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IMPERIAL INSURANCE COMPANIES, INC.  
ACTUARIAL MEMORANDUM  
ARIZONA INDIVIDUAL MARKET RATE FILING  
EFFECTIVE JANUARY 1, 2026

Prepared by:



Lewis & Ellis, LLC

# IMPERIAL INSURANCE COMPANIES, INC.

## 2026 INDIVIDUAL RATE FILING – ACTUARIAL MEMORANDUM

### GENERAL INFORMATION

This document contains the Part III Actuarial Memorandum for Imperial Insurance Companies, Inc.'s (Imperial) individual block of business, effective January 1, 2026. This actuarial memorandum is submitted in conjunction with the Part I Unified Rate Review Template (URRT).

The purpose of the actuarial memorandum is to provide certain information related to the submission, including support for the values entered into the Part I URRT, which supports compliance with the market rating rules and reasonableness of applicable rate increases. This information may not be appropriate for other purposes.

Below is a summary of the company identifying information and company contact information.

### COMPANY IDENTIFYING INFORMATION

Company Legal Name:	Imperial Insurance Companies, Inc.
State:	Arizona
HIOS Issuer ID:	
NAIC Company Code:	
Market:	Individual
Effective Date:	January 1, 2026

### COMPANY IDENTIFYING INFORMATION

Primary Contact Name:	
Primary Contact Telephone:	
Primary Contact Email:	

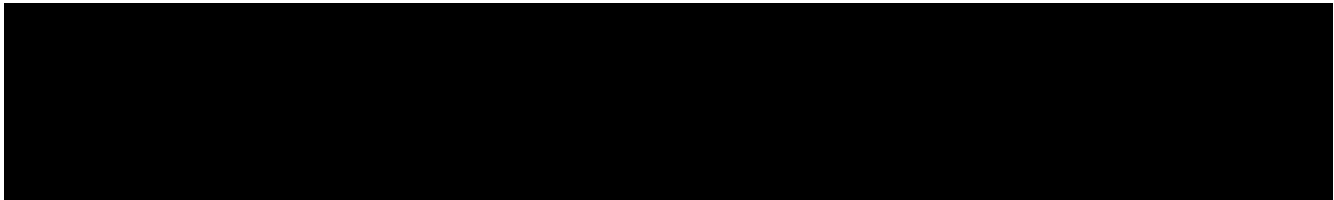
PROPOSED RATE CHANGES

Rate Increases by Product				
Product ID	Product Name	Minimum	Maximum	Average
	Imperial Standard			
	Imperial Preferred			

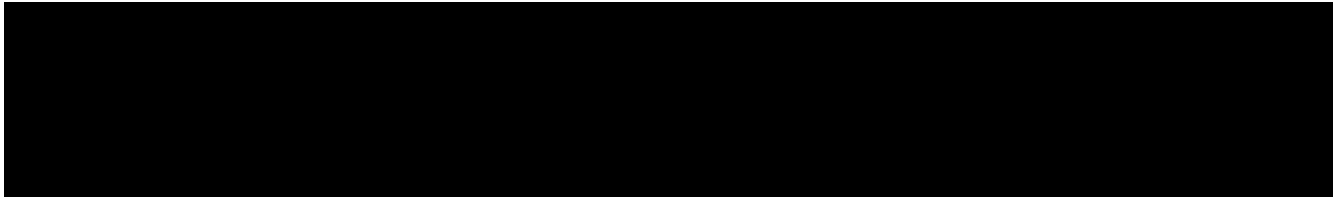
The overall average rate change is 9.6%.

REASONS FOR RATE CHANGE(S):

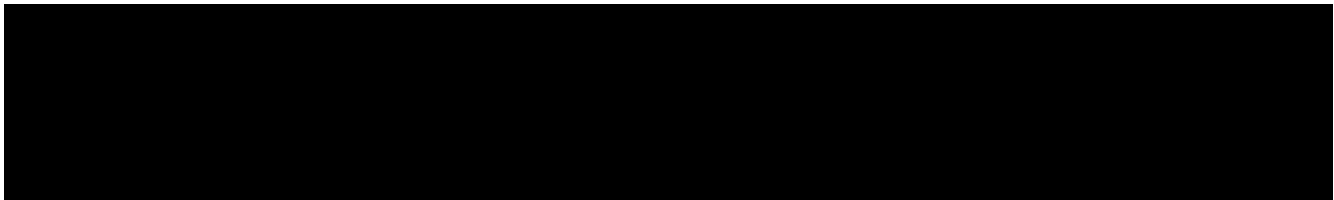
The proposed rate changes are a result of updated experience, revised projection factors (including updated assumptions for morbidity, trend, demographics, plan mix), and updated non-benefit expenses.



