of property and casualty insurance, since, for example, the model law severely limits insurers' ability to deny coverage due to pets' preexisting conditions. Thus, the unique intersection of pets as property, but also as members of the family unit, may ultimately be a driving force in the industry's regulation.

II.   POLICY MARKETING AND ISSUANCE

The most common distribution methods for pet health insurance policies are web-based marketing and referrals from veterinary clinics or friends and family.[45] Pet insurance may also be sold via pet stores, shelters, and animal support and rescue organizations, or word of mouth referrals.[46] Some pet health insurance brands, like Trupanion, offer a free month of pet health insurance on dogs who are adopted from partner rescues and shelters, incentivizing adopters to continue the coverage by reducing the hassle of signing up.[47] The process of insuring a pet is relatively easy and can be done online. Signing up for a policy simply requires a potential policyholder to input the data for the underwriting rating factors as prompted via an online quote.[48] Then, the applicant will be prompted to complete the application and provide their own information and a payment source.

"The fastest-growing form of distribution [of pet health insurance] is through an employee benefit package."[49] According to Nationwide, about fifty percent of Fortune 500 companies offer pet insurance as an employee

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pets/sns-companies-offering-time-off-for-pet-adoption-20200107-phkqs573u5ccdk i7f4tes4pp6y-story.html.

[45] NAIC REGULATOR'S GUIDE, *supra* note 2, at 11.

[46] *Id.*

[47] *Shelter and Rescue Support*, PETPARTNERS, https://www.petpartners.com/ partnerships/shelters-and-rescues (last visited Apr. 5, 2020); *What's an Offer?*, TRUPANION, https://trupanion.com/ec/certificates/what-is-a-certificate (last visited Apr. 5, 2020).

[48] *See Tell Us About Your Pet*, NATIONWIDE, https://qec.petinsurance.com/ quote1 (last visited Sept. 28, 2020) (showing a typical pet health insurance quote landing page).

[49] NAIC REGULATOR'S GUIDE, *supra* note 2, at 12.

benefit,[50] and around 5,000 companies offer pet insurance to employees in an effort to lure talent.[51] Coverage may be sponsored in part by the employer or paid entirely by the employee. Special employee pricing is sometimes offered with group discounts, and some underwriting formulas account for such discounts in their rating factors.

Since the process of becoming a policyholder of a pet health insurance policy is often done online, without an agent ever reviewing or assessing the insured pet in-person, some consumers might be tempted to commit insurance fraud and input data into their policy application that they believe will yield a lower premium in the underwriting algorithm (i.e., report that their dog is only one year old when it is actually four or that their cat a different breed than it truly is). Naturally, this would backfire on the policyholder if they were ever to file a claim, as insurers typically require the premium payor to submit all veterinary records with the claim so the company can determine whether to approve or deny the request on the basis of a pre-existing condition.[52] Discrepancies would be revealed at that time. Additionally, falsifying information on an application for pet health insurance coverage is a criminal offense and falsifiers could face punishment, which might be motive enough to keep policyholders from fudging their applications.[53] Several pet health insurance companies require the purchaser to upload an image of their pet to the website, which might also be used as a way to detect obvious fraudulent information in the application. Applicants could, of course, use any photo to represent their pet, but if the image does not match the description in the veterinary records, the discrepancy could be discovered.

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[50] *Anthony Sharett named President and Chief Pet Insurance Officer for Nationwide,* NATIONWIDE (Jan. 9, 2019), https://news.nationwide.com/anthony-sharett-named-president-and-chief-pet-insurance-officer-for-nationwide/.

[51] Jenks, *supra* note 37.

[52] *E.g.*, NATIONWIDE, NATIONWIDE PET CLAIM FORM, https://www.petinsurance.com/images/VSSimages/media/pdf/Claim_form.pdf (requiring veterinary records to be submitted as part of a Nationwide pet health claim).

[53] The California Insurance Fraud Division warns consumers that insurance fraud is a felony. *See Insurance Fraud is a Felony*, CAL. DEP'T OF INS., http://www.insurance.ca.gov/01-consumers/105-type/95-guides/15-gen/insur-fraud-is-felony.cfm (last visited Oct. 18, 2020). Consumers may not be familiar with the particular laws of their state penalizing insurance fraud, but fraud is punishable in every state. *E.g.*, CAL. PENAL CODE § 550 (West 2020); N.Y. PENAL LAW § 176.10 (McKinney 2020).

III.   UNDERWRITING RATING FACTORS

Even though pet health insurance is a form of property and casualty insurance rather than true health insurance, pet health insurance functions and is built upon a framework similar to that of traditional health insurance. Pet health insurance incorporates quasi-medical underwriting into the premium structure, accounting for variables such as breed of pet and age. Before the Affordable Care Act, which went into effect on January 1, 2014, health insurance companies could deny applicants for pre-existing conditions, charge them more money, or subject them to a waiting period.[54] Essentially, pet health insurance incorporates many of these aspects of medical underwriting that are now disallowed in the health insurance industry by incorporating underwriting rules that are, naturally, designed to decrease the risk borne by pet insurance companies. By the same token, pet health insurers have the regulatory leeway to accurately underwrite risk. Thus, there are two main ways to view the underwriting criteria of pet health insurance: (1) as discriminatory underwriting that disadvantages certain breeds and pets with preexisting conditions, or (2) accurate pricing that fairly takes risk into account. Or, perhaps a third alternative is that both of these views are simultaneously true.

It appears the NAIC leans toward the view that at least denial of coverage for pets based on preexisting conditions should be disallowed. The model law in progress by the NAIC Pet Insurance Working Group would prohibit pet health insurers to exclude coverage on the basis of a preexisting condition provision for a period beyond six months following the insured's effective date of coverage, but would not disallow differing rating factors based on breed.[55] However, the model law has not been completed, and the NAIC's proposed restrictions in their model law do not appear to have yet been adopted by any states.

Pet health insurers are required to file policy rates and forms with their state insurance departments. An August 2018 regulation in California also requires underwriting rules included in property and casualty rate applications to be made public, even if such rules contain confidential or proprietary information.[56] While proponents of the insurance industry

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[54] *Pre-Existing Conditions*, U.S. DEPT. OF HEALTH AND HUMAN SERVICES, https://www.hhs.gov/healthcare/about-the-aca/pre-existing-conditions/index.html (last visited Feb. 25, 2021).

[55] Pet Insurance Model Act, *supra* note 31.

[56] Cal. Ins. Code § 1861.05 (b).

naturally balked at the code provision, arguing that it could have far-reaching effects on the property and casualty market in California and beyond, particularly for InsurTech innovation, the provision offers an excellent opportunity for consumer transparency.[57] Underwriting rules for pet health insurance underwriting companies (and indeed all underwriting companies) that operate in California can be accessed via the System for Electronic Rates and Forms Filing (SERFF) online interface. SERFF is an online platform managed by the NAIC that provides an electronic method for insurers to submit documents and for insurance regulators to review them. Many state insurance departments also offer consumers online access to public filings.[58] The underwriting rules available on SERFF contain the rating factors and equations used to calculate premiums. This paper uses the underwriting formulas for the underwriters of the top five largest pet health insurers filed in California. While underwriting formulas may change depending on the state filed in, some underwriting rules, such as those in Healthy Paws pet health insurance policies, account in their California filing for the ZIP Codes in every state in which they write policies. It is reasonable to infer that underwriting rules that account for different states would not have differing formulas from state to state, since the rule published in California already accounts for all states.

California serves as an apt state in which to study underwriting filings, since the state represents a significant portion of the total number of pet health insurance policies issued as well as the gross written premium.[59] As of 2017, California accounted for 19.8 percent of the number of policies issued in the United States, and for 21.4 percent of the gross written premium.[60] For comparison, the state with the next largest percent of number of policies is New York, with 9.8 percent of the total policies and 10.4 percent of the gross written premium.[61] On the other hand, California is also the only state to have enacted a law directly referencing pet health insurance,

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[57] John F. Finston, *California Department of Insurance Requires Underwriting Rules to be Made Public*, NAT. LAW REV. (Aug. 14, 2018), https://www.natlawreview.com/article/california-department-insurance-requires-underwriting-rules-to-be-made-public.

[58] Web users from any state may access filings with the California Department of Insurance via SERFF. *E.g.*, *SERFF Filing Access: California*, NAT'L ASS'N INS. COMM'RS, https://filingaccess.serff.com/sfa/home/CA.

[59] NAIC REGULATOR'S GUIDE, *supra* note 2 at 6.

[60] *Id.*

[61] *Id.*

so insurers operating in that state may have different underwriting practices than they would implement in other states.[62] Enacted in 2015, the law requires pet health insurance policies sold in California to be written in clear language and adequately explain coverage limits, co-insurance, waiting periods, and deductibles.[63] California consumers of pet health insurance also must receive full refunds for policies canceled within 30 days of purchase.[64] While a requirement for clear language and disclosures in insurance policies is nearly universal in every state and pet insurance is likely included in these requirements, California uniquely addresses pet insurance in its own statutory provision.[65]

This paper considers the top five pet health insurers to be the insurers with the largest percentage of market share. According to the 2018 North American Pet Health Insurance Association (NAPHIA), the top five pet health insurers are as follows in the below chart.

