

SERFF Tracking Number: WAUS-125315184 State: Arkansas
First Filing Company: Wausau Underwriters Insurance Company, ... State Tracking Number: AR-PC-07-026360
Company Tracking Number: WCR-AR-058-07
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
Product Name: Workers Compensation
Project Name/Number: 1-1-2008 WC Rate /WCR-AR-058-07

Filing at a Glance

Companies: Wausau Underwriters Insurance Company, Employers Insurance Company of Wausau, Wausau Business Insurance Company

Product Name: Workers Compensation	SERFF Tr Num: WAUS-125315184	State: Arkansas
TOI: 16.0 Workers Compensation	SERFF Status: Closed	State Tr Num: AR-PC-07-026360
Sub-TOI: 16.0004 Standard WC	Co Tr Num: WCR-AR-058-07	State Status:
Filing Type: Rate	Co Status:	Reviewer(s): Betty Montesi, Carol Stiffler, Brittany Yielding
	Author: Judith Weber	Disposition Date: 10/08/2007
	Date Submitted: 10/05/2007	Disposition Status: Approved
Effective Date Requested (New): 01/01/2008		Effective Date (New): 01/01/2008
Effective Date Requested (Renewal): 01/01/2008		Effective Date (Renewal):

General Information

Project Name: 1-1-2008 WC Rate	Status of Filing in Domicile: Not Filed
Project Number: WCR-AR-058-07	Domicile Status Comments:
Reference Organization: NCCI	Reference Number: #AR-2007-10
Reference Title: Arkansas-Approved Voluntary Advisory Loss Costs and Advisory Org. Circular: NCCI AR-2007-13	
Rating Values and Assigned Risk Rates and Rating Values to be effective January 1, 2008	
Filing Status Changed: 10/08/2007	
State Status Changed: 10/08/2007	Deemer Date:
Corresponding Filing Tracking Number:	
Filing Description:	
The captioned companies file to adopt the NCCI January 1, 2008 Arkansas - Approved Voluntary Loss Costs and Rating Values - Item # AR-2007-10 with revised Loss Cost Multipliers effective January 1, 2008.	

Enclosed are the required documents, actuarial memorandum, supporting documentation and company pages for this filing.

Please approved this filing.

SERFF Tracking Number: WAUS-125315184 State: Arkansas
 First Filing Company: Wausau Underwriters Insurance Company, ... State Tracking Number: AR-PC-07-026360
 Company Tracking Number: WCR-AR-058-07
 TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
 Product Name: Workers Compensation
 Project Name/Number: 1-1-2008 WC Rate /WCR-AR-058-07

Company and Contact

Filing Contact Information

Judith Weber, State Filings Analyst Judy.Weber@Wausau.com
 PO BOX 8017 (877) 792-8728 [Phone]
 Wausau, WI 54402-8017 (715) 842-6828[FAX]

Filing Company Information

Wausau Underwriters Insurance Company	CoCode: 26042	State of Domicile: Wisconsin
P O Box 8017	Group Code: 111	Company Type:
Wausau, WI 54402-8017	Group Name:	State ID Number:
(877) 792-8728 ext. [Phone]	FEIN Number: 39-1341459	

Employers Insurance Company of Wausau	CoCode: 21458	State of Domicile: Wisconsin
P O Box 8017	Group Code: 111	Company Type:
Wausau, WI 54402-8017	Group Name:	State ID Number:
(877) 792-8728 ext. [Phone]	FEIN Number: 39-0264050	

Wausau Business Insurance Company	CoCode: 26069	State of Domicile: Wisconsin
P O Box 8017	Group Code: 111	Company Type:
Wausau, WI 54402-8017	Group Name:	State ID Number:
(877) 792-8728 ext. [Phone]	FEIN Number: 36-3522250	

Filing Fees

Fee Required? Yes
 Fee Amount: \$100.00
 Retaliatory? No
 Fee Explanation: \$100 for filing w/lcm change.
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Employers Insurance Company of Wausau	\$100.00	10/05/2007	15977478
Wausau Underwriters Insurance Company	\$0.00	10/05/2007	
Wausau Business Insurance Company	\$0.00	10/05/2007	

SERFF Tracking Number: WAUS-125315184 State: Arkansas
First Filing Company: Wausau Underwriters Insurance Company, ... State Tracking Number: AR-PC-07-026360
Company Tracking Number: WCR-AR-058-07
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
Product Name: Workers Compensation
Project Name/Number: 1-1-2008 WC Rate /WCR-AR-058-07

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Carol Stiffler	10/08/2007	10/08/2007

SERFF Tracking Number: WAUS-125315184 State: Arkansas
First Filing Company: Wausau Underwriters Insurance Company, ... State Tracking Number: AR-PC-07-026360
Company Tracking Number: WCR-AR-058-07
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
Product Name: Workers Compensation
Project Name/Number: 1-1-2008 WC Rate /WCR-AR-058-07

Disposition

Disposition Date: 10/08/2007
Effective Date (New): 01/01/2008
Effective Date (Renewal):
Status: Approved
Comment:

Rate data does NOT apply to filing.

Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	0.000%
Overall Percentage Rate Impact For This Filing	0.000%
Effect of Rate Filing-Written Premium Change For This Program	\$0
Effect of Rate Filing - Number of Policyholders Affected	0

SERFF Tracking Number: WAUS-125315184 State: Arkansas
 First Filing Company: Wausau Underwriters Insurance Company, ... State Tracking Number: AR-PC-07-026360
 Company Tracking Number: WCR-AR-058-07
 TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
 Product Name: Workers Compensation
 Project Name/Number: 1-1-2008 WC Rate /WCR-AR-058-07

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	NAIC Loss Cost Filing Document for Workers' Compensation	Approved	Yes
Supporting Document	NAIC loss cost data entry document	Approved	Yes

SERFF Tracking Number: WAUS-125315184 *State:* Arkansas
First Filing Company: Wausau Underwriters Insurance Company, ... *State Tracking Number:* AR-PC-07-026360
Company Tracking Number: WCR-AR-058-07
TOI: 16.0 Workers Compensation *Sub-TOI:* 16.0004 Standard WC
Product Name: Workers Compensation
Project Name/Number: 1-1-2008 WC Rate /WCR-AR-058-07

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: WAUS-125315184 State: Arkansas
First Filing Company: Wausau Underwriters Insurance Company, ... State Tracking Number: AR-PC-07-026360
Company Tracking Number: WCR-AR-058-07
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
Product Name: Workers Compensation
Project Name/Number: 1-1-2008 WC Rate /WCR-AR-058-07

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-
Property & Casualty **Review Status:** Approved 10/08/2007

Comments:

Attachments:

Transmittal Document .pdf
RateRule Filing Schedule.pdf
AR_Misc pages_WAU 7-07.pdf
AR-Retro Pages.pdf

Satisfied -Name: NAIC Loss Cost Filing Document
for Workers' Compensation **Review Status:** Approved 10/08/2007

Comments:

Attachments:

F909AR_EICOW.pdf
F909AR_WUIC.pdf
F909AR_WBIC.pdf
WIC_AR_WC_Filing_WB_1-1-08.pdf

Satisfied -Name: NAIC loss cost data entry document **Review Status:** Approved 10/08/2007

Comments:

Attachment:

F319AR_051205_WAU_1-1-08.pdf

19. Status of filing in domicile	<input checked="" type="checkbox"/> Not Filed	<input type="checkbox"/> Pending	<input type="checkbox"/> Authorized	<input type="checkbox"/> Disapproved
---	---	----------------------------------	-------------------------------------	--------------------------------------

Property & Casualty Transmittal Document—

20. This filing transmittal is part of Company Tracking #	WCR-AR-058-07
--	---------------

21. Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
--

The captioned companies file to adopt the NCCI January 1, 2008, Arkansas - Approved Voluntary Loss Costs and Rating Values - Item AR-2007-10 with the revised Loss Cost Multipliers effective January 1, 2008.

Enclosed are the required documents, actuarial memorandum, supporting documentation and company pages for this filing.

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 #:

Amount:

Using EFT

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 #	WCR-AR-058-07
----	--	----------------------

2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	
----	---	--

Rate Increase Rate Decrease Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	Prior Approval
----	--	-----------------------

4a.	Rate Change by Company (As Proposed)						
-----	---	--	--	--	--	--	--

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)
Employers Ins	-5.3%	-3.7%	-129,785	74	3,490,006		
Wausau Unde	-5.3%	-5.9%	-172,847	102	2,950,455		
Wausau Busir	-5.3%	-8.7%	-106,740	50	1,225,333		

4b.	Rate Change by Company (As Accepted) For State Use Only						
-----	--	--	--	--	--	--	--

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)

		COMPANY USE	STATE USE
5a.	Overall percentage rate indication (when applicable)		
5b.	Overall percentage rate impact for this filing	-5.3%	
5c.	Effect of Rate Filing – Written premium change for this program	-409,372	
5d.	Effect of Rate Filing – Number of policyholders affected	226	

6.	Overall percentage of last rate revision	-29.9%
----	---	---------------

7.	Effective Date of last rate revision	7/1/2007
----	---	-----------------

8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	Prior Approval
----	---	-----------------------

