REPORT ON EXAMINATION
OF
AMERICAN PET INSURANCE COMPANY

DECEMBER 31, 2024

EXAMINER: **DILBRINA BELGRAVE**
DATE OF REPORT: **MAY 7, 2026**

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May 7, 2026

Honorable Kaitlin Asrow
Acting Superintendent
New York State Department of Financial Services
Albany, New York 12257

Madam:

Pursuant to the requirements of the New York Insurance Law, and in compliance with the instructions contained in Appointment Number 32753 dated February 11, 2025, attached hereto, I have made an examination into the condition and affairs of American Pet Insurance Company as of December 31, 2024, and submit the following report thereon.

Wherever the designation "the Company" or "APIC" appears herein without qualification, it should be understood to indicate American Pet Insurance Company.

Wherever the term "Department" appears herein without qualification, it should be understood to mean the New York State Department of Financial Services.

1. SCOPE OF EXAMINATION

The Department has performed an examination of American Pet Insurance Company, a multi-state insurer. The previous examination was conducted as of December 31, 2019. This examination covered the 5-year period from January 1, 2020 through December 31, 2024. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

New York was the lead state of the Trupanion Group examination. The examination was performed concurrently with the examinations of ZPIC Insurance Company, a Missouri domiciled company.

This examination was conducted in accordance with the National Association of Insurance Commissioners ("NAIC") Financial Condition Examiners Handbook, which requires that we plan and perform the examination to evaluate the financial condition and identify current and prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. This examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with New York laws, statutory accounting principles, and annual statement instructions.

This examination report includes, but is not limited to, the following:

Company history
Management and control
Territory and plan of operation
Reinsurance
Holding company description
Financial statement presentation
Loss review and analysis
Significant subsequent events
Summary of recommendations

A review was also made to ascertain what action was taken by the Company regarding recommendations contained in the prior report on examination.

This report on examination is confined to financial statements and comments on those matters that involve departures from laws, regulations or rules, or that are deemed to require explanation or description.

2. DESCRIPTION OF COMPANY

American Pet Insurance Company was incorporated under the laws of the State of New York on December 7, 2000, as the Nipponkoa Insurance Company of America to serve as the vehicle for the domestication of the U. S. Branch of the KOA Fire & Marine Insurance Company, Ltd. ("KOA Japan"), pursuant to Article 72 of the New York Insurance Law. The domestication was completed on March 31, 2001, and the Company became licensed on April 1, 2001. On April 1, 2001, the Company's parent, KOA Japan, merged with and into the Nippon Fire & Marine Insurance Company Ltd, ("Nippon"), with Nippon as the surviving company. The name of the merged companies and new ultimate parent was then changed to Nipponkoa Insurance Company, Limited, Japan ("Nipponkoa Japan").

As of July 1, 2003, the Company ceased writing new and renewal facultative reinsurance, with all policies expiring July 1, 2004. All of its policies were cancelled effective December 31, 2004.

Effective July 1, 2006, the Company entered into an agreement whereby all of its policy related obligations were transferred to and assumed by the U.S. Branch of Nipponkoa Japan. Additionally, effective July 1, 2006, all of the non-policy related obligations of the Company were transferred to Nipponkoa Management Corporation. Upon consummation of these agreements, the Company became a clean shell insurance company.

On April 25, 2007, the Company was sold to Vetinsurance International Inc. (now known as Trupanion, Inc.), a Delaware corporation. On May 29, 2007, the Company's name was changed to American Pet Insurance Company. In January 2008, the Company commenced selling pet health insurance

A. Corporate Governance

Pursuant to the Company's charter and by law, management of the Company is vested in a board of directors consisting of not less than seven nor more than 21 directors. The board meets four times during each calendar year. At December 31, 2024, the board of directors was comprised of the following seven members:

Name and Residence	Principal Business Affiliation
Robert Fred DiUbaldo New York	Retired
Timothy John Graff Washington	Executive Vice President, Amwins Access Division
Mikel Thomas Gray Washington	Head of Actuarial, American Pet Insurance Company
Chistopher John Kearns[1] California	Secretary, American Pet Insurance Company
Wei Li Washington	Treasurer, American Pet Insurance Company
Howard Elliot Rubin Arizona	Dean's Advisory Board, College of Veterinary Medicine, Western University of Health Sciences
Margaret Rosemary Maria Tooth Washington	President, American Pet Insurance Company

[1]Effective April 4, 2025, Christopher John Kearns resigned as board member and secretary and was replaced by Asher Benjamin Bearman in both positions.