A.   TOP FIVE INSURERS BY MARKET SHARE PERCENTAGE (IN MILLIONS):[66]

1. Nationwide $ 374.60 36.33%
2. Trupanion $ 191.60 18.58%
3. Healthy Paws Pet Insurance and Foundation $ 123.20 11.95%
4. Petplan Pet Insurance $ 83.60 8.11%
5. Crum & Forster Pet Insurance Group $ 69.20 6.71%

The following findings were made by conducting a comprehensive review of the underwriting rules of the top five pet health insurers in California, accessed via SERFF. The underwriting rules can be found on SERFF by searching the California public-facing SERFF database.[67] One

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[62] *Id.* at 7.

[63] Cal. Ins. Code § 12880.2 (West 2019).

[64] *Id.*

[65] *Id.*

[66] NAIC Regulator's Guide, *supra* note 2, at 4 (citing N. AM. PET HEALTH INS. ASS'N, STATE OF THE INDUSTRY REPORT 2018 (2018), https://naphia.org/industry/research-and-reports/terms-conditions-use-state-industry-report.)

[67] *SERFF Filing Access: California*, NAT'L ASS'N INS. COMM'RS, https://filingaccess.serff.com/sfa/home/CA [hereinafter *SERFF Filing Access: California*]. This author's review included the SERF filing system, the organization

weakness in this review is that the rationales for the underwriting rules are not publicly available on SERFF. Thus, the commentary in this paper regarding variances in rating factors is speculative and is based on assumptions regarding the industry and the risk factors.

To retrieve specific underwriting rules, consumers can filter the database by selecting "Property & Casualty" for the business type, inputting the underwriting company's name, and entering "pet" into the field for the insurance product name. This will yield all publicly available forms filed by the specified underwriting company that pertain to pet insurance. SERFF provides dates as well as the status of the form (approved, withdrawn, etc.), so consumers can see which approved underwriting rules are the most recent. Some discretion may be needed in the event the searched underwriting company underwrites for more than one branding company operating in California. However, the underwriting rules for the top five insurers were labeled by branding company as well, eliminating this concern.[68] Navigating the SERFF interface requires an unrealistic level of sophistication and diligence from consumers (inputting the branding company name, for example, would not yield results for underwriting rules), but it is a valuable tool for regulators and researchers.

An examination of the top five pet health insurance companies' underwriting rules and criteria available on SERFF in California reveals few surprises and several universal rules. Cats are less expensive to insure than dogs.[69] Mixed-breed dogs are generally less expensive to insure than purebred dogs.[70] Younger dogs are less expensive to insurance than older dogs.[71] Smaller dogs are generally less expensive to insure than larger dogs.[72] Interestingly, female cats are less expensive to insure than male cats, but the opposite is true for dogs.[73] As would be expected, premiums are partly based on average vet expenses for the policyholder's geographic area, and the higher the deductible selected, the less expensive the policy premium will be. Some underwriters provide discounts for selected affinity groups and for policies provided by employers.[74] Owners would also be well-advised to skip

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of policies located within the SERFF website, and policies from the top five insurers by market share in California located on the website.

[68] *Id.*

[69] *Id.*

[70] *Id.*

[71] *Id.*

[72] *Id.*

[73] *Id.*

[74] *Id.*

extra treats for their pets—not just for their pets' general health, but because it could save owners on the pet's health insurance premium, depending on the company.[75] Among the top five pet health insurers, Healthy Paws was (perhaps surprisingly) the only company to offer a discount for pets who are not considered overweight or obese. Healthy Paws gives a five percent discount to all policyholders whose insured pet is within a normal weight category,[76] likely in an effort to reduce the frequency of loss costs associated with overweight or obese pets.

Cat breeds were largely undifferentiated in the rating factors, but breed is a very important consideration in determining the premium for dogs, with the exception of Nationwide, which does not account for individual dog breeds.[77] Owners may be surprised to see that mixed-breed dogs are generally less expensive to insure than purebred dogs. The debate between whether mixed-breed dogs are generally healthier than purebred dogs is still ongoing among veterinary professionals.[78] However, while mixed breed dogs may be carriers of genetic mutations that lead to health issues, they are less likely than purebreds to develop the disorders themselves, and thus carry less risk to insure.[79]

There are some outlier mixed-breeds that do not follow the trend of being less expensive to insure, however. The review of the underwriting rules available on SERFF reveals that mixed-breed bulldogs, mixed-breed pitbulls, mixed-breed boxers, and mixed-breed mastiffs are typically among the breed groups with the highest rating factor, making them among the most

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[75] *Id.*

[76] INDEM. INS. CO. OF N. AM., PET INSURANCE RATE AND RATING MANUAL – CALIFORNIA 12 (June 2018), https://filingaccess.serff.com/sfa/search/filingSummary.xhtml?filingId=12874877.

[77] It is noteworthy that Nationwide's underwriting formula does not account for breeds. Accounting for breed would increase the accuracy of the policy risk assessment and lead to more accurate pricing. A rationale for this practice is not publicly available. Perhaps Nationwide has priced its policies to account for this lack of precision, but the practice does appear to leave Nationwide susceptible to adverse selection, with riskier breeds migrating to their coverage—if consumers with riskier breeds are savvy enough to recognize this peculiarity.

[78] *Are Purebred Dogs More Disease Prone?,* TUFTS YOUR DOG (Feb. 1, 2013), https://www.tuftsyourdog.com/doghealthandmedicine/are-purebred-dogs-more-disease-prone/.

[79] *Study Reveals Genetic Diseases of Mixed-breed, Purebred Dogs*, AM. VETERINARY MED. ASS'N (May 30, 2018), https://www.avma.org/javma-news/2018-06-15/study-reveals-genetic-diseases-mixed-breed-purebred-dogs.

expensive dogs to insure.[80] It is unclear why these mixed breeds are among the groups with higher ratings factors. It may be because these breeds, when purebred, are so prone to illnesses and injuries that require veterinary care that diluting their breed's genes with another breed does not offset the risk of the mixed-breed pet developing an illness or injury. Bulldogs, for example, are prone to major respiratory issues,[81] while pit bulls, boxers, and mastiffs frequently suffer from hip dysplasia.[82] These traits may be likely to develop even when the dog is mixed with another breed.

Another possibility is that breeds typically considered to be more aggressive are more expensive to insure, though this paper posits that quality is unlikely to significantly affect the rating factor. While breeds with purported aggression tendencies often raise the premium of a homeowner's policy, due to liability concerns, pet health insurance policies do not include liability insurance and strictly cover veterinary medical costs. Thus, a breed's aggression tendency appears unlikely to have any significant weight on the cost of veterinary care—unless breeds with a higher aggression tendency are themselves at a higher risk of injury by, for example, getting into a skirmish with another animal. However, this proposed rationale is merely theoretical.

While it is unclear why breeds fall within their specific rating factor groups, the bottom-line answer is likely quite succinct: the insurers' data says they should. The rationales behind individual breed classifications are not publicly available on SERFF, and the insurers may not know themselves why some breeds are more expensive than others. The data insurers have collected from issued policies likely informs the breed rating factors.

IV.   A SURVEY OF THE TOP FIVE MARKET-SHARE PET INSURANCE PROVIDERS' UNDERWRITING RATING FACTORS

The following information regarding the underwriting rules was obtained via the SERFF California web access via the method described in Part III of this paper.

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[80] *SERFF Filing Access: California, supra* note 67.

[81] *Get the Facts about Brachycephalic Airway Syndrome*, TUFTS CUMMINGS SCH. OF VETERINARY MED. (Dec. 4, 2013), https://news.vet.tufts.edu/2013/12/get-the-facts-about-brachycephalic-airway-syndrome/.

[82]   *Breed   Statistics*,   ORTHOPEDIC   FOUND.   FOR   ANIMAL, https://www.ofa.org/diseases/breed-statistics#detail (last visited Mar. 11, 2021).

A. NATIONWIDE

   Nationwide, the largest and oldest pet health insurer,[83] has a relatively simple underwriting formula with only five factors, including a base rate, for its major medical plan.[84] A policy's base rate is the premium amount before it is adjusted for risk factors. The base rate is multiplied by the independent rating factors, which can independently raise or lower the premium. The formula to calculate premium for Nationwide's California underwriter, Veterinary Pet Insurance Company, is as follows: Multiply (Base Rate) × (Age Factor) × (Species Factor) × (Size Factor) × (Deductible Factor).[85] This formula applies to both dogs and cats. Veterinary Pet Insurance Company is a wholly owned subsidiary of Nationwide.[86]

   Nationwide age rating: Younger dogs and cats are considered less risky, with lower ratings factors than older pets.[87] The age rating factor starts at 1 for pets ages 2–11 months and increases to 4.5 for pets over 20 years old.[88]

   Nationwide size rating: The size rating incorporates both breed and size in the same rating factor. Mixed-breed have dogs have lower rating factors than purebred dogs, and smaller dogs of both categories have lower rating factors.[89] Mixed breed dogs of all sizes have a rating factor of .97, while the risk factor increases for purebred dogs as size increases.[90] Purebred "Tiny" dogs start with a size factor of .97, increasing to a factor of 1.3 for an "X-Large pet."[91] All sizes of cats have the same rating factor of 1.[92]

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[83] *Find the Best Pet Insurance,* NAPHIA (Dec. 14, 2015), https://naphia.org/news/phi-news/find-the-best-pet-insurance/.