9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	Footnotes, Disease Loadings, Miscellaneous Values, Deductible Credits	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	AR-PC-07-024794
02	Retro Rating Values	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	AR-PC-07-024794
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

General Footnotes

EICOW Employers Insurance Company of Wausau
WUIC Wausau Underwriters Insurance Company
WBIC Wausau Business Insurance Company

- A Rates for each individual risk must be obtained by Home Office from Rating Organization having jurisdiction.
- D Special disease rule for the classification-- See **Basic Manual** Rule 3-A-7 of Manual Supplement-- Treatment of disease Coverage.
- E Classification involving specific disease loading. See Table of Specific Disease Loadings for amount.
- F Rate provides for coverage under the United States Longshore and Harbor Workers Compensation Act and its extensions. Rate contains a provision for federal assessment.
- M Rate provides for coverage under Admiralty Law and Federal Employers' Liability Act (FELA). A provision for the USL & HW assessment is included for those classifications under Program II USL Act.
- N This code is part of a ratable/non-ratable group shown below. The statistical non-ratable code and the corresponding rate are applied in addition to the basic classification when determining premium.

<u>Class Code</u>	<u>Non-Ratable Element Code</u>
4771	0771
7405	7445
7431	7453

- P Classification is computed on a per capita basis.
- X Refer to special classification phraseology in these pages which is applicable in this state.

*** Class Codes with Specific Footnotes**

1005 Includes a non-ratable disease element (shown below). (For coverage written separately for federal benefits only for coverage written separately for state benefits only, both shown below.)

	EICOW	WUIC	WBIC
Non-ratable disease	4.28	3.14	2.28
Federal benefits only	3.23	2.37	1.72
State benefits only	1.05	0.77	0.56

1016 Includes a non-ratable disease element (shown below). (For coverage written separately for federal benefits only for coverage written separately for state benefits only, both shown below.)

	EICOW	WUIC	WBIC
Non-ratable disease	17.10	12.54	9.12
Federal benefits only	12.89	9.45	6.87
State benefits only	4.22	3.09	2.25
Catastrophe loading	0.15	0.11	0.08

6702 Loss cost and rating values only appropriate for laying or relaying of tracks or maintenance of way-no work on elevated railroads. Otherwise, assign appropriate construction or erection class loss cost and elr each x 1.215.

6703 Loss cost and rating values only appropriate for laying or relaying of tracks or maintenance of way-no work on elevated railroads. Otherwise, assign appropriate construction or erection class loss cost x 2.14 and elr x 1.982.

6704 Loss cost and rating values only appropriate for laying or relaying of tracks or maintenance of way-no work on elevated railroads. Otherwise, assign appropriate construction or erection class loss cost and elr each x 1.35.

7409 Payroll is subject to a maximum of \$600 per week per employee effective January 1, 2005.

7420 Payroll is subject to a maximum of \$600 per week per employee effective July 1, 2006.

8018 See Arkansas Special Classification for Warehousing-groceries exclusively.

8833 A special tuberculosis charge (shown below) is to be added to this rate whenever this class is applied to a hospital or sanitarium specializing in the treatment of tuberculosis. Apply to NCCI for the appropriate loading when this class is applied to a General Hospital operating a tubercular ward or department.

The ex-medical advisory rate for this classification is shown below.

	EICOW	WUIC	WBIC
Tuberculosis	0.15	0.11	0.08
Ex-medical	0.65	0.47	0.34

9040 A special tuberculosis charge (shown below) is to be added to this rate whenever this class is applied to a hospital or sanitarium specializing in the treatment of tuberculosis. Apply to NCCI for the appropriate loading when this class is applied to a General Hospital operating a tubercular ward or department.

The ex-medical advisory rate for this classification is shown below.

	EICOW	WUIC	WBIC
Tuberculosis	0.15	0.11	0.08
Ex-medical	1.86	1.36	0.99

TABLE OF SPECIFIC DISEASE LOADINGS
 DISEASE SYMBOLS

Asb = Asbestos S = Silica

Code No.	EICOW	WUIC	WBIC	Disease Symbol
0059D	0.32	0.23	0.17	S
0065D	0.06	0.04	0.03	S
0066D	0.06	0.04	0.03	S
0067D	0.06	0.04	0.03	S
1164E	0.09	0.07	0.05	S
1165E	0.05	0.03	0.02	S
1624E	0.05	0.03	0.02	S
1710E	0.06	0.04	0.03	S
1741E	0.26	0.19	0.14	S
1803D	0.26	0.19	0.14	S
1852D	0.05	0.03	0.02	Asb
3081D	0.05	0.03	0.02	S
3082D	0.06	0.04	0.03	S
3085D	0.06	0.04	0.03	S
3175D	0.03	0.02	0.02	S
4024E	0.02	0.01	0.01	S
5508D	0.03	0.02	0.02	S
6251D	0.06	0.04	0.03	S
6252D	0.05	0.03	0.02	S
6260D	0.03	0.02	0.02	S

