

SERFF Tracking Number: PERR-125325416 State: Arkansas
Filing Company: Preferred Professional Insurance Company State Tracking Number: AR-PC-07-026558
Company Tracking Number: PIC-CA-LCM-AR-07-01-R
TOI: 20.0 Commercial Auto Sub-TOI: 20.0001 Business Auto
Product Name: PPIC-CA-LCM-AR-07-01-R
Project Name/Number: PPIC-CA-LCM-AR-07-01-R/PPIC-CA-LCM-AR-07-01-R

Filing at a Glance

Company: Preferred Professional Insurance Company

Product Name: PPIC-CA-LCM-AR-07-01-R SERFF Tr Num: PERR-125325416 State: Arkansas
TOI: 20.0 Commercial Auto SERFF Status: Closed State Tr Num: AR-PC-07-026558
Sub-TOI: 20.0001 Business Auto Co Tr Num: PIC-CA-LCM-AR-07-01-R State Status:

Filing Type: Form

Co Status: Reviewer(s): Betty Montesi,
Llyweyia Rawlins, Brittany Yielding
Authors: Neresa Torres, Olga E. Burciaga Disposition Date: 10/29/2007
Date Submitted: 10/25/2007 Disposition Status: Filed

Effective Date Requested (New): 11/30/2007

Effective Date (New): 11/30/2007

Effective Date Requested (Renewal): On Approval

Effective Date (Renewal):
10/29/2007

General Information

Project Name: PPIC-CA-LCM-AR-07-01-R

Status of Filing in Domicile: Pending

Project Number: PPIC-CA-LCM-AR-07-01-R

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 10/29/2007

State Status Changed: 10/26/2007

Deemer Date:

Corresponding Filing Tracking Number: N/A

Filing Description:

On behalf of Preferred Professional Insurance Company (the "Company"), we are submitting a revision of the Company's currently filed loss cost multiplier for Commercial Auto Liability. Please see the enclosed actuarial memorandum for details.

The Company respectfully requests that the proposed lost cost multiplier revision become effective November 30, 2007 or upon earliest possible date of approval/acknowledgment.

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Also included is authorization for Perr&Knight to submit this filing on behalf of the captioned Companies. All correspondence related to this filing should be directed to Perr&Knight. If there are any requests for additional information related to items prepared by the Company, we will forward the request immediately to the Company. We will submit the Company's response to your attention as soon as we receive it.

We trust you will find this submission acceptable, and as such look forward to your approval. Please do not hesitate to contact us with any questions or comments.

Please do not hesitate to contact us with any questions or comments.

Company and Contact

Filing Contact Information

(This filing was made by a third party - perrandknightactuaryconsultants)

Neresa Torres, State Filings Project doi@perrknight.com
 Coordinator
 881 Alma Real Drive (888) 201-5123 [Phone]
 Pacific Palisades, CA 90272 (310) 230-8529[FAX]

Filing Company Information

Preferred Professional Insurance Company	CoCode: 36234	State of Domicile: Nebraska
11605 Miracle Hills Drive, Suite 200	Group Code:	Company Type:
Omaha, NE 68154	Group Name:	State ID Number:
(402) 392-1566 ext. [Phone]	FEIN Number: 47-0580977	

Filing Fees

Fee Required?	Yes
Fee Amount:	\$100.00
Retaliatory?	No
Fee Explanation:	\$100 for Rates/Loss Cost Multiplier
Per Company:	No

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
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101290 \$100.00 10/16/2007

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Llyweyia Rawlins	10/29/2007	10/29/2007

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Disposition

Disposition Date: 10/29/2007
 Effective Date (New): 11/30/2007
 Effective Date (Renewal): 10/29/2007
 Status: Filed
 Comment:

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Preferred Professional Insurance Company	-12.700%	\$-188	1	\$1,485	%	%	%

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	Memo and LCM	Filed	Yes
Supporting Document	Letter of Authorization	Filed	Yes

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Rate Information

Rate data applies to filing.

Filing Method: File & Use
Rate Change Type: Decrease
Overall Percentage of Last Rate Revision: Decrease
Effective Date of Last Rate Revision:
Filing Method of Last Filing:

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
Preferred Professional Insurance Company	%	-12.700%	\$-188	1	\$1,485	%	%

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Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-
Property & Casualty **Review Status:** Filed 10/29/2007

Comments:

Attachments:

NAIC PCTD.pdf

NAIC RRFS.pdf

Satisfied -Name: Memo and LCM **Review Status:** Filed 10/29/2007

Comments:

Attachments:

AR-MEMO.pdf

AR-LCM.pdf

Satisfied -Name: Letter of Authorization **Review Status:** Filed 10/29/2007

Comments:

Attachment:

LOA.pdf

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only 	2. Insurance Department Use only a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;">New Business</td> <td style="width: 50%; border: none;"></td> </tr> <tr> <td style="border: none;">Renewal Business</td> <td style="border: none;"></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes	New Business		Renewal Business	
New Business					
Renewal Business					

3. Group Name	Group NAIC #
N/A	NA

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Preferred Professional Insurance Company	Nebraska	36234	47-0580977	

5. Company Tracking Number	PPIC-CA-LCM-AR-07-01-R
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Neresa Torres 881 Alma Real Dr. Suite 205 Pacific Palisades, CA 90272	Filing Analyst	888.201.5123 x111	310.230.8529	doi@perrknight.com
7. Signature of authorized filer			<i>Neresa Torres</i>		
8. Please print name of authorized filer			Neresa Torres		

Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	20.0000 Commercial Auto
10. Sub-Type of Insurance (Sub-TOI)	20.0001 Business Auto
11. State Specific Product code(s) (if applicable)[See State Specific Requirements]	N/A
12. Company Program Title (Marketing title)	Commercial Auto Loss Cost Multiplier
13. Filing Type	<input checked="" type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: November 25, 2007 Renewal:
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	N/A
17. Reference Organization # & Title	N/A
18. Company's Date of Filing	October 24, 2007
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document—

20. This filing transmittal is part of Company Tracking #	PPIC-CA-LCM-AR-07-01-R
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21. Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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On behalf of Preferred Professional Insurance Company (the "Company"), we are submitting a revision of the Company's currently filed loss cost multiplier for Commercial Auto Liability. Please see the enclosed actuarial memorandum for details.

The Company respectfully requests that the proposed lost cost multiplier revision become effective upon earliest possible date of approval/acknowledgment.

22. Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]

Check #: 101290
Amount: \$100.00

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	PPIC-CA-LCM-AR-07-01-R
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	N/A
<input type="checkbox"/> Rate Increase <input type="checkbox"/> Rate Decrease <input checked="" type="checkbox"/> Rate Neutral (0%)		

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	File & Use
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4a.	Rate Change by Company (As Proposed)
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Company Name	Overall % Indicated Change (when applicabl	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
Preferred Professional Insurance Company	N/A	-12.7	-\$188	1	\$1,485	N/A	N/A

4b.	Rate Change by Company (As Accepted) For State Use Only
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Company Name	Overall % Indicated Change (when applicable	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)

Overall Rate Information (Complete for Multiple Company Filings only)			
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		COMPANY USE	STATE USE
5a.	Overall percentage rate indication (when applicable)		
5b.	Overall percentage rate impact for this filing		
5c.	Effect of Rate Filing – Written premium change for this program		
5d.	Effect of Rate Filing – Number of policyholders affected		

6.	Overall percentage of last rate revision	N/A
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7.	Effective Date of last rate revision	N/A
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8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	N/A
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9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

October 22, 2007

Mr. Mel Epstein, CPCU
Sr. Vice President & Chief Operating Officer
Preferred Professional Insurance Company
11605 Miracle Hills, Suite 200
Omaha, NE 68154-4467

Dear Mr. Epstein:

**PREFERRED PROFESSIONAL INSURANCE COMPANY
COMMERCIAL AUTOMOBILE LOSS COST MULTIPLIER FOR ARKANSAS**

Preferred Professional Insurance Company ("PPIC") engaged the Tillinghast business of Towers Perrin to calculate an indicated loss cost multiplier for Arkansas. PPIC will be covering very few, select insureds for commercial automobile coverage for its owners.

This analysis is prepared in support of a proposed loss cost multiplier filing to be effective January 1, 2008.

DISTRIBUTION AND USE

This analysis has been prepared solely for the management of PPIC as a guide in evaluating PPIC's proposed rate actions. It is not intended or necessarily suitable for any other purpose.

This report contains workpapers that may be considered trade secrets or confidential information of PPIC. Because of the nature of the material contained in the report, it is not intended to be subject to any disclosure requirements under various state Freedom of Information Acts.

We understand that PPIC may wish to provide copies of this report to its external auditors, insurance rating agencies, current or prospective excess insurers, and the Arkansas Insurance Department (the "Recipients"). Permission is hereby granted for such distribution on the conditions that:

- Tillinghast is provided a list of the Recipients to whom this report is provided
- the report is distributed in its entirety

- each Recipient recognizes that Tillinghast is available, at the expense of PPIC, to answer any questions concerning this report
- each Recipient agrees not to reference or distribute the report to any other party
- each Recipient recognizes that the furnishing of this report is not a substitute for its own due diligence and agrees to place no reliance on this report or the data contained herein that would result in the creation of any duty or liability by Tillinghast to such party
- each Recipient understands that such RECIPIENT IS DEEMED TO HAVE ACCEPTED THESE TERMS AND CONDITIONS by retaining a copy of this report.