[84] *See infra* Figure 1.

[85] *Id.*

[86] KPMG LLP, SUPPLEMENTAL REPORT OF VETERINARY PET INSURANCE COMPANY 2 (2007), https://www.sec.gov/Archives/edgar/data/1427257/000119312508099073/dex99a5.htm.

[87] *See infra* Figure 1.

[88] *Id.*

[89] *Id.*

[90] *Id.*

[91] *Id.*

[92] *Id.*

Nationwide species factor: Based on species alone, cats are less expensive to insure. Canines have a rating factor of 1, while felines have a rating factor of .55.[93]

Nationwide deductible factor: A lower deductible equates to a higher rating factor. A $100 deductible has a rating factor of 1, while a $1,000 deductible has a rating factor of .5.[94]

B.   TRUPANION

Trupanion's underwriting formula is significantly more complex than Nationwide's and involves sixteen factors as opposed to Nationwide's five factors (including base rate).[95] Trupanion's underwriter is American Pet Insurance Company, which was acquired by Trupanion in 2007.[96] For dogs, the Trupanion formula is as follows: (Base Rate) × (Geographical Factor) × (Age Factor) × (12 Month Continuous Enrollment Discount Factor) × (Breed Factor) × (Gender Factor) × (Spay/Neuter Factor) × (Working Pet Factor) × (Deductible Factor) × (Exam Fee Factor) × (Co-Insurance Factor) × (Recovery & Complementary Care Factor) + (Pet Owner Assistance Rider Rate) + (Expense Rate) × (Web Link Partner Factor)[97] × (Affinity Group Factor) × (Employee Benefit Factor).[98] The cat formula varies only in the base rate, which is lower for cats than for dogs.

Trupanion geographical factor: The geographic factor represents the relative local cost of veterinary care for a specific geographical area defined by zip (or postal) code(s).[99] The formula for calculating the factor is as follows: Geographical Factor = $1.1^{\frac{Group\,\#}{3}}$.[100] The assigned group numbers are not available in the underwriting rules.[101]

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[93] *Id.*

[94] *Id.*

[95] *See infra* Figure 2.

[96] TRUPANION, INC., FORM S-1 REGISTRATION STATEMENT (June 16, 2014), https://www.sec.gov/Archives/edgar/data/1371285/000119312514237894/d661590 ds1.htm.

[97] Only one of the last three factors can apply.

[98] Trupanion will also be adding another rating factor, the Landpath Food Program Discount in July 2020, but information on the program is not available online. *See infra* Figure 2.

[99] *See infra* Figure 2.

[100] *Id.*

[101] *Id.*

Trupanion age factor: Unlike Nationwide, Trupanion has different age rating factors for canines and felines, ranging from less than a year old to thirteen years old. The rating factor for dogs starts at .817 for dogs less than one year old and goes up to 3.423 for dogs that are at least thirteen years old.[102] The age rating factor for cats ranges from .662 for cats less than one year old, and goes up to 3.985 for cats that are at least thirteen years old.[103]

Trupanion twelve months continuous enrollment discount: Continuous enrollment discounts are relative to the age at enrollment and apply in the month following twelve continuous months of enrollment. Premium factors are multiplicative over successive twelve-month periods where enrollment is continuous.[104] For instance, if a cat is enrolled at age 1 and is continuously enrolled for 2 years, the applicable factor would be 0.662 = (0.882)2.[105]

Trupanion breed factor: Trupanion's filed underwriting rules do not include the breed table within the underwriting manual. The breed factor is designed to represent the relative cost of veterinary care for a specific breed.[106]

Trupanion gender factor: Female cats have a lower rating factor than male cats (.95 for female cats versus 1.05 for male cats), but the opposite is true for dogs (1.01 for female dogs versus .99 for male dogs).[107]

Trupanion spay/neuter factor: Perhaps surprisingly, the rating factor remains the same for all animals regardless of whether they are spayed or neutered, with the exception of intact females that are bred. The rating factor for intact females that are bred is 1.733, as opposed to 1 for all other groups.[108] The distinction that intact females do not have a high rating classification unless they are bred suggests the risk is due to medical costs associated with pregnancy and delivery.

Trupanion working pet factor: Trupanion's underwriter has six groups of working pets, which are not described or elaborated on in the underwriting rules. Only working group 1 has a rating factor of .949; the other five groups have a factor of 1.[109]

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[102] *Id.*

[103] *Id.*

[104] *Id.*

[105] *Id.*

[106] *Id.*

[107] *Id.*

[108] *Id.*

[109] *See infra* Figure 2.

Trupanion deductible factor: The factor for a $0 deductible is 1.896. The formula for all other deductible levels ranging from $50 to $1,000 is as follows: Deductible Factor $= 1 - \frac{D^{0.1904}}{4.3210} \times 2.9590$ where D = the selected deductible amount.

Trupanion coinsurance factors: Co-insurance of one-hundred percent has a factor of 1.167, while co-insurance of only fifty-percent has a factor of .63.[110]

Trupanion exam fee coverage factor: If the policy includes exam coverage, the factor is 1.2, and if not, the factor is 1.[111]

Trupanion recovery and complementary care factor: If the policy has this type of extra coverage, the factor is 1.137, and if not, the factor is 1.[112] Types of care that would fall under this optional coverage include acupuncture and rehabilitative therapy.[113]

Trupanion pet owner assistance package rate: If this rider is elected, the cost is $4.95 per monthly premium.[114] This rider covers more unusual costs, such as advertising in the event your pet is lost or stolen, boarding fees if you, the owner, are hospitalized, and cremation or burial expenses if your pet dies from an accident.[115]

Trupanion web link partner factor: Trupanion's underwriting rules do not offer context to this factor, but it is likely that a favorable rating is given to applicants who are directed to the Trupanion site from another online landing page through which Trupanion has a web link partnership agreement. If the applicant is a web link partner, the factor is .94, and if not, the factor is 1.[116]

Trupanion affinity group factor: If the policyholder is part of an affinity group, the factor is .89, and if not, the factor is 1.[117] The underwriting rules do not define organizations or businesses that are considered affinity groups.

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[110] *Id.*

[111] *Id.*

[112] *Id.*

[113] *Extra Coverage*, TRUPANION, https://trupanion.com/pet-insurance/recovery-complementary-care-coverage (last visited Oct. 24, 2020).

[114] *See infra* Figure 2.

[115] *Extensive Coverage for Dogs and Cats*, TRUPANION, https://trupanion.com/pet-insurance/pet-insurance-coverage (last visited Oct. 24, 2020).

[116] *See infra* Figure 2.

[117] *Id.*

Trupanion employee benefit factor: If the employer contributes less than $10 to the premium, the factor is .94, and if the employer contributes $10 or more, the factor is .92.[118]

C.   HEALTHY PAWS PET INSURANCE COMPANY

Healthy Paws Pet Insurance Company is underwritten by Indemnity Insurance Company of North America in California. Healthy Paws is a brand name; Indemnity Insurance Company of North America is the underlying provider and is not a subsidiary of Healthy Paws.[119] The rating formula for Dogs and Cats has eight variable factors that are applied to the monthly base rate.[120] Each pet's monthly premium incorporates the factors for: age, breed, ZIP Code, co-insurance, deductible, weight control, affinity group sponsorship, employer group benefit, plus a fixed administrative expense fee.

The formulas for dogs and cats differ only in base rate and administrative expense fee. The Dog Rating Formula is as follows: (Dog Base Rate $64.88) × (Age of Pet Factor) × (Breed of Dog Factor) × (Territory Factor) × (Co-insurance Factor) × (Deductible Factor) × (Weight Control Risk Management Factor) × (Affinity Group Sponsorship Factor) × (Employer Group Benefit Factor) + (Administrative Expense Fee of $8.75).[121] The base rate for cats is $36.99, and the administrative expense fee is $5.75.[122]

Healthy Paws pet age factor: Dogs and cats less than one year old have an age rating factor of .85, while pets aged 13 and older have a rating factor of 4.05.[123]

Healthy Paws co-insurance factors: A payout of ninety percent (the highest amount) has a factor of 1.05, while the lowest payout rate of fifty percent has a factor of .55.[124]

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[118] *Id.*

[119]   *Frequently   Asked   Questions*,   HEALTHY   PAWS, https://www.healthypawspetinsurance.com/frequent-questions (last visited Oct. 2, 2020) (under "*Who is the Insurance Carrier for the Healthy Paws Program?*").

[120] *See infra* Figure 3.