[] MISCELLANEOUS VALUES

Basis of Premium applicable in accordance with **Basic Manual** footnote instructions for Code: 7370 --"Taxicab Co.":

Employee operated vehicles	\$46,220.00
Leased or rented vehicles	\$30,813.00

7420 --"Aviation - Aerial Application, Seeding, Herding, or Scintillometer Surveying - Flying Crew":

Maximum payroll per week per employee	\$600.00
---	----------

Expense Constant applicable in accordance with **Basic Manual** Rule 3 - A - 11 \$200.00

Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents

EICOW	WUIC	WBIC
0.02	0.01	0.01

Foreign Terrorism

EICOW	WUIC	WBIC
0.03	0.02	0.02

Maximum Payroll applicable in accordance with **Basic Manual** Rule 2-E-1 -- "Executive Officers" and the **Basic Manual** footnote instructions for Code 9178 -- "Athletic Team: Non-Contact Sports," Code 9179 - "Athletic Team: Contact Sports," and code 9186 -- "Carnival--Traveling"

\$2,400.00

Minimum Payroll applicable in accordance with **Basic Manual** Rule 2 - E - 1 - "Executive Officers".....

\$300.00

Per Passenger Seat Surcharge - In accordance with the **Basic Manual** footnote instructions for Code 7421, the surcharge is:

Maximum surcharge per aircraft	\$1,000
Per passenger seat	\$100

Premium Determination for Partners and Sole Proprietors and Members of Limited Liability Companies in accordance with **Basic Manual** Rule 2 - E - 3

\$30,800.00

Premium Discount Percentages (See **Basic Manual** Rule 3 - A - 19). The following premium discounts are applicable to Standard Premiums:

		WUIC, WBIC,	EICOW
		<u>TYPE A TBL 9</u>	<u>TYPE B TBL 10</u>
First \$10,000		0.0%	0.0%
Next \$190,000		9.1%	5.1%
Next \$1,550,000		11.3%	6.5%
Over \$1,750,000+		12.3%	7.5%

United States Longshore and Harbor Workers' Compensation Coverage Percentage applicable only in connection with **Basic Manual** Rule 3 - A - 4

90%

(Multiply a Non-F classification loss cost by a factor of 1.90 to adjust for differences in benefits and loss-based expenses. This factor is the product of the adjustment for differences in benefits (1.67) and the adjustment for differences in loss-based expenses (1.139).)

Experience Rating Eligibility

A risk is eligible for intrastate experience rating when the payrolls or other exposures developed in the last year or last two years of the experience period produced a premium of at least \$8,000. If more than two years, an average annual premium of at least \$4,000 is required. Page A-1 of the **Experience Rating Plan Manual** should be referenced for the latest approved eligibility amounts by state.

Total Small Dollar Deductible Credits
(as percentage of Premium)

Applicable to Total Losses per Claim

Credit Amount	Hazard Group						
	A	B	C	D	E	F	G
\$ 1000 deductible	7.3%	5.9%	5.1%	4.3%	3.6%	2.5%	1.9%
\$ 1500 deductible	8.9%	7.3%	6.3%	5.3%	4.5%	3.2%	2.5%
\$ 2000 deductible	10.1%	8.3%	7.3%	6.2%	5.3%	3.8%	2.9%
\$ 2500 deductible	11.2%	9.3%	8.1%	7.0%	5.9%	4.3%	3.3%
\$ 3000 deductible	12.2%	10.1%	8.9%	7.6%	6.5%	4.8%	3.7%
\$ 3500 deductible	13.1%	10.9%	9.6%	8.3%	7.1%	5.3%	4.1%
\$ 4000 deductible	13.9%	11.6%	10.3%	8.9%	7.6%	5.7%	4.4%
\$ 4500 deductible	14.7%	12.3%	10.9%	9.4%	8.1%	6.2%	4.7%
\$ 5000 deductible	15.4%	12.9%	11.5%	10.0%	8.6%	6.5%	5.1%

Total Small Dollar Deductible Credits
(as percentage of Premium)