EXPERIENCE PERIOD PREMIUM AND CLAIMS



PAID THROUGH DATE



CURRENT DATE

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EXPERIENCE PERIOD PREMIUM

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EXPERIENCE PERIOD ALLOWED AND INCURRED CLAIMS

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Claim payments and IBNR estimates are summarized below.

Claims Information	
Claim Type	Allowed
Claims Processed Within the System	
Rebates	
IBNR	
Total Claims	

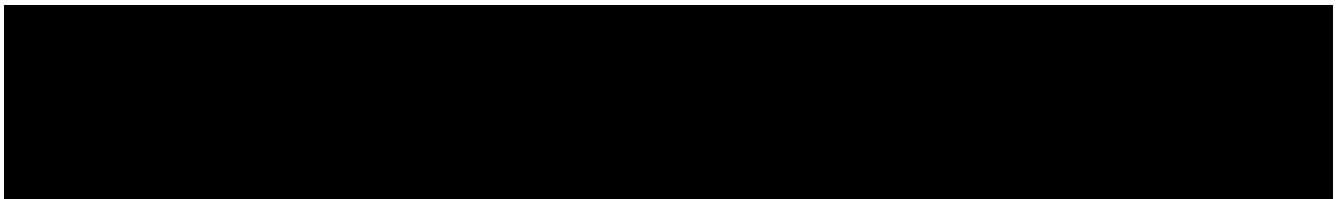
BENEFIT CATEGORIES

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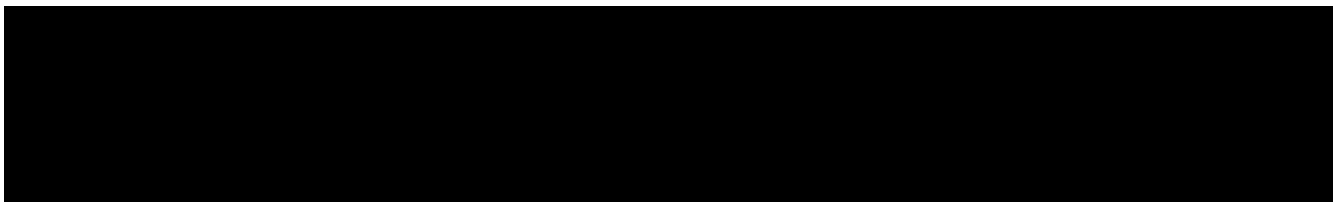
**Inpatient Hospital**