[121] *Id.*

[122] *Id.*

[123] *Id.*

[124] *Id.*

Healthy Paws deductible factors: The lowest deductible factor of $0 has a factor of 1, while the highest deductible factor pf $1,000 has a factor of .4.[125]

Healthy Paws territory rating factors: ZIP Codes in every state are assigned a territory rating factor reflecting the relativity of veterinary costs.[126]

Healthy Paws weight control risk management factor: A five percent discount (.95 factor) is available to all policyholders as an incentive to promote diet and weight control of their pet, which will reduce the frequency of loss costs associated with overweight or obese pets.[127]

Healthy Paws affinity group sponsorship: A five percent discount (.95 factor) is available to members of Sponsoring Affinity Groups based upon reduced marketing and underwriting expenses that will accrue from the economies of scale and relationship leveraging that occurs through public awareness and group education.[128]

Healthy Paws employer group benefit: A ten percent discount (.90 factor) is available to any corporation that enrolls a group of employees as a Group Benefit Plan.[129] The discount is based upon reduced marketing and underwriting expenses that will accrue from the economies of scale.

Healthy Paws breed factor: Dog breeds are classified into 10 different breed groups.[130] Group 1 has a ratings factor of .7 and includes breeds such as chihuahua mixes, shih tzus, and toy schnauzers.[131] Group 10 has a rating factor of 2.75, and includes breeds such as rottweilers, Doberman pinschers, cane corsos, and mastiff mixes. Pitbull mixes are in Group 8, and boxer mixes are in Group 9.[132] It is atypical for mixed breeds to have such a high ratings factor; the majority of dogs in Groups 8 and higher are purebred dogs.[133]

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[125] *Id.*

[126] *See infra* Figure 3.

[127] *Id.*

[128] *Id.*

[129] *Id.*

[130] *Id.*

[131] *Id.*

[132] *Id.*

[133] *Id.*

Cat "breeds" are classified as mixed breed, other, or domestic long-hair, medium-hair, or short-hair.[134] Mixed breeds have a factor of 2, domestic breeds of all hair lengths have a factor of 3, and others have a factor of 4.[135]

D.   PETPLAN PET INSURANCE

Petplan's underwriter is XL Specialty Insurance Company, which is an independent underwriter and not a subsidiary of Petplan.[136] The underwriter does not set forth the formula for calculating premium in its rate filing, but like other pet health insurance underwriting rules, we can assume the factors are multiplied by the base rate.[137] Factors the underwriter states are considered in the filed form are base rate by state relativity factor, rating trend factor,[138] annual policy maximum limits, rating territories, rating territory definitions, co-pay options, deductible options, coverage of examination fees, breed factor, initial age factor, working dog factor, and discounts applied for corporate group plans and animal shelter partners.

E.   CRUM & FORSTER PET INSURANCE GROUP

Crum & Forster Pet Insurance Group's most recognizable pet health insurance brand is the ASPCA Pet Health Insurance.[139] ASPCA Pet Health Insurance is underwritten by C&F Insurance Agency and United States Fire Insurance Company.[140] This paper examines the rate/rule form filed by United States Fire Insurance Company, since it appears pet policies in

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[134] *Id.*

[135] *Id.*

[136] XL Grp. Ltd., Subsidiaries of the Registrant (Exhibit 21) (Dec. 31, 2017), https://www.sec.gov/Archives/edgar/data/875159/000087515918000015/xlgroup-12312017xex_21.htm.

[137] *See infra* fig. 4.

[138] The rating trend factor accounts for an expected increase in veterinary care each year the pet is covered.

[139] *Our History*, CRUM & FORSTER PET INSURANCE GROUP, https://www.cfpetinsurance.com/about-us/our-history/ (last visited Sep. 24, 2020).

[140] *Underwriting and Administrative Information,* ASPCA, https://www.aspcapetinsurance.com/more-info/underwriting/ (last visited Sep. 24, 2020).

California are exclusively written by this underwriter.[141] United States Fire Insurance Company is a wholly-owned subsidiary of Crum and Forster.[142] The rating formula is as follows: (Base Rate) × (Annual Maximum Factor) × (Age Factor (if applicable)) × (Breed Factor (if applicable)) × (Discount Factor (if applicable)) × (Factor(s) for Coverage exclusions (if applicable)) + (Preventive Care Endorsement Rate (optional)).[143]

Crum & Forster base rate: Monthly base premium rates by deductible, co-insurance and territory are designated.[144] Territories are assigned based on ZIP Code.[145]

Crum & Forster deductible and copay factors: A zero percent copay has a rating factor of 1.15, while a $1,000 deductible has a rating factor of .67.[146]

Crum & Forster annual maximum factors: The lowest annual maximum of $1,000 has a rating factor of .70, while unlimited has a rating factor of 1.67.[147]

Crum & Forster age factors: Age factors differ for dogs and cats. Dogs less than one year old have a rating factor of .7, while dogs 18 and older have a rating factor of 3.[148] Cats less than one year old also have a rating factor of .6, but cats 18 and older only have a rating factor of 2.5.[149]

Crum & Forster breed factors: The underwriting rule contains a comprehensive, eight-page spreadsheet of dog and cat breeds and their accompanying rating factors, considering everything from a "morkie" (a Maltese and Yorkshire terrier dog mix) to the Scottish fold cat.[150] Crum & Forster policies differentiate based on individual cat breed, which the other insurers do not. The highest rating factor for dogs is 1.3, and includes breeds

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[141] *SERFF Filing: Crum & Forster*, NAT'L ASS'N INS. COMM'RS, https://filingaccess.serff.com/sfa/search/filingSummary.xhtml?filingId=130564724 (last visited Sep. 26, 2020).

[142] CRUM & FORSTER HOLDINGS CORP., FORM S-1 REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 (Mar. 8, 2002), https://sec.report/ Document/0000950123-02-002331/.

[143] *See infra* Figure 5.

[144] *See infra* Figure 5.

[145] *Id.*

[146] *Id.*

[147] *Id.*

[148] *Id.*

[149] *Id.*

[150] *Id.*

like the golden retriever and Newfoundland.[151] The lowest rating factor for dogs is .8, and generally includes smaller dogs such as the "Malti-poo" and chihuahua.[152] The highest and lowest rating factors are the same for cat breeds. Cat breeds in the highest (most expensive) group include the Oriental and Burmese breeds, while those in the lowest group include Angora and Bombay cats.[153]

V.   CONCLUSION

It is perhaps reassuring to see that, at least in the state of California where insurers are required to publish their underwriting rules, there are few surprises in the rating factor structures of the top five pet health insurers. Pet health insurance is a unique property and casualty product in that it is essentially medical insurance that accounts for the insured pet's individuality, but insurers seem to have channeled this uniqueness into practical and conventional underwriting rules that identify risks and manages marketing objectives. Age, gender, species, breed, weight, and geographic locations are reasonable criteria to include in underwriting rating formulas for pet health insurance. While the rationales behind differences in breed rating factors is uncertain, it is logical that different breeds have varying levels of health risks. This sample of the five largest pet health insurers in California reveals that the approved underwriting rules are exactly what one would likely expect—pricing based on medical risk and veterinary care costs in the policyholder's geographic area.

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[151] *Id.*
[152] *Id.*
[153] *Id.*

Figure 1: Nationwide/Veterinary Pet Insurance Company Underwriting Rate Manual filed in California, accessible via SERFF[154]

VETERINARY PET INSURANCE COMPANY
PERSONAL LINES
VETERINARY PET INSURANCE PROGRAM
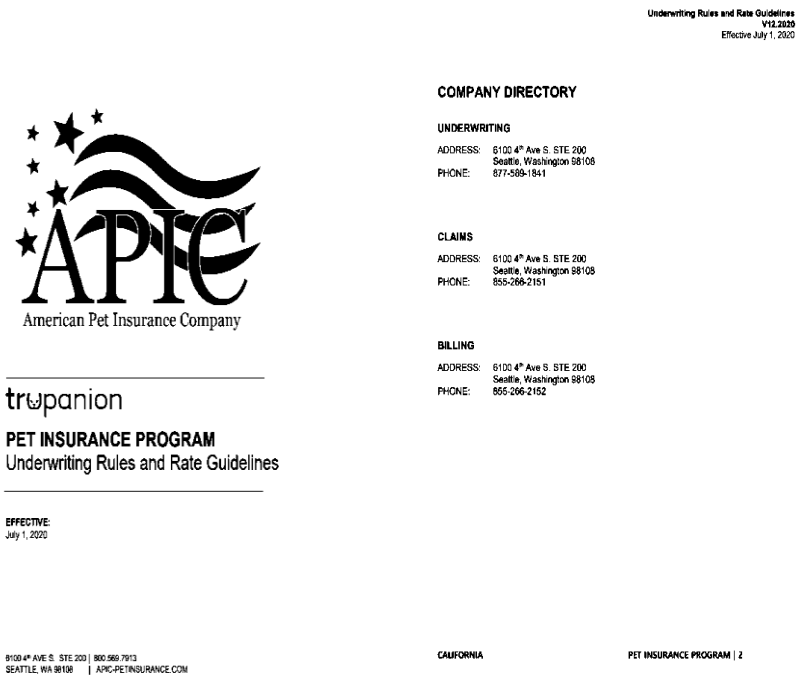CALIFORNIA

MAJOR MEDICAL PLAN - RATING FACTORS

Age Factors		
Age	**Canine**	**Feline**
0 – 11 Mo	1.00	1.00
1 year	1.00	1.00
2 years	1.00	1.00
3 years	1.07	1.08
4 years	1.31	1.10
5 years	1.54	1.35
6 years	1.73	1.54
7 years	1.90	1.78
8 years	2.13	1.96
9 years	2.42	2.50
10 years	2.70	2.88
11 years	2.99	3.16
12 years	3.28	3.48
13 years	3.62	3.83
14 years	4.03	4.21
15 years	4.22	4.21
16 years	4.22	4.21
17 years	4.22	4.23
18 years	4.50	4.44
19 years	4.50	4.50
20+ years	4.50	4.50

Size Factors		
Size	**Canine**	**Feline**
Tiny	0.97	1.00
Small	0.97	1.00
Medium	1.00	1.00
Large	1.00	1.00
X-Large	1.30	1.00
Mixed Tiny	0.97	1.00
Mixed Small	0.97	1.00
Mixed Medium	0.97	1.00
Mixed Large	0.97	1.00
Mixed X-Large	0.97	1.00

Species Factor	
Canine	1.00
Feline	0.55

Deductible Factor	
$100	1.00
$250	0.86
$500	0.70
$1,000	0.50

N-VPI-R-CA-14.3   (10-17)

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[154] *SERFF Filing Access: California, supra* note 67.

