

USAA, USAA-CIC, USAA-GIC, and GARRISON

PRIVATE PASSENGER AUTO

NEW JERSEY

EXPLANATORY MEMORANDUM

Based on a review of our latest automobile experience in New Jersey, we hereby file an overall rate level change of 0.8% for USAA, 0.0% for USAA-CIC, 4.1% for USAA-GIC, and 3.7% for Garrison to become effective October 15, 2025, for new and renewal business. USAA is proposing these changes under the NJ Limited Expedited Process as defined in N.J.A.C. 11:3-16B: Rate Process for Limited Rate Changes. Per N.J.A.C. 11:3-16B.5(f) -- USAA has not utilized the limited rate change process in the prior 12 months and proposes rate changes that are no more than double the increase permitted pursuant to N.J.A.C. 11:3-16B.5(a). Loss trend selections for BI/PD/PIP/COMP/COLL utilize the latest ISO selections from SERFF Tracking #: ISOF-G134158510 approved on 12/20/24.

The following structures have been revised in all companies:

* Base Rates

STATEWIDE INDICATIONS

The following Exhibits set forth the actuarial calculation of the indicated rate level changes for each coverage and company. This indicated rate level change is calculated as shown:

$$\frac{\text{Projected Ultimate Incurred Losses \& LAE}}{\text{Prospective Earned Premiums at Present Rate Level}} + \text{Trended Fixed Expense Provision} - 1$$

Variable Permissible Loss Ratio

Accident Year Indications vs. Proposed Change
Calculation of Indicated Statewide Rate Level Change
Calculation of Credibility
Calculation of Prospective Earned Premium at Present Rate Level
On-Level Factor
Calculation of Premium Trend Factor
Projected Premium Trend
Calculation of Projected Ultimate Incurred Losses & LAE
New Jersey Loss Development
Countrywide Loss Development
Loss Trend Summary
New Jersey Loss Trend
Countrywide Loss Trend
Calculation of Excess Load
Catastrophe Adjustment
Unallocated Loss Adjustment Expenses
Permissible Loss Ratio
Calculation of Annual Expense Trend

ADDITIONAL SUPPORTING EXHIBITS

Calculation of Average Earned Premium
Effects of Proposed Changes
Ranges of Uncapped Effects
Characteristics for Larger/Smaller Changes
Proposed Territory Premium Ratio to Statewide (to demonstrate compliance with N.J.S.A. 17:29A-36)
Additional Filing Context