No further distribution of this report or reference, either oral or written, to Tillinghast, our analysis or findings related to this report may be made without our prior written consent.

RELIANCES AND LIMITATIONS

In preparing this analysis, we have relied on general expense and investment income provisions as supplied by PPIC. We have not audited or otherwise verified the accuracy of the data nor did we analyze the adequacy of the investment income provision.

Due to the lack of historical experience, we have assumed that PPIC's future experience will mirror the experience embedded in the current industry loss costs.

Based on information as provided by PPIC and industry data, we believe PPIC's proposed rates not to be excessive, inadequate, or unfairly discriminatory.

ANALYSIS

The development of a loss cost multiplier for PPIC involved several steps:

- Selection of loss cost modification factor
- Inclusion of provisions for expenses and profit
- Recognition of other rating programs which PPIC expects to use after January 1, 2008.

Mr. Mel Epstein
October 22, 2007
Page 3.



TOWERS
PERRIN
TILLINGHAST

The loss cost modification factor was set equal to 1.00 since PPIC does not have significant loss experience in Arkansas.

We included production expense, general expense and profit provisions as selected by PPIC. The production expenses of 10.00% reflect only commissions. The general expense provision of 16.00% includes a 6.00% fronting fee as well as PPIC's historical general expense provision of 10.00%. The taxes, licenses and fees provision of 3.50% provides for premium taxes and assessments. The underwriting profit and contingencies provision of 0.00% and the investment income offset of -1.00% were judgmentally selected by PPIC.

These components result in a loss cost multiplier of 1.3986. This is a 12.7% reduction from the current loss cost multiplier of 1.6029.

If you have any questions about our analysis, please call me at 404-365-1707.

Sincerely,

TOWERS PERRIN



Russell Greig, FCAS, MAAA, CFA

RG:kn

Enclosure

cc: Bryan Young – Towers Perrin/Atlanta

Insurer Name: PREFERRED PROFESSIONAL INSURANCE COMPANY
NAIC Number: NAIC # 36234

Date: 10/24/2007

**INSURER RATE FILING
ADOPTION OF ADVISORY ORGANIZATION PROSPECTIVE LOSS COSTS
SUMMARY OF SUPPORTING INFORMATION FORM**

CALCULATION OF COMPANY LOSS COST MULTIPLIER

1. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies:
Commercial Automobile

2. Loss Cost Modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:
(CHECK ONE)

Without modification (factor = 1.000)

With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.)

B. Loss Cost Modification Expressed as a Factor: 1.0000
(See examples below.)

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED, ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 3-7 BELOW.

3. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)

	Selected Provisions
A. Total Production Expense	<u>10.00%</u>
B. General Expense	<u>16.00%</u>
C. Taxes, Licenses & Fees	<u>3.50%</u>
D. Underwriting Profit & Contingencies	<u>0.00%</u>
E. Other (explain)	<u>-1.00%</u>
F. TOTAL	<u>28.50%</u>

4A. Expected Loss Ratio: ELR=100% - Overall 3F = 71.50%

4B. ELR in decimal form = 0.7150

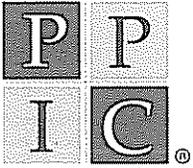
5. Company Formula Loss Cost Multiplier: (2B ÷ 4B) = 1.3986

6. Company Selected Loss Cost Multiplier = 1.3986
Explain any differences between 5 and 6:

7. Rate level change for the coverages to which this page applies _____

Example 1: Loss Cost modification factor: If your company's loss cost modification is -10%, a factor of .90 (1.000-.100) should be used.

Example 2: Loss Cost modification factor: If your company's loss cost modification is +15%, a factor of 1.15 (1.000 + .150) should be used



*The link between
coverage and caring®*

October 9, 2007

**Re: Preferred Professional Insurance Company
NAIC Number 36234 , FEIN 470580977**

To Whom It May Concern:

Perr&Knight is hereby authorized to submit rate, rule, form filings on behalf of Preferred Professional Insurance Company. This authorization includes providing additional information and responding to questions regarding the filings on our behalf as necessary. This authorization is deemed to be in effect until rescinded in writing.

Please direct all correspondences and inquiries related to this filing to Perr&Knight at the following address:

State Filings Department
Perr&Knight
881 Alma Real Drive, Suite 205
Pacific Palisades, CA 90272
Phone: (310) 230-9339
Fax: (310) 230-8529

Please contact me if you have any questions regarding this authorization.

Sincerely,

Denise A. Hill, JD, CPCU
VP-Corporate Compliance Officer

*Dedicated to
enhancing Catholic
health care by being
a unique insurance
resource for health
care providers*