*Figure 2: Trupanion/American Pet Insurance Company
Underwriting Rate Manual filed in California, accessible via
SERFF*[155]

Underwriting Rules and Rate Guidelines
V12.2020
Effective July 1, 2020

COMPANY DIRECTORY

UNDERWRITING

ADDRESS: 6100 4ᵗʰ Ave S. STE 200
             Seattle, Washington 98108
PHONE: 877-589-1841

CLAIMS

ADDRESS: 6100 4ᵗʰ Ave S. STE 200
             Seattle, Washington 98108
PHONE: 855-266-2151

BILLING

ADDRESS: 6100 4ᵗʰ Ave S. STE 200
             Seattle, Washington 98108
PHONE: 855-266-2152

American Pet Insurance Company

trupanion

PET INSURANCE PROGRAM
Underwriting Rules and Rate Guidelines

EFFECTIVE:
July 1, 2020

6100 4ᵗʰ AVE S. STE 200 | 800.569.7913
SEATTLE, WA 98108 | APIC-PETINSURANCE.COM

CALIFORNIA   PET INSURANCE PROGRAM | 2

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[155] *SERFF Filing Access: California, supra* note 67.

UNDERWRITING RULES & RATE GUIDELINES

PREMIUM
1. Your premium will not change due to your pet aging.
2. Your premium will not change due to your pet's individual claims experience.

ELIGIBLE PETS
1. All domesticated dogs and cats less than 14 years old are eligible for enrollment.
2. Cloned dogs and cats are not eligible for coverage under this policy
3. Hybrid dogs and cats (domestic animals that are bred with wild animals) are not eligible for coverage under this policy.

POLICY TERM
1. This policy is continuous until cancelled, and will renew automatically each month as long as your premium payments are current.

COVERAGE OPTIONS (not necessarily available on all plans – see plan details below):
1. **Co-Insurance** – Plans may be offered with co-insurance amounts ranging from 50% to 100% (this is the company's share of the cost of claims). Policy premiums will be adjusted according to the co-insurance offered/selected.
2. **Deductible** – Policy deductibles may be offered in amounts ranging from $0 to $1,000. Policy premium will be adjusted according to the deductible amount offered/selected.
3. **Veterinarian Exam Fees** – An additional surcharge will be applied if this coverage is offered/selected.
4. **Recovery & Complementary Care** – For an additional surcharge, the policy coverage will be expanded to include: acupuncture, behavioral assessment, chiropractic, homeopathy, hydrotherapy, naturopathy, physical therapy (rehabilitative therapy).
5. **Pet Owner Assistance Rider** (formerly known as 'Rider B') – These benefits include third party property damage liability, advertising and reward, boarding fees, holiday cancellation costs, and pet cremation or burial.

POLICY PLANS

1. **Trupanion** – This plan will be offered by Trupanion Managers USA, Inc;
   American Pet Insurance Company's Managing General Agency
   a. Premiums are payable monthly.
   b. For pets less than 14 years old.
   c. 90% co-insurance (only option).
   d. A Deductible from $0 to $1,000 to be determined by the owner.
   e. Veterinarian Exam Fee is not offered as an optional additional
      coverage.
   f. Recovery & Complementary Care Rider is included with all new
      policies unless the policyholder declines the coverage during
      enrollment.
   g. Pet Owner Assistance Rider (formerly known as 'Rider B') is
      available to the policyholder.
   h. Discounts Available – Web Link Partner, or Affinity Group, or
      Employee Benefits discounts may be applied if owner is eligible
         i. Only one of these will be applied to eligible pets.

2. **Exam Day Offer (Veterinary Examination Program):** This plan will be
   offered by Trupanion Managers USA, Inc; American Pet Insurance
   Company's Managing General Agency.
   a. For pets less than 14 years old.
   b. 90% co-insurance.
   c. A deductible level of $250.
   d. An 8.33% discount will be applied to the premium for the first year
      of the policy.
   e. The standard waiting periods will be waived.
   f. All other conditions of the policy will apply
   g. Pets must be enrolled within 24 hours after the pet has had a
      veterinary examination and after receiving a signed exam
      certificate.
   h. Premiums are payable monthly.
   i. The first month's premium will be deferred and will be billed and
      collected from the insured during months 2 through 12 of the
      policy.

3. **Daily Premium Plan** – This plan will be offered by Trupanion Managers
   USA, Inc; American Pet Insurance Company's Managing General Agency
   a. For pets less than 14 years old.
   b. The standard waiting periods will be waived
   c. The Daily Premium Rate will apply
   d. 100% co-insurance.
   e. $0 Deductible

4. **White Label Plan** – This plan will be made available to customers by agencies that are not affiliates of American Pet Insurance Company.
    a. For pets less than 14 years old.
    b. 50%-100% co-insurance.
    c. A set deductible ranging from $50 to $500.
    d. Veterinarian Exam Fee Coverage may be included.
    e. Recovery & Complementary Care Rider coverage may be included.
    f. Pet Owner Assistance Rider coverage may be included.
    g. Discounts Available – Web Link Partner, Affinity Group, or Employee Benefits discounts may be applied if owner is eligible.
        i. Only one of these discounts will be applied to eligible pets.

MEMBERSHIP BENEFIT FEE
1. A $35 administration fee charged to new customers when enrolling their first pet. Additional pets enrolled are not charged this fee. This fee is designed to cover the administrative costs of collecting medical records, and related to pet ID tags given to each pet enrolled. This includes the cost of 24/7 telephone coverage for lost dog services. These costs are spread over the duration of policy coverage.

PROMOTIONAL ITEMS
Each named insured may receive from time to time certain promotional offers. These offers include but are not limited to gift cards, coupons, gift certificates, items of merchandise, and similar promotional items.

Exclusions and stipulations, which restrict coverage, are contained in the Pet Health Insurance Policy.

RATING ORDER OF CALCULATIONS

RATE FORMULA

Base Rate
× Geographical Factor

× Age Factor
× 12 Month Continuous Enrollment Discount Factor
× Breed Factor
× Gender Factor
× Spay/Neuter Factor
× Working Pet Factor

× Deductible Factor
× Exam Fee Factor
× Co-Insurance Factor
× Recovery & Complementary Care Factor
× Landspath Food Program Discount
+ Pet Owner Assistance Rider Rate

+ Expense Rate

× Web Link Partner Factor[1]
× Affinity Group Factor[1]
× Employee Benefit Factor[1]

= **Monthly Premium Rate**

Daily Premium Rate = Monthly Premium Rate * 12 / 365.25

[1] *Only one of these will be applied to eligible pets*

BASE RATE: $99.70

GEOGRAPHICAL FACTOR: Represents the relative local cost of veterinary care for a specific geographical area defined by zip (or postal) code(s) and implied by the assigned Group # given in Table 1 – Geographical Factors. The formula for calculating the factor is as follows:

Geographical Factor = $(1.1)^{((\text{Group \#} - 50)/3)}$

Example: A geographical area assigned Group # 52.0 implies a Geographical Factor of 1.066.

AGE FACTORS:

Age	Cat	Dog
Less than 1 year old	0.662	0.817
1 year old	0.792	0.949
2 years old	0.898	1.048
3 years old	1.020	1.157
4 years old	1.157	1.277
5 years old	1.314	1.489
6 years old	1.491	1.701
7 years old	1.692	1.913
8 years old	1.921	2.125
9 years old	2.206	2.337
10 years old	2.491	2.549
11 years old	2.989	2.841
12 years old	3.487	3.132
13 years old	3.985	3.423

12 MONTH CONTINUOUS ENROLLMENT DISCOUNT FACTORS[*]:

Age	Cat	Dog
Puppy/Kitten to 1 year old	0.836	0.861
1 year old -> 2 year old	0.882	0.906
2 year old -> 3 year old	0.880	0.906
3 year old -> 4 year old	0.882	0.906
4 year old -> 5 year old	0.881	0.858
5 year old -> 6 year old	0.881	0.875
6 year old -> 7 year old	0.881	0.889
7 year old -> 8 year old	0.881	0.900
8 year old -> 9 year old	0.871	0.909
9 year old -> 10 year old	0.886	0.917
10 year old -> 11 year old	0.833	0.897
11 year old -> 12 year old	0.857	0.907
12 year old -> 13 year old	0.875	0.915

[*] Continuous Enrollment Discounts are relative to the age at enrollment and apply in the month following 12 continuous months of enrollment. Premium factors are multiplicative over successive 12 month periods where enrollment is continuous.

