2024 Market Conduct Annual Statement Ratios

Pet Insurance

Ratio 1. **The number of claims closed without payment compared to the total number of claims closed.**

$$\left(\frac{[\#\text{of claims closed without payment during the period (3-77)}]}{[\#\text{of claims closed during the period (3-68)}]} \right)$$

Ratio 2. **The number of claims closed with partial payment compared to the total number of claims closed.**

$$\left(\frac{[\#\text{of claims closed with partial payment during the period (3-72)}]}{[\#\text{of claims closed during the period (3-68)}]} \right)$$

Ratio 3. **The number of claims closed with full payment compared to the total number of claims closed.**

$$\left(\frac{[\#\text{of claims closed with full payment during the period (3-69)}]}{[\#\text{of claims closed during the period (3-68)}]} \right)$$

Ratio 4. **Percentage of claims unprocessed at the end of the period**

$$\left(\frac{\text{Number of claims open at the beginning of period (3-66)} + \text{Number of claims opened during period (3-67)} - \text{Number of claims closed during the period (3-68)}}{\#\text{ of claims open at the beginning of period (3-66)} + \#\text{ of claims opened during the period (3-67)}} \right)$$

Ratio 5. **Percentage paid on partial payments of the amount requested on partial payments**

$$\left(\frac{[\text{Dollar amount of claims closed with partial payment during the period (3-74)}]}{[\text{Dollar amount requested for claims closed with partial payment during the period (3-73)}]} \right)$$

Ratio 6. **Percentage of claims closed with full payment beyond 60 days**

$$\left(\frac{[\text{total }\#\text{of claims closed during the period with full payment beyond 60 days } (\sum \text{3-83 through 3-86)}]}{[\text{total }\#\text{of claims during the period with full payment closed over all durations } (\sum \text{3-81 through 3-86) }]} \right)$$

Ratio 7. Percentage of claims closed with partial payment beyond 60 days

$$\left(\frac{\text{[total \#of claims closed during the period with partial payment beyond 60 days} (\sum 3\text{-}89 \text{ through } 3\text{-}92)]}{\text{[total \#of claims closed during the period with partial payment over all durations} (\sum 3\text{-}87 \text{ through } 3\text{-}92)]} \right)$$

Ratio 8. Percentage of claims closed without payment beyond 60 days

$$\left(\frac{\text{[total \#of claims closed during the period without payment beyond 60 days} (\sum 3\text{-}95 \text{ through } 3\text{-}98)]}{\text{[total \#of claims closed during the period without payment over all durations} (\sum 3\text{-}93 \text{ through } 3\text{-}98)]} \right)$$

Ratio 9. Pre-existing condition - closed without payments to total claims closed without payment

$$\left(\frac{\text{[\#of claims closed during the period without payment due to pre} - \text{existing condition exclusion} (3-100)]}{\text{[\#of claims closed during the period without payment} (3\text{-}77)]} \right)$$

Ratio 10. Inadequate documentation - closed with partial payments to total claims closed with partial payment

$$\left(\frac{\text{[\#of claims closed during the period with partial payment due to inadequate documentation} (3-110)]}{\text{[\#of claims closed during the period with partial payment} (3\text{-}72)]} \right)$$

Ratio 11. Percentage of policies in-force during the period that provided only accident coverage

$$\left(\frac{\text{[\#of policy/certificates in-force during the period that included accident-only coverage} (2\text{-}28 + 2\text{-}29)]}{\text{[\#of policies/certificates in force during the period} (\sum (2\text{-}28 \text{ through } 2\text{-}37)]} \right)$$

Ratio 12. Non-renewals to policies in force

$$\left(\frac{\text{[\#of company initiated policy/certificates non} - \text{renewals during the period} (2\text{-}46+2\text{-}47)]}{\text{[\#of policies/certificates in force during the period} (\sum (2\text{-}28 \text{ through } 2\text{-}37)]} \right)$$

Ratio 13. Percentage of policies returned under "Right to Examine and Return the Policy" provision

$$\left(\frac{\text{[\# of policies/certificates returned during the period under "Right to Examine"} (2\text{-}38 + 2\text{-}39)]}{\text{[total \# of policies issued during the period} (2\text{-}49 + 2\text{-}50)]} \right)$$

Ratio 14. **Cancellations/terminations at the policy/certificate holders request**

$$\left(\frac{[\text{\#of cancellation/terminations during the period at the policy/certificate holders request (2-40+2-41)}]}{[\text{total \#of cancellation/terminations during the period } (\sum 2\text{-}40 \text{ through } 2\text{-}45)]}\right)$$

Ratio 15. **Applications denied for health status or condition to total applications received**

$$\left(\frac{[\text{\# of applications denied for health status or conduction during the period (2-61)}]}{[(\text{\# of applications received during the period (2-60)}]}\right)$$

Ratio 16. **Percentage of policies/certificates issued with a pre-existing condition exclusion**

$$\left(\frac{[\text{\# of policies/certificates issued with a pre-existing condition exclusion during the period (2-64)}]}{[\text{total \# of policies issued during the period (2-49 + 2-50) }]}\right)$$

Ratio 17. **Loss Ratio**

$$\left(\frac{\begin{bmatrix}\text{Dollar amount of paid claims closed with full payment during the period (3-70)}\\ +\text{Dollar amount of claims closed with partial payment during the period (3-74)}\end{bmatrix}}{[\text{Direct earned premium during the period (2-58)}]}\right)$$

Ratio 18. **Average Dollars of Commission Per Policy/Certificate**

$$\left(\frac{\begin{bmatrix}\quad\quad[\text{Commissions incurred during the period (4-113)}]\\ -[\text{Unearned commissions returned to company during the period (4-114)}]\end{bmatrix}}{[[\text{total \# of policies issued during the period (2-49 + 2-50) }]]}\right)$$

Ratio 19. **Percentage Commissions to Written Premium**

$$\left(\frac{\begin{bmatrix}\quad\quad[\text{Commissions incurred during the period (4-113)}]\\ -[\text{Unearned commissions returned to company during the period (4-114)}]\end{bmatrix}}{[\text{Direct written premium during the period (2-57)}]}\right)$$

Note: It is unclear to what extent commissions are paid on events other than new business (e.g., such as renewals)

Ratio 20.   **Lawsuits to Policies/Certificates in force during the period**

$$\left(\frac{[\text{\# of lawsuits opened during the period (5-117)}]}{[[\text{\#of policies/certificates in force during the period } (\sum (2\text{-}28 \text{ through } 2\text{-}37)]\,]} \right)$$

Ratio 21.   **Lawsuits opened during the period to claims closed without payment**

$$\left(\frac{[\text{\# of lawsuits opened during the period (5-117)}]}{[[\text{\#of claims closed during the period without payment (3-77)}\,]} \right)$$

Ratio 22.   **Percentage of lawsuits closed with consideration for the consumer**

$$\left(\frac{[\text{Number of lawsuits closed with consideration for consumer (5-120)}]}{[\text{Number of lawsuits closed during the period (5-118)}]} \right)$$

Ratio 23.   **The number of complaints per 1,000 policies in-force during the period**

$$\left(\frac{[\text{\#of complaints received directly from any person or entity other than the DOI (5-115)}]}{([[\text{\#of policies/certificates in force during the period } (\sum (2\text{-}28 \text{ through } 2\text{-}37)]] \div 1{,}000)} \right)$$