Applicable to Medical Losses per Claim

Credit Amount	Hazard Group						
	A	B	C	D	E	F	G
\$ 1000 deductible	7.1%	5.8%	5.0%	4.1%	3.5%	2.4%	1.9%
\$ 1500 deductible	8.5%	6.9%	6.0%	5.1%	4.3%	3.0%	2.3%
\$ 2000 deductible	9.5%	7.9%	6.8%	5.8%	4.9%	3.5%	2.7%
\$ 2500 deductible	10.5%	8.6%	7.5%	6.4%	5.5%	3.9%	3.0%
\$ 3000 deductible	11.2%	9.3%	8.1%	6.9%	5.9%	4.3%	3.3%
\$ 3500 deductible	11.9%	9.9%	8.7%	7.4%	6.3%	4.6%	3.6%
\$ 4000 deductible	12.5%	10.5%	9.2%	7.9%	6.8%	5.0%	3.9%
\$ 4500 deductible	13.1%	11.0%	9.6%	8.3%	7.1%	5.3%	4.1%
\$ 5000 deductible	13.6%	11.5%	10.0%	8.7%	7.5%	5.6%	4.3%

Total Small Dollar Deductible Credits
(as percentage of Premium)

Applicable to Indemnity Losses per Claim

Credit Amount	Hazard Group						
	A	B	C	D	E	F	G
\$ 1000 deductible	1.6%	1.3%	1.2%	1.1%	1.0%	0.8%	0.6%
\$ 1500 deductible	2.2%	1.8%	1.6%	1.5%	1.4%	1.1%	0.9%
\$ 2000 deductible	2.7%	2.2%	2.1%	1.9%	1.7%	1.5%	1.1%
\$ 2500 deductible	3.2%	2.7%	2.5%	2.3%	2.0%	1.7%	1.3%
\$ 3000 deductible	3.6%	3.1%	2.8%	2.6%	2.3%	2.0%	1.5%
\$ 3500 deductible	4.0%	3.4%	3.2%	2.9%	2.6%	2.2%	1.7%
\$ 4000 deductible	4.4%	3.7%	3.4%	3.2%	2.8%	2.5%	1.9%
\$ 4500 deductible	4.7%	4.0%	3.7%	3.5%	3.1%	2.6%	2.1%
\$ 5000 deductible	5.1%	4.3%	4.0%	3.7%	3.3%	2.8%	2.2%

Formula for Credit:	$1.00 - \frac{(1-kf)E + a}{E + a + n}$	=	$\frac{fE}{E + a + n}$	* k
Where:				
k = LER	a = LAE provision = 0.169*E = 0.090			
f = Safety Factor = 0.70	n = fixed expense = 0.062			
E = Retro ELR = 0.534				

Retrospective Rating Values

Classes Other than USL&HW
Applicable to Policies Other than Assigned Risk

Arkansas

Effective January 1, 2008

Employers Insurance Company of Wausau (EICOW)
Wausau Underwriters Insurance Company (WUIC)
Wausau Business Insurance Company (WBIC)

Hazard Group Differentials

A	B	C	D	E	F	G
1.890	1.420	1.260	1.130	0.980	0.790	0.590

Tax Multipliers*

- a. State (non-F classes) 1.069
- b. Federal classes, or non-F classes where rate is increased by the USL&HW Act Percentage. 1.138

* Includes Residual Market Subsidy Provision of 0.6%.

2008 Table of Expected Loss Ranges

January 1, 2008

**Expected
Loss Ratio**
0.540

**Expected Loss and
Allocated Expense Ratio**
0.593

Per Accident Limitation	Excess Loss Factors (Applicable to New and Renewal Policies)						
	HAZARD GROUPS						
	A	B	C	D	E	F	G
25,000	0.242	0.279	0.301	0.322	0.345	0.379	0.411
30,000	0.222	0.259	0.282	0.303	0.328	0.364	0.397
35,000	0.207	0.242	0.265	0.286	0.313	0.349	0.385
40,000	0.192	0.228	0.251	0.272	0.298	0.336	0.373
50,000	0.170	0.204	0.226	0.247	0.275	0.313	0.353
75,000	0.133	0.163	0.184	0.204	0.231	0.270	0.313
100,000	0.111	0.136	0.157	0.175	0.201	0.239	0.284
125,000	0.095	0.117	0.138	0.154	0.179	0.215	0.261
150,000	0.085	0.105	0.123	0.139	0.163	0.198	0.244
175,000	0.076	0.094	0.112	0.126	0.148	0.183	0.228
200,000	0.069	0.086	0.103	0.116	0.137	0.170	0.215
250,000	0.060	0.074	0.090	0.101	0.120	0.151	0.195
300,000	0.053	0.065	0.080	0.090	0.107	0.136	0.178
350,000	0.047	0.058	0.072	0.082	0.097	0.124	0.165
400,000	0.043	0.053	0.066	0.075	0.090	0.114	0.154
450,000	0.040	0.049	0.062	0.069	0.083	0.106	0.146
500,000	0.037	0.046	0.057	0.065	0.078	0.100	0.138
600,000	0.033	0.041	0.051	0.058	0.069	0.089	0.125
700,000	0.030	0.037	0.046	0.052	0.063	0.081	0.116
800,000	0.028	0.035	0.043	0.048	0.058	0.075	0.108
900,000	0.026	0.032	0.040	0.045	0.054	0.070	0.101
1,000,000	0.024	0.030	0.038	0.043	0.051	0.066	0.095
2,000,000	0.014	0.018	0.024	0.027	0.033	0.043	0.063
5,000,000	0.006	0.008	0.011	0.013	0.016	0.021	0.034
7,000,000	0.004	0.006	0.008	0.008	0.011	0.015	0.024
10,000,000	0.003	0.004	0.005	0.006	0.008	0.010	0.018