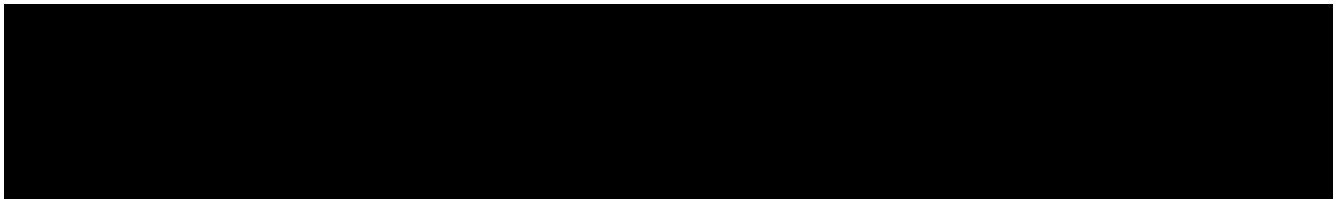
**Outpatient Hospital**



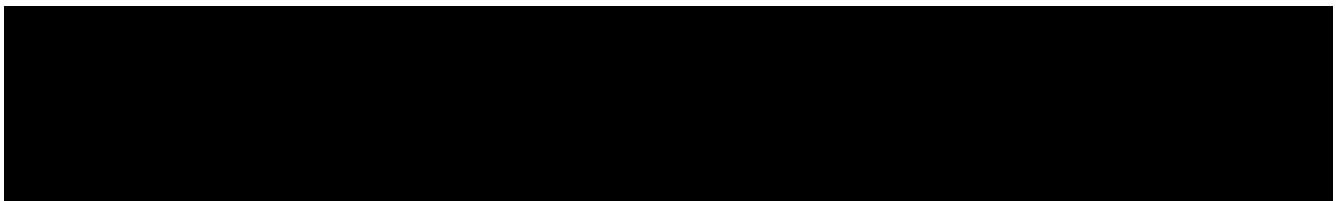
**Professional**



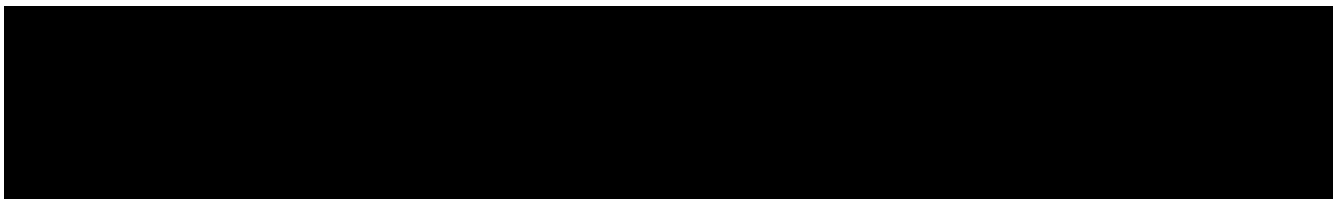
**Other Medical**



**Capitation**



**Prescription Drug**



PROJECTION FACTORS

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TREND FACTORS

Trends			
Service Type	Annualized		
	Cost	Utilization	Total
Medical			
Prescription Drug			
Total			

ADJUSTMENTS TO TRENDED ESSENTIAL HEALTH BENEFITS (EHB) ALLOWED CLAIMS PMPM

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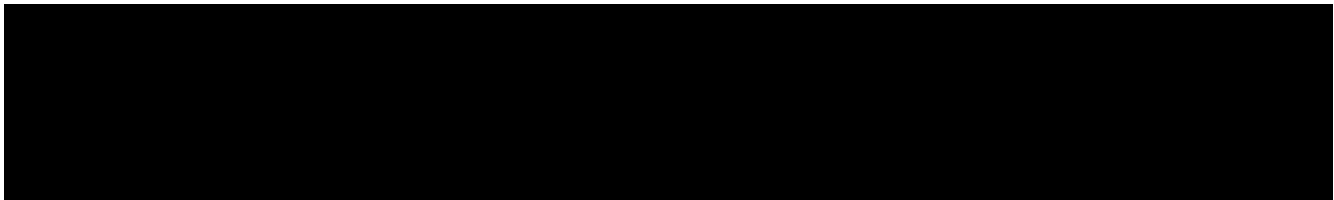
MORBIDITY ADJUSTMENT

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DEMOGRAPHIC SHIFT

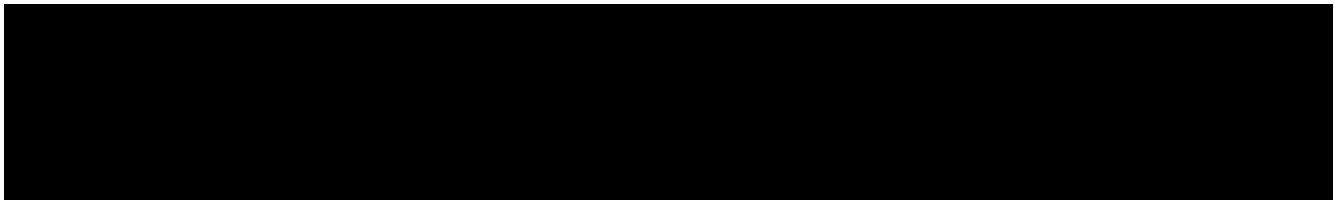
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PLAN DESIGN CHANGES

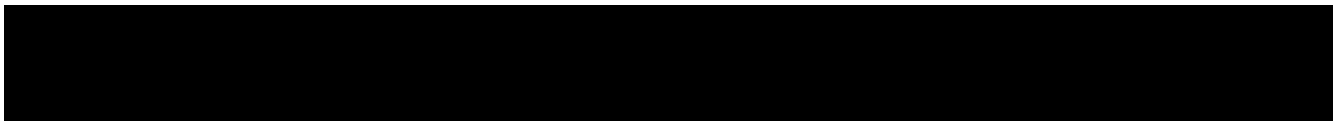


Plan Design			
Metal Level	Induced Demand Factor	Imperial 2024 Enrollment Distribution	Projected 2026 Enrollment Distribution
Bronze			
Silver			
Gold			
Platinum			
Weighted IDF			
Total			

