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. (high)**

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

*Ratio 2. **The number of claims closed with partial payment compared to the total number of claims closed. (high – definitional concerns for "partial". Non-public perhaps?)**

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

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

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

Ratio 4. **Percentage of claims unprocessed (open?) at the end of the period(low)**

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

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

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

Ratio 6. **Percentage of claims closed with full payment beyond 60 days (high, potentially combine 6&7 for all claims)**

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

Ratio 7. **Percentage of claims closed with partial payment beyond 60 days (high, potentially combine 6&7 for all claims)**

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

Ratio (6&7). **Percentage of claims closed with partial payment beyond 60 days (combination of ratios 6&7 for all claims)**

$$\left(\frac{\begin{array}{l}[\text{total \# of claims closed during the period with full payment beyond 60 days } (\sum 3\text{-}83 \text{ through } 3\text{-}86) + \\ \text{total \# of claims closed during the period with partial payment beyond 60 days } (\sum 3\text{-}89 \text{ through } 3\text{-}92)]\end{array}}{[\text{total \# of claims during the period with full and partial payment closed over all durations } (\sum 3\text{-}81 \text{ through } 3\text{-}92)\,]} \right)$$

Ratio 8. **Percentage of claims closed without payment beyond 60 days (low)**

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

Ratio 9a. **Pre-existing condition - closed without payments to total claims closed without payment**
(low, non-public?)

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

Ratio 9b. **Ineligibility - closed without payments to total claims closed without payment**
(low, non-public?)

$$\left(\frac{[\text{\#of claims closed during the period without payment due to ineligibility } (3-99)]}{[\text{\#of claims closed during the period without payment } (3\text{-}77)]} \right)$$

Ratio 9c. **Waiting period - closed without payments to total claims closed without payment**
(low, non-public?)

$$\left(\frac{[\text{\#of claims closed during the period without payment due to waiting period } (3-101)]}{[\text{\#of claims closed during the period without payment } (3\text{-}77)]} \right)$$

Ratio 9d. Maximum benefit limit - closed without payments to total claims closed without payment
(low, non-public?)

$$\left(\frac{[\#of\ claims\ closed\ during\ the\ period\ without\ payment\ due\ to\ maximum\ benefit\ limit\ (3-102)]}{[\#of\ claims\ closed\ during\ the\ period\ without\ payment\ (3\text{-}77)]}\right)$$

Ratio 9e. Less than deductible - closed without payments to total claims closed without payment
(low, non-public?)

$$\left(\frac{[\#of\ claims\ closed\ during\ the\ period\ without\ payment\ due\ to\ claim\ amount\ less\ than\ deductible\ (3-103)]}{[\#of\ claims\ closed\ during\ the\ period\ without\ payment\ (3\text{-}77)]}\right)$$

Ratio 9f. Inadequate documentation - closed without payments to total claims closed without payment
(low, non-public?)

$$\left(\frac{[\#of\ claims\ closed\ during\ the\ period\ without\ payment\ due\ to\ inadequate\ documentation\ (3-104)]}{[\#of\ claims\ closed\ during\ the\ period\ without\ payment\ (3\text{-}77)]}\right)$$

Ratio 9g. Hereditary disorder exclusion - closed without payments to total claims closed without payment
(low, non-public?)

$$\left(\frac{[\#of\ claims\ closed\ during\ the\ period\ without\ payment\ due\ to\ hereditary\ disorder\ exclusion\ (3-105)]}{[\#of\ claims\ closed\ during\ the\ period\ without\ payment\ (3\text{-}77)]}\right)$$

Ratio 9h. Congenital anomaly or disorder exclusion - closed without payments to total claims closed without payment
(low, non-public?)

$$\left(\frac{[\#of\ claims\ closed\ during\ the\ period\ without\ payment\ due\ to\ congenital\ anomaly\ or\ disorder\ exclusion\ (3-106)]}{[\#of\ claims\ closed\ during\ the\ period\ without\ payment\ (3\text{-}77)]}\right)$$

Ratio 9i. Chronic condition exclusion - closed without payments to total claims closed without payment
(low, non-public?)

$$\left(\frac{[\#of\ claims\ closed\ during\ the\ period\ without\ payment\ due\ to\ chronic\ condition\ exclusion\ (3-107)]}{[\#of\ claims\ closed\ during\ the\ period\ without\ payment\ (3\text{-}77)]}\right)$$

Ratio 9j. Other reasons - closed without payments to total claims closed without payment
(low, non-public?)

$$\left(\frac{[\text{\# of claims closed during the period without payment due to other reasons } (3-108)]}{[\text{\# of claims closed during the period without payment (3-77)}]} \right)$$

Ratio 10a. Inadequate documentation - closed with partial payments to total claims closed with partial payment (see notes on ratio 2, clarifies)

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

Ratio 10b. Maximum benefit limit - closed with partial payments to total claims closed with partial payment (see notes on ratio 2, clarifies)

$$\left(\frac{[\text{\# of claims closed during the period with partial payment due to maximum benefit limit } (3-109)]}{[\text{\# of claims closed during the period with partial payment (3-72)}]} \right)$$

Ratio 10c. Other reasons - closed with partial payments to total claims closed with partial payment (see notes on ratio 2, clarifies)

$$\left(\frac{[\text{\# of claims closed during the period with partial payment due to other reasons } (3-111)]}{[\text{\# of claims closed during the period with partial payment (3-72)}]} \right)$$

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

$$\left(\frac{[\text{\# of policy/certificates in-force during the period that provided illness-only coverage } (2\text{-}30 + 2\text{-}31)]}{[\text{\# of policies/certificates in force during the period } (\sum (2\text{-}28 \text{ through } 2\text{-}37))]} \right)$$

Ratio 11c. Percentage of policies in-force during the period that included accident and illness coverage

$$\left(\frac{[\text{\# of policy/certificates in-force during the period that included accident and illness coverage } (2\text{-}32 + 2\text{-}33)]}{[\text{\# of policies/certificates in force during the period } (\sum (2\text{-}28 \text{ through } 2\text{-}37))]} \right)$$

Ratio 11d. **Percentage of policies in-force during the period that included wellness coverage (other than a wellness only policy)**

$$\left(\frac{[\text{\#of policy/certificates in-force during the period that included wellness coverage (2-34 + 2-35)}]}{[\text{\#of policies/certificates in force during the period } (\sum (2\text{-}28 \text{ through } 2\text{-}37)]}\right)$$

Ratio 11e. **Percentage of policies in-force during the period that included wellness as an insurance benefit (and did not cover accident and/or illness)**

$$\left(\frac{[\text{\#of policy/certificates in-force during the period that included wellness as an insurance benefit (2-36 + 2-37)}]}{[\text{\#of policies/certificates in force during the period } (\sum (2\text{-}28 \text{ through } 2\text{-}37)]}\right)$$

Ratio 12. **Non-renewals to policies in force**

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

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

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

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**

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

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

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

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**

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