As of December 31, 2024, the principal officers of the Company were as follows:

Name	Title
Margaret Rosemary Maria Tooth	President
Wei Li	Treasurer
Chistopher John Kearns[1]	Secretary
Adam Thomas Smith	Assistant Secretary

B. Territory and Plan of Operation

As of December 31, 2024, the Company was licensed to write business in all 50 states, the District of Columbia and the Commonwealth of Puerto Rico.

As of the examination date, the Company was authorized to transact the kinds of insurance as defined in the following numbered paragraphs of Section 1113(a) of the New York Insurance Law:

Paragraph	Line of Business
3	Accident and health
4	Fire
5	Miscellaneous property
6	Water damage
7	Burglary and theft
8	Glass
9	Boiler and machinery
10	Elevator
11	Animal
12	Collision
13	Personal injury liability
14	Property damage liability
15	Workers' compensation and employers' liability
16	Fidelity and surety
19	Motor vehicle and aircraft physical damage
20	Marine and inland marine
21	Marine protection and indemnity

Based upon the lines of business for which the Company is licensed and the Company's current capital structure, and pursuant to the requirements of Articles 13 and 41 of the New York Insurance Law, the Company is required to maintain a minimum surplus to policyholders in the amount of $4,800,000.

The following schedule shows the direct written premiums and premiums assumed by the Company for the period under examination:

Calendar Year	Direct Premiums
2020	$ 458,558,506
2021	$ 634,807,610
2022	$ 820,697,235
2023	$ 969,627,182
2024	$1,092,862,454

The Company is a direct niche monoline pet insurer that provides medical insurance for domestic cats and dogs throughout the United States and Puerto Rico. The Company has two business programs: business that is marketed directly to customers (known as the subscription-based business), and business that is obtained through Pets Best Insurance Services, LLC ("Pets Best"), an unaffiliated company. Each program has its separate terms and conditions, its own rates, its unique mix of business and its own marketing emphasis. Trupanion Managers USA, Inc., an affiliated managing general agent, manages the Company's business. Pets Best business segment was placed in run-off in mid-2023.

C. Reinsurance Ceded

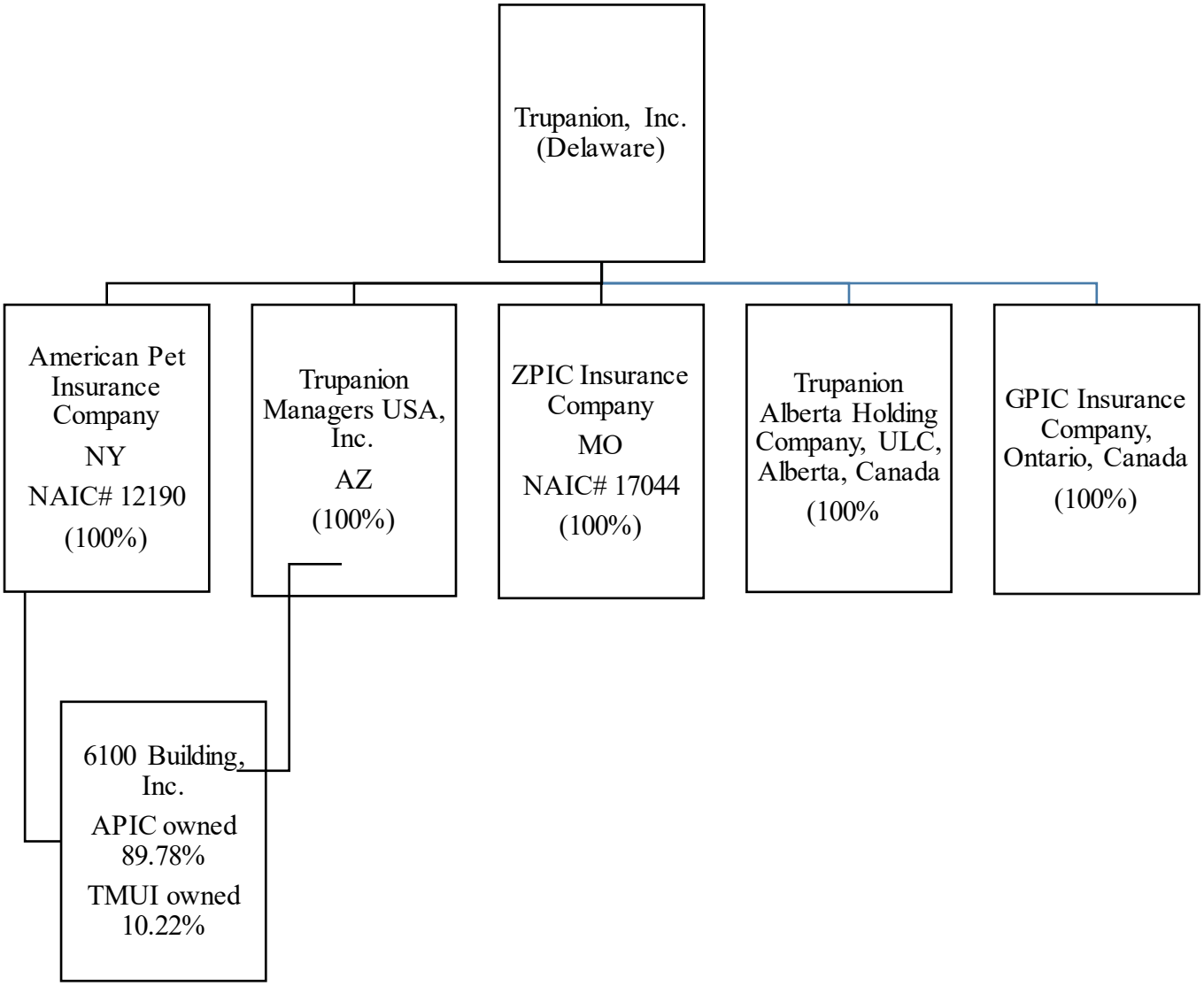
The Company does not cede its business.

