

IMPERIAL INSURANCE COMPANIES, INC.

ACA Individual Product

Part II - Consumer Narrative Justification

Scope and Range of the Rate Increase:

Imperial Insurance Companies, Inc. (Imperial) has submitted its 2026 filing for its Individual HMO product. The weighted average premium increase is 19.3%, with a minimum and maximum increase by plan of 1.29% and 21.64% respectively.

Key Drivers for this Filing

Changes in Medical Service costs:

A main driver of premium increases includes changes to anticipated medical costs and utilization of services. The estimated impact is approximately 7% to the filed increase. The main driver of trend are medical unit cost increases and pharmacy unit cost and utilization increases.

Administrative Costs:

These include costs related to claim payments, overhead, employee salaries, and taxes. These are expected to increase compared to 2025 with the estimated impact being +5%.

Changes in Benefits:

The 2026 premiums contain benefit changes including changes to:

- cost sharing provisions
- out of pocket maximums

Standard plan's benefit changes were mandated by law.

Morbidity:

The risk pool is expected to be sicker due to the expiration of the enhanced premium tax credits at the end of 2025. The estimated impact to rates is approximately 5%.