Per Accident Limitation	Excess Loss and Allocated Expense Factors (Applicable to New and Renewal Policies)						
	HAZARD GROUPS						
	A	B	C	D	E	F	G
25,000	0.285	0.326	0.349	0.371	0.397	0.432	0.464
30,000	0.265	0.305	0.329	0.352	0.378	0.416	0.450
35,000	0.247	0.287	0.311	0.334	0.362	0.400	0.438
40,000	0.231	0.271	0.296	0.319	0.347	0.387	0.426
50,000	0.207	0.244	0.269	0.292	0.322	0.363	0.405
75,000	0.164	0.198	0.222	0.244	0.274	0.316	0.363
100,000	0.138	0.167	0.191	0.212	0.241	0.283	0.332
125,000	0.119	0.146	0.168	0.188	0.216	0.257	0.306
150,000	0.106	0.130	0.152	0.170	0.197	0.236	0.286
175,000	0.095	0.117	0.138	0.155	0.181	0.219	0.269
200,000	0.087	0.107	0.127	0.143	0.167	0.205	0.255
250,000	0.075	0.092	0.111	0.124	0.147	0.182	0.231
300,000	0.066	0.081	0.099	0.111	0.131	0.164	0.212
350,000	0.059	0.073	0.089	0.100	0.119	0.150	0.197
400,000	0.054	0.066	0.081	0.092	0.110	0.138	0.184
450,000	0.050	0.061	0.076	0.085	0.102	0.129	0.174
500,000	0.047	0.057	0.071	0.080	0.095	0.121	0.165
600,000	0.041	0.051	0.063	0.071	0.085	0.109	0.150
700,000	0.037	0.045	0.057	0.064	0.077	0.099	0.138
800,000	0.035	0.042	0.053	0.060	0.071	0.092	0.129
900,000	0.032	0.040	0.050	0.056	0.066	0.085	0.121
1,000,000	0.030	0.037	0.047	0.052	0.062	0.080	0.114
2,000,000	0.018	0.023	0.030	0.033	0.040	0.052	0.077
5,000,000	0.008	0.010	0.014	0.016	0.020	0.027	0.042
7,000,000	0.005	0.007	0.009	0.011	0.014	0.019	0.031
10,000,000	0.004	0.005	0.007	0.008	0.009	0.013	0.022

Retrospective Premium Development Factors

With Loss Limit		
1st	2nd	3rd
Adj.	Adj.	Adj.
0.05	0.03	0.03

Without Loss Limit			4th & Subs.
1st	2nd	3rd	
Adj.	Adj.	Adj.	Adj.
0.11	0.08	0.08	0.00

With Loss Limit		
1st	2nd	3rd
Adj.	Adj.	Adj.
0.05	0.04	0.04

Without Loss Limit			4th & Subs.
1st	2nd	3rd	
Adj.	Adj.	Adj.	Adj.
0.12	0.09	0.09	0.00

Retrospective Rating Values

for USL&HW Classes Only

Arkansas

Effective January 1, 2008

Employers Insurance Company of Wausau (EICOW)

Wausau Underwriters Insurance Company (WUIC)

Wausau Business Insurance Company (WBIC)

<u>Expected Loss Ratio</u>	<u>Expected Loss and Allocated Expense Ratio</u>
0.54	0.593

<u>Tax Multipliers</u>	
State	1.069
Federal	1.138

Excess Loss Factors

(Applicable to New and Renewal Policies)

<u>Per Accident Limitation</u>	<u>C&D II</u>	<u>E&F III</u>	<u>G IV</u>
25,000	0.339	0.401	0.430
30,000	0.323	0.387	0.420
35,000	0.309	0.373	0.408
40,000	0.297	0.361	0.397
50,000	0.277	0.341	0.380
75,000	0.237	0.302	0.339
100,000	0.211	0.269	0.309
125,000	0.189	0.245	0.282
150,000	0.173	0.226	0.262
175,000	0.159	0.208	0.244
200,000	0.148	0.195	0.229
250,000	0.131	0.173	0.204
300,000	0.118	0.156	0.186
500,000	0.087	0.116	0.139
1,000,000	0.057	0.075	0.089
2,000,000	0.038	0.049	0.056
5,000,000	0.022	0.028	0.032