OTHER ADJUSTMENTS



Other Factors	
Rx Rebates	
Geographic	
Total Other Adjustments	



[REDACTED]

MANUAL RATE

[REDACTED]

SOURCES AND APPROPRIATENESS OF THE MANUAL RATE:

[REDACTED]

MANUAL RATE ADJUSTMENTS

MANUAL RATE: TREND

[REDACTED]

Trend - Manual Rate			
Service Type	Annualized		
	Cost	Utilization	Total
Medical	[REDACTED]	[REDACTED]	[REDACTED]
Prescription Drug	[REDACTED]	[REDACTED]	[REDACTED]
Total			[REDACTED]

MANUAL RATE: GEOGRAPHIC ADJUSTMENT

[REDACTED]



[REDACTED]

MANUAL RATE: PLAN DESIGN ADJUSTMENT

[REDACTED]

MANUAL RATE: MORBIDITY

[REDACTED]

CREDIBILITY OF EXPERIENCE

[REDACTED]

ESTABLISH THE INDEX RATE

[REDACTED]

DEVELOPMENT OF THE MARKET-WIDE ADJUSTED INDEX RATE

The following table summarizes the adjustments to reach the Market Adjusted Index Rate.

Market-Wide Adjusted Index Rate Development	
2025 Index Rate PMPM	[REDACTED]
<u>Market-Wide Adjustments (allowed basis)</u>	
Net Market Reinsurance	[REDACTED]
Risk Adjustment Transfer Amount	[REDACTED]

Exchange User Fees	
Market-Wide Adjusted Index Rate PMPM	

REINSURANCE

[REDACTED]

RISK ADJUSTMENT PAYMENT/CHARGE

[REDACTED]

EXCHANGE USER FEE

The Exchange User Fee is projected to be [REDACTED] of the index rate.

PLAN ADJUSTED INDEX RATES

[REDACTED]

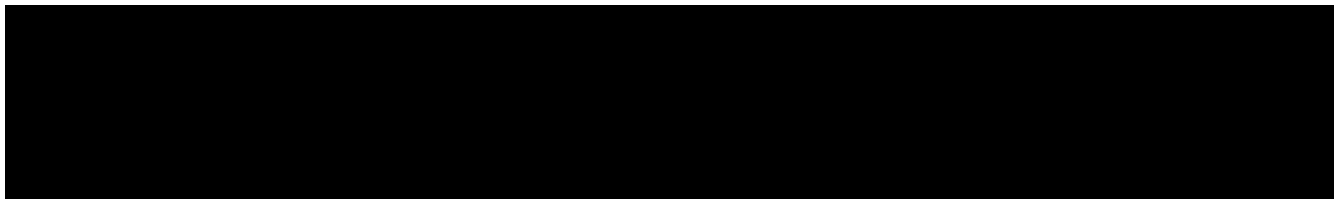
ACTUARIAL VALUE AND COST SHARING ADJUSTMENTS

[REDACTED]