BREED FACTORS: Represents the relative cost of veterinary care for a specific breed as implied by the assigned Group # given in Table 2 – Breed Factors. The formula for calculating the factor is as follows:

Breed Factor = $(1.1)^{((Group\# - 50)/3)}$

Example: A breed assigned to Group # 46.0 implies a Breed Factor of 0.881.

GENDER FACTORS:

Coverage	Factor
Cat – Female	0.950
Cat – Male	1.050
Dog – Female	1.010
Dog – Male	0.990

SPAY/NEUTER FACTORS:

Status	Factor
Spay/Neutered	1.000
Intact Male	1.000
Intact Female	1.000
Intact Female - Breeding	1.733

WORKING PET FACTORS:

WP Group	Factor
1	0.949
2	1.000
3	1.000
4	1.000
5	1.000
6	1.000

DEDUCTIBLE FACTOR:
The factor for a $0 deductible is 1.896.
The formula for all other deductible levels ranging from $50 to $1,000 is as follows:

Deductible Factor = $(1 - (D^{0.1904}) / 4.3210) \times 2.9590$
where D = the selected deductible amount

Example: The factor for a $500 deductible is 0.724.

CO-INSURANCE FACTORS:

Co-Insurance	Factor
100%	1.167
90%	1.050
80%	0.945
70%	0.840
60%	0.735
50%	0.630

EXAM FEE FACTORS:

Coverage	Factor
YES	1.200
NO	1.000

RECOVERY & COMPLEMENTARY CARE FACTORS:

Coverage	Factor
YES	1.137
NO	1.000

LANDSPATH FOOD PROGRAM DISCOUNT FACTORS:

Coverage	Factor
YES	0.950
NO	1.000

PET OWNER ASSISTANCE PACKAGE RATE:

Rider	Rate
YES	$4.95
NO	$0.00

EXPENSE RATE: $6.97

WEB LINK PARTNER FACTOR:

Web Link Partner	Factor
YES	0.940
NO	1.000

AFFINITY GROUP FACTOR:

Affinity Group	Factor
YES	0.890
NO	1.000

EMPLOYEE BENEFIT FACTOR:

Representation & Employer Premium Contribution	Factor
Employer Contributes less than $10 to premium	0.940
Employer Contributes $10 or more to premium	0.920

Applies to employer groups of 50+ employees. To be eligible, policyholder must enroll through the employer's voluntary benefit or employee discount program. Coverage is completely portable for employees who leave their employer as long as premiums continue to be paid as required per the Pet Health Insurance Policy. If an employee leaves their employer and elects to continue coverage, the premiums are no longer eligible for the Employee Benefit Factor discount.

TABLE 1 – Please see the attached URM – Table 1 GEO FACTORS

TABLE 2 – Please see the attached URM – Table 2 BREED FACTORS

Figure 3: Healthy Paws/Indemnity Insurance Company of North America Underwriting Manual filed in California, accessed via SERFF[156]

Indemnity Insurance Company of North America
Pet Insurance - Inland Marine
Rate and Rating Manual – California

Base Rate
The Base Rates (which include the claims administrative costs at a fixed rate of $20 per closed claim) per covered animal per monthly policy period are:

Dog	$ 64.88
Cat	$ 36.99

Pet Rating Formula
The Rating Formula for Dogs & Cats has 8 variable factors that are applied to the monthly base rate. Each pet's monthly premium incorporates the factors for: age, breed, zip code, co-insurance, deductible, weight control, affinity group sponsorship, employer group benefit, plus a fixed administrative expense fee.

Dog Rating Formula
1)   Dog Base Rate $64.88
2)   x Age of Pet Factor
3)   x Breed of Dog Factor
4)   x Territory Factor
5)   x Co-insurance Factor
6)   x Deductible Factor
7)   x Weight Control Risk Management Factor
8)   x Affinity Group Sponsorship Factor
9)   x Employer Group Benefit Factor
10)   + Administrative Expense Fee of $8.75

Cat Rating Formula
1)   Cat Base Rate $36.99
2)   x Age of Pet Factor
3)   x Breed of Cat Factor
4)   x Territory Factor
5)   x Co-insurance Factor
6)   x Deductible Factor
7)   x Weight Control Risk Management Factor
8)   x Affinity Group Sponsorship Factor
9)   x Employer Group Benefit Factor
10)   + Administrative Expense Fee of $5.75

* The Administrative Expense Fee was set at an estimate of 25% of the average final rate for dogs and cats. A flat fee more appropriately reflects the actual cost of policy administration without regard for the consumers' product selection and corresponding rate (i.e. relative to deductible, coinsurance, breed, age, geography, etc.).

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[156] *SERFF Filing Access: California, supra* note 67.

Indemnity Insurance Company of North America
Pet Insurance - Inland Marine
Rate and Rating Manual – California

Rating Variable Factors

Pet Age Factors
The covered pet's age is determined by its date of birth. If the exact date of birth is not known the pet owner may be asked to obtain an estimate of their pet's age from the pet's veterinarian. The Pet Age Factor applied at the policy inception will not change through the life of the pet as long as it is continuously insured under the policy (including any rewrite of the policy).

For renewals of policies originally written prior to 8/1/2017:

Age	<1	1	2	3	4	5	6	7	8	9	10	11	12	13+
Factor	0.85	0.90	0.95	1.13	1.26	1.42	1.62	1.84	2.10	2.39	2.73	3.11	3.55	4.05

For policies written on or after 8/1/2017 and renewals of policies originally written on or after 8/1/2017:

Age	<1	1	2	3	4	5	6	7	8	9	10	11	12	13+
Factor	0.92	0.935	0.95	1.13	1.26	1.42	1.62	1.84	2.10	2.39	2.73	3.11	3.55	4.05

Co-insurance Factors
There are five co-insurance options. Rating factors are:

Pay Out	90%	80%	70%	60%	50%
Factor	1.05	0.85	0.75	0.65	0.55

Deductible Factors
Eight deductible levels are offered. Rating factors are:

Deductible	$0	$50	$100	$200	$250	$500	$750	$1,000
Factor	1.000	0.910	0.900	0.770	0.700	0.550	0.480	0.400

Territory Rating Factors
Zip codes in every state are assigned a territory rating factor reflecting the relativity of veterinary costs. Rating factors are as follows:

Please refer to the next sheet

Indemnity Insurance Company of North America
Pet Insurance - Inland Marine
Rate and Rating Manual – California

Discount Factors
Three types of discounts are offered as follows:

Weight Control Risk Management - A 5% discount (.95 factor) is available to all policyholders as an incentive to promote diet and weight control of their pet, which will reduce the frequency of loss costs associated with overweight or obese pets. Such credit shall be removed upon notification by a Vet of weight or obesity.

Affinity Group Sponsorship - A 5% discount (.95 factor) is available to members of Sponsoring Affinity Groups based upon reduced marketing and underwriting expenses that will accrue from the economies of scale and relationship leveraging that occurs through public awareness and group education.

Employer Group Benefit - A 10% discount (.90 factor) is available to any corporation that enrolls a group of employees as a Group Benefit Plan. The discount is based upon reduced marketing and underwriting expenses that will accrue from the economies of scale.

Final Discount Factor Determination
Maximum discounts available for each group are determined from the following table. Regardless of the total number of discounts for which a covered pet is eligible, the maximum total discount is 15%.