Excess Loss and Allocated Expense Factors

(Applicable to New and Renewal Policies)

<u>Per Accident Limitation</u>	<u>C&D II</u>	<u>E&F III</u>	<u>G IV</u>
25,000	0.396	0.455	0.488
30,000	0.379	0.439	0.474
35,000	0.368	0.430	0.465
40,000	0.355	0.417	0.453
50,000	0.333	0.398	0.434
75,000	0.296	0.358	0.397
100,000	0.265	0.326	0.362
125,000	0.241	0.299	0.337
150,000	0.221	0.274	0.312
175,000	0.204	0.255	0.293
200,000	0.192	0.239	0.277
250,000	0.169	0.214	0.248
300,000	0.153	0.194	0.226
500,000	0.114	0.144	0.169
1,000,000	0.075	0.094	0.110
2,000,000	0.050	0.061	0.070
5,000,000	0.029	0.036	0.040

FORM RF-WC NAIC LOSS COST FILING DOCUMENT—FOR WORKERS' COMPENSATION

CALCULATION OF COMPANY LOSS COST MULTIPLIER - Employers Insurance Company of Wausau

This filing transmittal is part of Company Tracking #	WCR-AR-058-07
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	

- Loss Cost Reference Filing** _____ **Independent Rate Filing**
 (Advisory Org, & Reference filing #) NCCI Item AR-2007-10

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

- The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

Note: Some states have statutes that prohibit this option for some lines of business.

- The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Does this filing apply to all class codes? Yes _____
If no, complete a copy of this form for each affected class with appropriate justification.

3. 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.) LEA Factor -30.19%; Company Deviation +36.36%

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 0.9520

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.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-11 BELOW.

4. Development of Expected Loss and Loss Adjustment Expense (Target Cost) Ratio.
(Attach exhibit detailing insurer expense data, impact of premium discount plans, and/or other supporting information.)

PROJECTED EXPENSES: Compared to standard premium at company rates.

		Selected Provisions
A.	Total Production Expense	%
B.	General Expense	%
C.	Taxes, Licenses & Fee	%
D.	Underwriting profit & contingencies*	%
E.	Other (explain)	%
F.	Total	%
	* Explain how investment income is taken into account	

5. A.	Expected Loss Ratio: ELR = 100% - 4F =	
B.	ELR in Decimal Form =	

NAIC LOSS COST FILING DOCUMENT—FOR WORKERS' COMPENSATION

6.	Overall Impact of Expense Constant and Minimum Premiums: (a 2.3% impact would be expressed as 1.023)	
7.	Overall Impact of Size-of-Risk Discounts plus Expense Graduation Recognition in Retrospective Rating: (An 8.6% average discount would be expressed as 0.914)	
8.	Company Formula Loss Cost Multiplier [3B / ((7 - 4F) X 6)]	
9.	Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	

Yes No

10. Are you amending your minimum premium formula?

If yes, attach documentation, including rate level impact as well as changes in multipliers, expense constants, maximum, etc.

11. Are you changing your premium discount schedules?

If yes, attach schedules and support, detailing premium or rate level changes.

FORM RF-WC NAIC LOSS COST FILING DOCUMENT—FOR WORKERS' COMPENSATION

CALCULATION OF COMPANY LOSS COST MULTIPLIER - Wausau Underwriters Insurance Company

This filing transmittal is part of Company Tracking #	WCR-AR-058-07
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	

- Loss Cost Reference Filing** _____ **Independent Rate Filing**
 (Advisory Org, & Reference filing #) NCCI Item AR-2007-10

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

- The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

Note: Some states have statutes that prohibit this option for some lines of business.

- The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Does this filing apply to all class codes? Yes _____
If no, complete a copy of this form for each affected class with appropriate justification.

3. 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.) LEA Factor -30.19%

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 0.6981

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.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-11 BELOW.

4. Development of Expected Loss and Loss Adjustment Expense (Target Cost) Ratio.
(Attach exhibit detailing insurer expense data, impact of premium discount plans, and/or other supporting information.)

PROJECTED EXPENSES: Compared to standard premium at company rates.