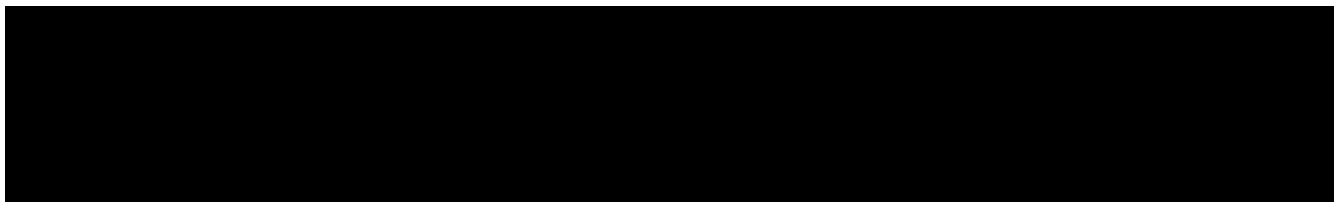
**PROVIDER NETWORK**



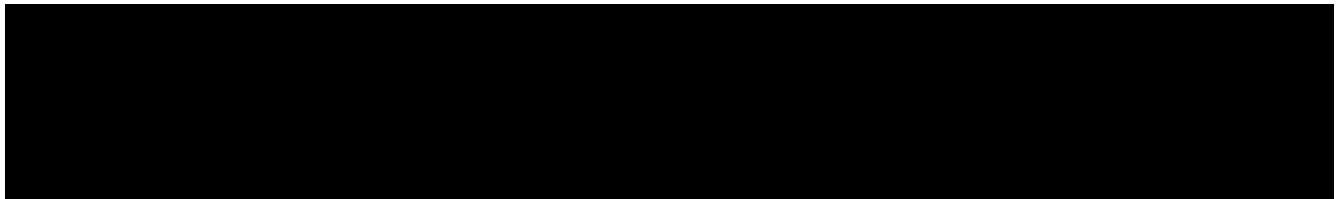
**BENEFITS IN ADDITION TO THE EHBS**



**ADMINISTRATIVE COSTS**



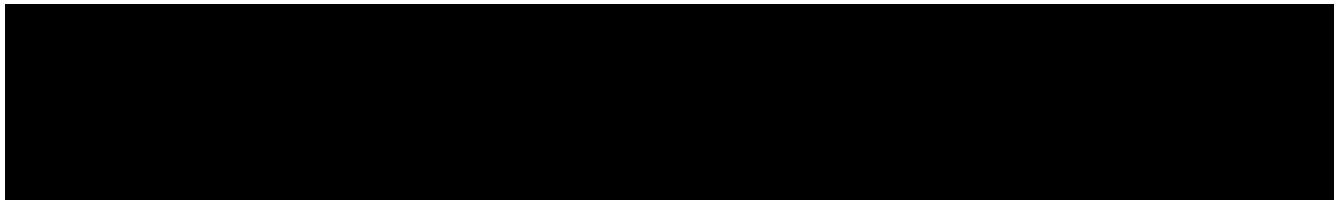
**CATASTROPHIC PLAN ADJUSTMENTS**



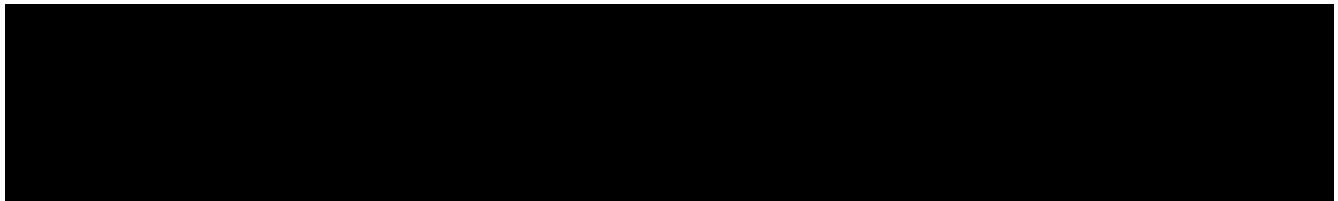
CALIBRATION



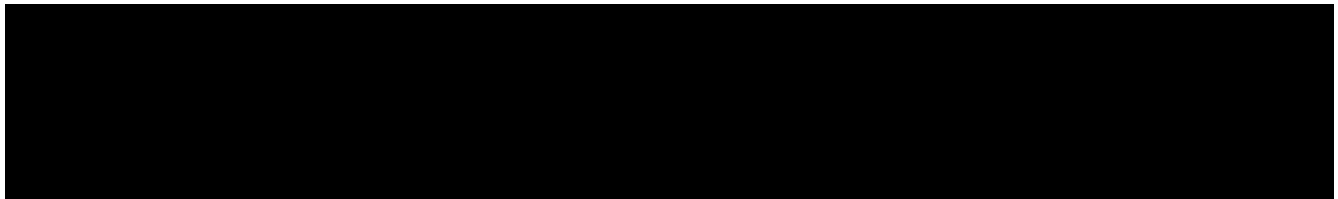
AGE CURVE CALIBRATION FACTOR



GEOGRAPHIC CALIBRATION FACTOR

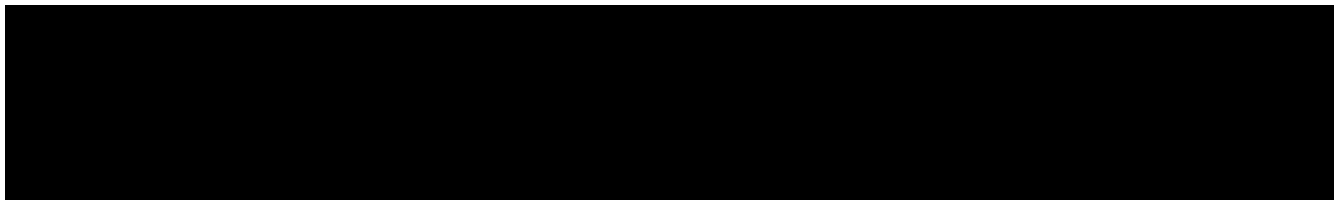


TOBACCO CALIBRATION FACTOR



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CONSUMER ADJUSTED PREMIUM RATE DEVELOPMENT



PROJECTED LOSS RATIO

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Projected MLR	
Claims	
Adjustments to Claims	
Transitional Recoveries (Received)	
Risk Adjustment	
<b>MLR Numerator</b>	
Premiums	
Taxes & Fees	
<b>MLR Denominator</b>	
<b>Projected Traditional MLR</b>	
<b>Projected Federal MLR</b>	