Discount Type	Discount Factor	Factor
Weight Control Risk Management Credit	5%	.95
Affinity Group Credit	5%	.95
Corporate Group Benefit Plan Credit	10%	.90

Breed Factors

Dog and Cat Breed and Pure Breed Factor Table:

Breed Group	1	2	3	4	5	6	7	8	9	10
Factor	0.70	0.80	0.90	1.00	1.10	1.20	1.30	1.40	1.75	2.75

Indemnity Insurance Company of North America
Pet Insurance - Inland Marine
Rate and Rating Manual – California

Dog Breed	Breed Group	Dog Breed	Breed Group
Bichon Mix	1	Bichpoo	1
Cavachon	1	Chihuahua	1
Chihuahua Mix	1	Chiweenie	1
Chorkie	1	Chug	1
Crossbreed Small: 11 - 30 lbs	1	Crossbreed Toy: 1 - 10 lbs	1
Havashu	1	Jug	1
Mal-Shi	1	Mixed Breed Small: 11 - 30 lbs	1
Mixed Breed Toy: 1 - 10 lbs	1	Morkie	1
Peekapoo	1	Pomapoo	1
Shih Tzu	1	Teacup Poodle	1
Teacup Yorkie	1	Toy Maltese	1
Toy Schnauzer	1	Bagel	2
Beabull	2	Bichon Frise	2
Border Collie Mix	2	Chow Chow Mix	2
Crossbreed Medium: 31 - 59 lbs	2	Havanese	2
Minaiture Yorkie	2	Mixed Breed Medium: 31 - 59 lbs	2
Samoyed Mix	2	Schnauzer Mix	2
Shar Pei Mix	2	Sharpoo	2
Shih-poo	2	Yorkiepoo	2
Yorkshire Terrier	2	American Hairless Terrier	3
Beagle	3	Border Collie	3
Boston Terrier	3	British Shorthair	3
Cavapoo	3	Cockapoo	3
Collie Mix	3	Dorgie	3
Goldendoodle	3	Harlequin Pinscher	3
Jack Russell Terrier	3	Labradoodle	3
Lhasa Apso	3	Lhasa Apso Mix	3
Maltese	3	Maltipoo	3
Mi Ki	3	Miniature Pinscher	3
Mixed Breed	3	Parson Russell Terrier	3
Pomeranian	3	Porkie	3
Puggle	3	Rat Terrier	3
Schnoodle	3	Terrier Mix	3
Tibetan Spaniel	3	Toy Fox Terrier	3
Afghan Hound	4	Ainu Dog	4
Alaskan Husky	4	Alaskan Klee Kai	4
American Indian	4	American Water Spaniel	4
Ariegeois	4	Australian Cattle Dog Mix	4
Australian Shepherd	4	Austrian Short Haired Pinscher	4
Beagle Harrier	4	Beagle Mix	4
Bearded Collie	4	Bedlington Terrier	4
Border Terrier	4	Bracco Italiano	4
Canadian Husky	4	Catahoula Leopard Dog	4
Central Asian Shepherd Dog	4	Chinese Crested	4
Crossbreed Large: 60+ lbs	4	Dalmation Mix	4
English Toy Terrier	4	Fell Terrier	4
Field Spaniel	4	Finnish Lapphund	4
German Pinscher	4	Glen of Imaal Terrier	4
Harrier	4	Husky	4
Husky Mix	4	Ibizian Wolfhound	4
Ibizan Hound	4	Icelandic Sheepdog	4
Inca Hairless Dog	4	Italian Setter	4
Japanese Spitz	4	Japanese Terrier	4

Indemnity Insurance Company of North America
Pet Insurance - Inland Marine
Rate and Rating Manual – California

Dog Breed	Breed Group		Dog Breed	Breed Group
Pembroke Welsh Corgi	8		Pit Bull Mix	8
Staffordshire Bull Terrier	8		Borzoi	9
Beauce Shepherd	9		Beauceron	9
Belgian Shepherd Tervuren	9		Black Mouth Cur	9
Bloodhound	9		Bouviers des Flandres	9
Boxer	9		Boxer Mix	9
Bulloxer	9		French Bulldog	9
Frenchie Pug	9		Frenchton	9
Landseer	9		Leonberger	9
Mountain Cur	9		Pekingese	9
Pekingese Mix	9		Sealyham Terrier	9
Shar-Pei	9		African Boerboel	10
American Bandogge Mastiff	10		American Mastiff	10
Appenzell Mountain Dog	10		Appenzeller Sennenhunde	10
Bernese Mountain Dog	10		Black Russian Terrier	10
Boerboel	10		Brazilian Guard Dog	10
Broholmer	10		Bullmastiff	10
Canary Dog	10		Cane Corso	10
Caucasian Mountain Dog	10		Doberman Pinscher	10
Doberman Pinscher Mix	10		Dogue de Bordeaux	10
English Bulldog	10		English Mastiff	10
Entlebucher Mountain Dog	10		Eurasier	10
Fila Brasileiro	10		Finnish Spitz	10
French Mastiff	10		German Spitz	10
Great Bernese	10		Great Dane	10
Great Dane Mix	10		Great Pyrenees	10
Greater Swiss Mountain Dog	10		Greenland Dog	10
Irish Wolfhound	10		Italian Mastiff	10
Italian Spitz	10		Japanese Fighting Dog	10
Japanese Kishu	10		Jindo	10
Kangal Dog	10		King Shepherd	10
Lapland Spitz	10		Lundehund	10
Mastiff	10		Mastiff Mix	10
Neapolitan Mastiff	10		Newfoundland	10
Norrbottenspets	10		Norwegian Buhund	10
Olde English Bulldogge	10		Pyrenean Mastiff	10
Pyrenean Mountain Dog	10		Rottweiler	10
Rottweiler Mix	10		Saint Bernard	10
Spanish Mastiff	10		Spitz	10
Tibetan Mastiff	10		Victorian Bulldog	10

Cat Breed	Breed Group
Domestic Short Hair	3
Domestic Medium Hair	3
Domestic Long Hair	3
Mixed Breed	2
All Other	4

Figure 4: Petplan/XL Specialty Insurance Company Underwriting Manual filed in California, accessed via SERFF[157]

PETPLAN PET HEALTH INSURANCE PROGRAM
RATE MANUAL

Policy Option Pricing

Rating Plan Base Rates

The Rating Plan Base Rates per covered animal per 12-month policy period are:

Base Rates	
Dogs	Cats
$531.37	$493.24

State Relativity Factor

The Base Rates for a specific state may be calculated by applying the following relativities to the Base Rates shown above:

State	Dogs	Cats	State	Dogs	Cats	State	Dogs	Cats
AK	1.020	0.960	KY	1.000	1.000	NY	1.040	1.040
AL	1.000	1.000	LA	0.960	0.960	OH	1.060	0.960
AR	0.940	0.960	MA	1.000	1.000	OK	1.020	1.020
AZ	1.040	1.000	MD	1.040	1.040	OR	1.040	1.060
CA	1.058	1.040	ME	1.000	1.040	PA	1.080	1.120
CO	1.060	1.120	MI	1.060	1.000	RI	1.000	1.000
CT	1.040	1.080	MN	1.060	1.040	SC	0.960	0.960
DC	1.060	1.060	MO	1.000	1.000	SD	1.000	1.000
DE	1.000	1.000	MS	1.000	1.000	TN	1.000	1.000
FL	1.230	1.212	MT	1.000	1.000	TX	1.020	1.040
GA	1.040	1.040	NC	1.000	0.980	UT	1.000	1.020
HI	0.960	0.940	ND	1.060	1.060	VA	1.060	1.040
IA	0.960	0.940	NE	1.000	1.000	VT	1.060	1.060
ID	1.000	1.000	NH	1.060	1.080	WA	1.080	1.060
IL	1.060	1.060	NJ	1.020	1.020	WI	1.020	1.000
IN	1.000	1.000	NM	1.000	1.000	WV	1.000	1.000
KS	0.980	1.000	NV	1.000	1.000	WY	1.020	1.000

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XL Specialty Insurance Company

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[157] *SERFF Filing Access: California, supra* note 67.

PETPLAN PET HEALTH INSURANCE PROGRAM
RATE MANUAL

Rating Territory Definitions

Rating Territories are defined by the varying degrees of relative veterinary costs using information in consumer resources.

Territory	Description
1	This Rating Territory encompasses the most expensive 5% of zip codes in terms of relative veterinary costs.
2	This Rating Territory encompasses the top 6-15% of zip codes in terms of relative veterinary costs.
3	This Rating Territory encompasses the top 16-30% of zip codes in terms of relative veterinary costs.
4	This Rating Territory encompasses the top 31-70% of zip codes in terms of relative veterinary costs.
5	This Rating Territory encompasses the top 71-90% of zip codes in terms of relative veterinary costs.
6	This Rating Territory encompasses the lowest 10% of zip codes in terms of relative veterinary costs.

Co-pay Options

There are a range of co-pay options. Rating factors for the co-pay options are:

Co-pay	Dogs	Cats
10%	1.000	1.000
15%	0.900	0.900
20%	0.800	0.800
25%	0.740	0.740
30%	0.680	0.680
35%	0.630	0.630
40%	0.580	0.580
45%	0.530	0.530
50%	0.480	0.480

Deductible Options

There are a range of deductibles. Rating factors for these deductible options are:

PETPLAN PET HEALTH INSURANCE PROGRAM

RATE MANUAL

<u>Specific Animal Pricing</u>

Breed

There are 32 breed groups for dogs and 9 breed groups for cats, which represent the relative cost of veterinarian care for a specific breed. Rating factors by breed group are:

Group	Dogs	Cats		Group	Dogs	Cats
1	0.830	0.990		17	2.070	-
2	0.920	1.100		18	2.200	-
3	0.980	1.130		19	2.240	-
4	1.050	1.170		20	2.410	-
5	1.120	1.210		21	2.490	-
6	1.190	1.250		22	2.550	-
7	1.290	1.290		23	2.660	-
8	1.350	1.320		24	3.220	-
9	1.380	1.380		25	3.380	-
10	1.480	-		26	3.680	-
11	1.540	-		27	3.870	-
12	1.610	-		28	3.970	-
13	1.710	-		29	4.080	-
14	1.850	-		30	4.310	-
15	1.920	-		31	4.840	-
16	1.970	-		32	5.120	-