D. Holding Company System

The Company is 100% owned by Trupanion, Inc. ("Trupanion"), a Delaware corporation publicly traded on the National Association of Securities Dealers Automated Quotation (NASDAQ). Trupanion and its affiliated entities provide pet insurance coverage across the United States, Canada, and Puerto Rico. Additionally, Trupanion also owns Trupanion Managers USA, Inc. ("TMUI"), an Arizona company, which acts as the Company's managing general agent pursuant to a general agency agreement. The Company and TMUI have joint ownership of its home office building.

A review of the holding company registration statements filed with this Department indicated that such filings were complete and were filed in a timely manner pursuant to Article 15 of the New York Insurance Law and Department Regulation 52.

The following is an abridged chart of the holding company system at December 31, 2024:



Holding Company Agreements

At December 31, 2024, the Company was a party to the following agreements with other members of its holding company system:

General Agency Agreement

Effective July 1, 2016, the Company entered into a general agency agreement with TMUI. Pursuant to the terms of the agreement, the Company appoints TMUI as its managing general agent for the purpose of producing and handling the policies of the Company. This agreement was amended on October 1, 2018,

to replace the existing/prior profit commission program. The Company paid $106.6 million in 2024 to TMUI for services provided under this agreement.

The agreement and amendment were filed with the Department pursuant to Section 1505 of the New York Insurance Law.

Cost Sharing and Shared Services Agreement

Effective July 1, 2016, the Company entered into a cost sharing and shared services agreement with its affiliate, TMUI. Pursuant to this agreement, TMUI provides APIC certain administrative services which include accounting, underwriting, claims processing, premiums collection, actuarial, legal, data processing, investment, regulatory compliance, and human resources function. In addition, the agreement provides a method for allocating related managing and administrative expenses of APIC's underwriting business. This agreement was terminated at the end of 2024. The Company paid $55 million in 2024 to TMUI for services provided under this agreement. The agreement was filed with the Department pursuant to Section 1505 of the New York Insurance Law.

Administration Services Agreement

Effective June 1, 2022, APIC entered into an Administrative Services Agreement to replace its cost sharing and shared services agreement noted above. Pursuant to the agreement, TMUI provides APIC certain administrative services which include accounting, underwriting, claims processing, premiums collection, actuarial, legal, data processing, investment, regulatory compliance, and human resources function. In addition, the agreement provides a method for allocating related managing and administrative expenses of APIC's underwriting business. There were no fees paid under this agreement in 2024. The agreement was filed with the Department pursuant to Section 1505 of the New York Insurance Law.