AV METAL VALUES

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MEMBERSHIP PROJECTIONS

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TERMINATED PLANS AND PRODUCTS

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#### PLAN TYPE

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#### RELIANCE

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#### ACTUARIAL CERTIFICATION

I, [REDACTED], am a Principal and Consulting Actuary with Lewis & Ellis, LLC (L&E), and I have been engaged by Imperial Insurance Companies, Inc. to prepare this actuarial memorandum and corresponding rates. L&E is an independent actuarial consulting firm that is not affiliated with, nor a subsidiary, nor in any way owned or controlled by a health plan, health insurer or a trade associate of a health plans or insurers.

Rates were developed in accordance with the appropriate Actuarial Standards of Practice (ASOPs) and the American Academy of Actuaries' (AAA's) Code of Professional Conduct. While other ASOPs apply, a sample listing is below:

- ASOP No. 5, Incurred Health and Disability Claims
- ASOP No. 8, Regulatory Filings for Health Plan Entities
- ASOP No. 12, Risk Classification
- ASOP No. 23, Data Quality
- ASOP No. 25, Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverages
- ASOP No. 26, Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health and Benefit Plans
- ASOP No. 41, Actuarial Communications
- ASOP No. 50, Determining Minimum Value and Actuarial Value under the Affordable Care Act

I have been involved in the development of these rates, and to the best of my knowledge and understanding, the rates in this filing have been developed in accordance with the available regulations and guidance. Should new guidance be released, this filing may be revised. I certify that this filing has been prepared based on sound and commonly accepted actuarial principles, practices and assumptions in the aggregate.

I further certify that:

1. The projected Index Rate is:
  - a. In compliance with all applicable state and Federal statutes and regulations (45 CFR 156.80 and 147.102)
  - b. Developed in compliance with the applicable Actuarial Standards of Practice
  - c. Reasonable in relation to the benefits provided and the population anticipated to be covered
  - d. Neither excessive nor deficient based on my best estimates of the 2022 individual market.
2. The Index Rate and only the allowable modifiers as described in 45 CFR § 156.80(d)(1) and 45 CFR § 156.80(d)(2) were used to generate plan level rates. These rates have been calibrated to account for age and tobacco status.
3. The geographic rating factors shown in Worksheet 3 of Unified Rate Review Template (URRT) reflect only differences in the cost of delivery and do not include differences for population morbidity by geographic area.
4. Consistent with 45 CFR § 156.135, the HHS Actuarial Value (AV) Calculator was used to determine the AV metal values shown in Worksheet 2 of Part I of the URRT for all plans.

The rates developed in this filing reflect estimates of future contingent events; actual results will likely vary. The magnitude of differences between projections in this filing and actual observed experience will depend on the extent to which actual experience in the future conforms to the assumptions made in this analysis. It is certain that actual experience will not conform exactly to the assumptions made in this filing.

The URRT does not demonstrate the process used by the issuer to develop the rates. Rather it represents information required by Federal regulation to be provided in support of the review of the rates, for certification of Qualified Health Plans for Federally Facilitated Marketplaces, and for certification that the Index rate is developed in accordance with Federal regulation and used consistently and only adjusted by the allowable modifiers.

Guidelines issued by the AAA require actuaries to include their professional qualifications in all actuarial communications. I am a member of the AAA, and I meet its qualification standards to perform the analysis and render the actuarial opinion contained herein.



Lewis & Ellis, LLC



APPENDIX A – CONSUMER ADJUSTED PREMIUM RATE

HIOS Plan ID		Market Adjusted Index Rate	Actuarial Value & Cost Sharing	Provider Network Adjustment	Non-EHB Benefits	Catastrophic Plan Adjustment	Administrative Costs	Taxes & Fees	Profit	Plan Adjusted Index Rate	Calibration Factor	Consumer Adjusted Premium Rate