PETPLAN PET HEALTH INSURANCE PROGRAM
RATE MANUAL

Pet Age

The covered pet's age is determined by its date of birth. If the exact date of birth is not known the pet owner may be asked to obtain an estimate of their pet's age from their veterinarian. Rating factors by animal age are:

Current Age	Dogs	Cats
<1	0.850	0.800
1	0.893	0.840
2	0.937	0.882
3	1.078	0.926
4	1.239	0.972
5	1.425	1.118
6	1.639	1.286
7	1.885	1.478
8	2.168	1.700
9	2.493	1.955
10	2.867	2.249

Current Age	Dogs	Cats
11	3.297	2.586
12	3.791	2.974
13	4.360	3.420
14	5.014	3.933
15	5.766	4.524
16	6.631	4.750
17	7.625	4.987
18	8.769	5.237
19	10.085	5.498
20+	11.597	5.773

In addition, there is a rating factor based on the age of a pet in the initial year of coverage. This factor continues to be charged upon subsequent renewals. Rating factors are:

Initial Age	Dogs	Cats
<1	1.000	1.000
1	1.000	1.000
2	1.000	1.000
3	1.000	1.000
4	1.100	1.100
5	1.200	1.200
6	1.300	1.300
7	1.300	1.300
8	1.400	1.400
9	1.400	1.400
10	1.400	1.400

Initial Age	Dogs	Cats
11	1.400	1.400
12	1.400	1.400
13	1.400	1.400
14	1.400	1.400
15	1.400	1.400
16	1.400	1.400
17	1.400	1.400
18	1.400	1.400
19	1.400	1.400
20+	1.400	1.400

Working Dogs

The Rating Factor for Working Dogs is 1.10.

Figure 5: Crum & Forster/ United States Fire Insurance Company Underwriting Manual filed in California, accessed via SERFF[158]

AGE FACTORS
Note: Age factors do not apply to accident only products.

0	0.70	0.60
1	0.70	0.60
2	0.70	0.60
3	0.75	0.60
4	0.80	0.70
5	0.85	0.70
6	1.00	0.80
7	1.20	0.90
8	1.40	1.00
9	1.60	1.10
10	1.80	1.25
11	2.00	1.50
12	2.25	1.75
13	2.25	2.00
14	2.50	2.15
15	2.50	2.25
16	2.75	2.50
17	2.75	2.50
18+	3.00	2.50

BREED FACTORS
Note: Breed factors do not apply to accident only products.
Breed factors for dogs and cats shown in Appendix 2.
New breeds will be compared to the current list of breed factors for the most similar breed and categorized the same.

12. OPTIONAL MONTHLY PREVENTIVE CARE ENDORSEMENT RATES
Policy form # PET-AE-20000-0918

The preventive care endorsement can be added to both accident only and accident/illness policies. The endorsement provides coverage for specific wellness treatments up to specified limits. Benefits under this endorsement are not subject to deductibles or co-insurance.

Option 1	$9.95
Option 2	$14.95
Option 3	$24.95

13. COVERAGE EXCLUSION ENDORSEMENTS

Factor to remove knee and ligament conditions coverage:
Policy form # PET-AE-LKC-30000-0918
Accident Only   0.75
Accident and Illness   0.92

Factor to remove examination fee coverage:
Policy form # PET-AE-EF-30000-0918
Accident Only   0.93
Accident and Illness   0.87

14. RATING FORMULA

= Base Rate
x Annual Maximum Factor
x Age Factor (if applicable)
x Breed Factor (if applicable)
x Discount Factor (if applicable)
x Factor(s) for Coverage exclusions (if applicable)
+ Preventive Care Endorsement Rate (optional)

Note:
In circumstances where the rate must be rendered to two decimal points, the rate will always be rounded to the nearest cent. (If the number to the right of the nearest cent is 4 or below, the cent remains the same; if the number to the right is 5 or higher, the cent increases by 1). In no event will a customer be reimbursed more premium than what was paid.

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[158] *SERFF Filing Access: California, supra* note 67.

UNITED STATES FIRE INSURANCE COMPANY

Pet Insurance Program

Policy Form # PET-P-20000-0918

APPENDIX 1 - PROPOSED MONTHLY BASE PREMIUM RATES

DOG RATES

Accident Only	$100 Deductible w/ co-pay of:			$150 Deductible w/ co-pay of:			$250 Deductible w/ co-pay of:			$500 Deductible w/ co-pay of:		
	10%	20%	30%	10%	20%	30%	10%	20%	30%	10%	20%	30%
Territory 1	$26.21	$24.15	$21.94	$25.00	$23.07	$21.00	$22.84	$21.17	$19.33	$18.78	$17.56	$16.19
Territory 2	$25.05	$23.14	$20.99	$23.87	$22.10	$20.08	$21.78	$20.23	$18.43	$17.90	$16.79	$15.43
Territory 3	$22.44	$20.44	$18.30	$21.28	$19.41	$17.40	$19.22	$17.58	$15.79	$15.46	$14.25	$12.83
Territory 4	$19.10	$17.42	$15.66	$18.13	$16.56	$14.90	$16.41	$15.04	$13.56	$13.43	$12.34	$11.20
Territory 5	$18.15	$16.46	$14.66	$17.13	$15.54	$13.86	$15.30	$13.91	$12.43	$11.96	$10.99	$9.85

Accident + Illness	$100 Deductible w/ co-pay of:			$150 Deductible w/ co-pay of:			$250 Deductible w/ co-pay of:			$500 Deductible w/ co-pay of:		
	10%	20%	30%	10%	20%	30%	10%	20%	30%	10%	20%	30%
Territory 1	$81.11	$74.61	$67.49	$74.08	$68.24	$61.82	$64.82	$59.88	$54.40	$53.26	$49.58	$45.35
Territory 2	$73.93	$68.05	$61.56	$67.29	$62.03	$56.20	$58.48	$54.08	$49.15	$47.46	$44.24	$40.53
Territory 3	$70.59	$64.57	$58.06	$63.98	$58.60	$52.76	$55.17	$50.68	$45.77	$44.03	$40.74	$37.05
Territory 4	$63.84	$58.40	$52.53	$57.61	$52.78	$47.55	$49.30	$45.32	$40.94	$38.79	$35.98	$32.74
Territory 5	$60.96	$55.48	$49.65	$54.88	$50.02	$44.82	$46.71	$42.70	$38.37	$36.34	$33.44	$30.25

CAT RATES

Accident Only	$100 Deductible w/ co-pay of:			$150 Deductible w/ co-pay of:			$250 Deductible w/ co-pay of:			$500 Deductible w/ co-pay of:		
	10%	20%	30%	10%	20%	30%	10%	20%	30%	10%	20%	30%
Territory 1	$17.39	$16.11	$14.74	$16.64	$15.44	$14.16	$15.30	$14.26	$13.12	$12.78	$12.02	$11.17
Territory 2	$16.67	$15.48	$14.15	$15.94	$14.84	$13.58	$14.64	$13.68	$12.56	$12.23	$11.54	$10.70
Territory 3	$15.05	$13.81	$12.48	$14.33	$13.17	$11.92	$13.05	$12.08	$10.92	$10.71	$9.97	$9.09
Territory 4	$12.98	$11.93	$10.84	$12.37	$11.40	$10.37	$11.31	$10.45	$9.54	$9.46	$8.78	$8.07
Territory 5	$12.39	$11.34	$10.22	$11.76	$10.77	$9.72	$10.62	$9.75	$8.84	$8.54	$7.94	$7.24

Accident + Illness	$100 Deductible w/ co-pay of:			$150 Deductible w/ co-pay of:			$250 Deductible w/ co-pay of:			$500 Deductible w/ co-pay of:		
	10%	20%	30%	10%	20%	30%	10%	20%	30%	10%	20%	30%
Territory 1	$53.16	$48.66	$43.91	$48.41	$44.36	$40.09	$42.04	$38.63	$35.02	$33.81	$31.29	$28.59
Territory 2	$49.07	$44.85	$40.28	$44.51	$40.74	$36.63	$38.42	$35.25	$31.78	$30.66	$28.31	$25.67
Territory 3	$46.33	$42.18	$37.78	$41.82	$38.12	$34.19	$35.76	$32.69	$29.40	$27.89	$25.66	$23.25
Territory 4	$40.53	$36.94	$33.23	$36.44	$33.26	$29.96	$30.94	$28.35	$25.61	$23.91	$22.11	$20.17
Territory 5	$37.44	$33.86	$30.13	$33.33	$30.18	$26.89	$27.77	$25.22	$22.52	$20.60	$18.85	$16.92

UNITED STATES FIRE INSURANCE COMPANY
Pet Insurance Program
Policy Form # PET-P-20000-0918

APPENDIX 2 - BREED FACTORS

Species	Breed	Factor
Cat	Ragamuffin	1.00
Cat	Ragdoll	1.10
Cat	Russian Blue	1.20
Cat	Savannah	0.90
Cat	Scottish Fold	1.20
Cat	Selkirk Rex	1.20
Cat	Siamese	1.10
Cat	Siberian	0.80
Cat	Singapura	1.30
Cat	Snowshoe	0.80
Cat	Somali	1.30
Cat	Sphynx	1.30
Cat	Tonkinese	0.80
Cat	Turkish Van	1.20