Federal Income Tax Allocation Agreement

Effective May 16, 2007, the Company entered into a tax allocation agreement with its parent and other members of the holding company system. Pursuant to the terms of the agreement, for each consolidated return year, the consolidated tax liability of the group shall be allocated among the members who agree to pay an amount equal to the separate tax liability for each member. The separate return tax liability of each member shall not exceed the amount each member would have paid if it had filed on a separate return basis. The agreement was filed with the Department pursuant to New York Circular Letter No. 33 (1979).

Effective October 17, 2022, the Company entered into a second tax allocation agreement with its parent and other members of the holding company system to include a list of all participating entities and establish an escrow account, all other terms remained the same. This agreement superseded the original tax allocation agreement noted above, as part of a prior report recommendation. It appears that this agreement was not filed with the Department pursuant to New York Circular Letter No. 33 (1979).

It is recommended that the Company file the updated agreement with the Department in accordance with New York Circular Letter No. 33 (1979).

E. Significant Ratios

The Company's operating ratios, except the ratio denoted with an asterisk, computed as of December 31, 2024, fall within the benchmark ranges set forth in the Insurance Regulatory Information System of the NAIC.

Operating Ratios	Result
Net premiums written to policyholders' surplus	445%*
Adjusted liabilities to liquid assets	29%
Two-year overall operating	94%

*The Company's net premiums written to policyholders' surplus ratio is more than the benchmark ratio of 300%. This is due to the Company's deliberate growth in recent years.

Underwriting Ratios

The underwriting ratios presented below are on an earned/incurred basis and encompass the five-year period covered by this examination:

	Amounts	Ratio
Losses and loss adjustment expenses incurred	$2,968,335,007	78.38%
Other underwriting expenses incurred	610,915,782	16.13
Net underwriting gain (loss)	207,796,260	5.49
Premiums earned	$3,787,047,049	100.00%

The Company's reported risk-based capital ("RBC") score was 466.3% at December 31, 2024. The RBC score is a measure of the minimum amount of capital appropriate for a reporting entity to support its overall business operations in consideration of its size and risk profile. An RBC score of 200% or below can result in regulatory action.

There were no financial adjustments in this report that impacted the Company's RBC score.

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2024, as reported by the Company:

Assets

	Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$134,526,491	$ 0	$134,526,491
Cash, cash equivalents and short-term investments	102,967,291	0	102,967,291
Other invested assets	54,865,249	0	54,865,249
Investment income due and accrued	1,108,309	0	1,108,309
Uncollected premiums and agents' balances in the course of collection	9,312,287	202,328	9,109,959
Deferred premiums, agents' balances and installments booked but deferred and not yet due	254,120,064	31,016	254,089,048
Net deferred tax asset	11,044,427	401,755	10,642,672
Receivables from parent, subsidiaries and affiliates	844,177	0	844,177
State income tax recoverable	12,821	0	12,821
Prepaid expenses	774,491	774,491	0
Total assets	$569,575,607	$1,409,590	$568,166,017

Liabilities, Surplus and Other Funds

Liabilities

Losses and loss adjustment expenses		$ 52,934,825
Commissions payable, contingent commissions and other similar charges		5,281,603
Other expenses (excluding taxes, licenses and fees)		954,822
Taxes, licenses and fees (excluding federal and foreign income taxes)		5,965,387
Current federal and foreign income taxes		2,870,716
Unearned premiums		239,276,255
Payable to parent, subsidiaries and affiliates		9,928,568
Payable for securities		2,958,572
Uncashed checks pending escheatment		2,510,910
Total liabilities		$322,681,658

Surplus and Other Funds

Common capital stock	$ 4,800,000	
Gross paid in and contributed surplus	32,988,880	
Unassigned funds (surplus)	207,695,480	
Surplus as regards policyholders		245,484,360
Total liabilities, surplus and other funds		$568,166,018*

*Rounding error

Note: The Internal Revenue Service has not audited the Company's consolidated Federal Income Tax returns covering tax years 2020 through 2024. The examiner is unaware of any potential exposure of the Company to any tax assessment and no liability has been established herein relative to such contingency.

B. Statement of Income

The net income for the examination period as reported by the Company was $166,265,529, as detailed below:

Underwriting Income		
Premiums earned		$3,787,047,049
Deductions:		
Losses and loss adjustment expenses incurred	$2,968,335,007	
Other underwriting expenses incurred	610,915,782	
Total underwriting deductions		3,579,250,789
Net underwriting gain or (loss)		$ 207,796,260
Investment Income		
Net investment income earned	$ 18,979,059	
Net realized capital gain	(802,052)	
Net investment gain or (loss)		18,177,007
Other Income		
Net gain or (loss) from agents' or premium balances charged off	$ (4,831,690)	
Total other income		(4,831,690)
Net income after dividends to policyholders but before federal and foreign income taxes		$ 221,141,577
Federal and foreign income taxes incurred		54,876,048
Net income		$ 166,265,529

C. Capital and Surplus

Capital paid in is $4,800,000 consisting of 1,600 shares of $3,000 par value per share common stock. Gross paid in and contributed surplus is $32,988,880. APIC's parent, Trupanion, made four capital contributions during the examination period, as shown below. All the contributions were received in cash. Capital paid in and/or gross paid in and contributed surplus increased by $10,108,342 during the examination period, as follows:

Year	Description		Amount
2020	Beginning gross paid in and contributed surplus		$22,880,538
2021	Surplus contribution	$4,000,000	
2022	Surplus contribution	1,250,000	
2023	Surplus contribution	3,754,534	
2024	Surplus contribution	1,103,808	
	Total surplus contributions		10,108,342
2024	Ending gross paid in and contributed surplus		$32,988,880

Surplus as regards policyholders increased $171,674,804 during the five-year examination period January 1, 2020, through December 31, 2024, as reported by the Company, detailed as follows:

Surplus as regards policyholders as reported by the Company as of December 31, 2019			$ 73,809,556
	Gains in Surplus	Losses in Surplus	
Net income	$166,265,529		
Net unrealized capital gains or (losses)		$ 356,031	
Change in net deferred income tax	8,355,637		
Change in nonadmitted assets		974,830	
Surplus adjustments paid in	10,108,342		
Dividends to stockholders	0	11,723,843	
Total gains and losses	$184,729,508	$13,054,704	
Net increase (decrease) in surplus			171,674,804
Surplus as regards policyholders as reported by the Company as of December 31, 2024			$245,484,360

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of $52,934,825 is the same as reported by the Company as of December 31, 2024. The examination analysis of the loss and loss adjustment expense reserves was conducted in accordance with actuarial standards of practice and statutory accounting principles, including SSAP No. 55.

5. SUBSEQUENT EVENTS

In May 2025 and February 2026, APIC declared and paid an extraordinary dividend to its parent, Trupanion, Inc. in the amounts of $26,000,000 and $14,900,000, respectively.

6. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination contained three recommendations as follows (page numbers refer to the prior report):

ITEM		PAGE NO.
A.	Corporate Governance	
i.	It was recommended that the Company amend its charter so that it is consistent with its by-laws. The Company has complied with this recommendation.	4
B.	Holding Company	
i.	It was recommended that the Company amend its tax allocation agreement to reflect the proper identity of all parties to the agreement to ensure that all members included in its consolidated federal income tax return are parties to the tax allocation agreement. The Company has complied with this recommendation.	9
ii.	It was recommended that the Company establish an escrow account with the Department in accordance with New York Circular Letter No. 33 (1979). The Company has complied with this recommendation.	9

8. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM		PAGE NO.
A.	Holding Company It is recommended that the Company file the updated agreement with the Department in accordance with New York Circular Letter No. 33 (1979).	9

Respectfully submitted,

_____/S/_____
Dilbrina Belgrave, AFE, PIR, CISA
Financial Service Examiner 4

STATE OF NEW YORK)
)ss:
COUNTY OF NEW YORK)

Dilbrina Belgrave, being duly sworn, deposes and says that the foregoing report, subscribed by her, is true to the best of her knowledge and belief.

_____/S/_____
Dilbrina Belgrave

Subscribed and sworn to before me

this_____ day of_____, 2026.

APPOINTMENT NO. 32753

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

*I, **Adrienne A. Harris**, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:*

Dilbrina Belgrave

as a proper person to examine the affairs of the

American Pet Insurance Company

and to make a report to me in writing of the condition of said

COMPANY

with such other information as she shall deem requisite.

In Witness Whereof, I have hereunto subscribed by name and affixed the official Seal of the Department at the City of New York

this 11th day of February 2025

ADRIENNE A. HARRIS
Superintendent of Financial Services

By:

Eileen Fox

Eileen Fox
Assistant Deputy Superintendent