		Selected Provisions
A.	Total Production Expense	%
B.	General Expense	%
C.	Taxes, Licenses & Fee	%
D.	Underwriting profit & contingencies*	%
E.	Other (explain)	%
F.	Total	%
	* Explain how investment income is taken into account	

5. A.	Expected Loss Ratio: ELR = 100% - 4F =	
B.	ELR in Decimal Form =	

NAIC LOSS COST FILING DOCUMENT—FOR WORKERS' COMPENSATION

6.	Overall Impact of Expense Constant and Minimum Premiums: (a 2.3% impact would be expressed as 1.023)	
7.	Overall Impact of Size-of-Risk Discounts plus Expense Graduation Recognition in Retrospective Rating: (An 8.6% average discount would be expressed as 0.914)	
8.	Company Formula Loss Cost Multiplier [3B / ((7 - 4F) X 6)]	
9.	Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	

Yes No

10. Are you amending your minimum premium formula?

If yes, attach documentation, including rate level impact as well as changes in multipliers, expense constants, maximum, etc.

11. Are you changing your premium discount schedules?

If yes, attach schedules and support, detailing premium or rate level changes.

FORM RF-WC NAIC LOSS COST FILING DOCUMENT—FOR WORKERS' COMPENSATION

CALCULATION OF COMPANY LOSS COST MULTIPLIER - Wausau Business Insurance Company

This filing transmittal is part of Company Tracking #	WCR-AR-058-07
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	

- Loss Cost Reference Filing** _____ **Independent Rate Filing**
 (Advisory Org, & Reference filing #) NCCI Item # AR-2007-10

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

- The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.
- Note: Some states have statutes that prohibit this option for some lines of business.**
- The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Does this filing apply to all class codes? Yes _____
If no, complete a copy of this form for each affected class with appropriate justification.

3. 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.) LEA Factor -30.19%; Company Deviation -27.27%
- B.** Loss Cost Modification Expressed as a Factor: (See Examples Below) 0.5077

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.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-11 BELOW.

4. Development of Expected Loss and Loss Adjustment Expense (Target Cost) Ratio.
 (Attach exhibit detailing insurer expense data, impact of premium discount plans, and/or other supporting information.)

PROJECTED EXPENSES: Compared to standard premium at company rates.

		Selected Provisions
A.	Total Production Expense	%
B.	General Expense	%
C.	Taxes, Licenses & Fee	%
D.	Underwriting profit & contingencies*	%
E.	Other (explain)	%
F.	Total	%
	* Explain how investment income is taken into account	

5. A.	Expected Loss Ratio: ELR = 100% - 4F =	
B.	ELR in Decimal Form =	

NAIC LOSS COST FILING DOCUMENT—FOR WORKERS' COMPENSATION

6.	Overall Impact of Expense Constant and Minimum Premiums: (a 2.3% impact would be expressed as 1.023)	1.001
7.	Overall Impact of Size-of-Risk Discounts plus Expense Graduation Recognition in Retrospective Rating: (An 8.6% average discount would be expressed as 0.914)	0.916
8.	Company Formula Loss Cost Multiplier [3B / ((7 - 4F) X 6)]	0.90
9.	Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	0.9

Yes No

10. Are you amending your minimum premium formula?

If yes, attach documentation, including rate level impact as well as changes in multipliers, expense constants, maximum, etc.

11. Are you changing your premium discount schedules?

If yes, attach schedules and support, detailing premium or rate level changes.

Actuarial Memorandum
Arkansas Workers Compensation
Proposed Effective Date: January 1, 2008

Wausau Insurance Companies respectfully submits the following actuarial justification for the revision of its Workers Compensation rates in the state of Arkansas. This memorandum along with the attached exhibits constitutes a filing of rates and rating values applicable to the manually rated business written by the companies named below.

The rates in Wausau Underwriters Insurance Company are our base rates and will be calculated as the NCCI's January 1, 2008 loss costs multiplied by the loss cost multiplier (LCM) of 1.100. Loss cost multipliers for the other companies are based on our tiered pricing philosophy currently in effect. Specifically, we are requesting the rate multipliers and premium changes detailed in the table below.

Company Name	Projected Prem Dist.	Current LCM	Proposed LCM	% Change in LCM	Modified Loss Cost Change	Overall Rate Change
Employers Insurance Company of Wausau	45.5%	1.600	1.500	-6.3%	2.7%	-3.7%
Wausau Underwriters Insurance Company	38.5%	1.200	1.100	-8.3%	2.7%	-5.9%
Wausau Business Insurance Company	16.0%	0.900	0.800	-11.1%	2.7%	-8.7%
Wausau Insurance Companies	100.0%	1.334	1.234	-7.8%	2.7%	-5.3%

Minimum premium for all companies will be \$185 times the company rate plus the expense constant of \$200, subject to a maximum minimum premium of \$900 for all classes except for the per capita classes. For per capita classes, the minimum premium will be the company rate plus the expense constant of \$200.

Table of Contents

Exhibit 1 Calculation of the selected rate multipliers. There is an exhibit for each company named above.

The following exhibits are identical for all companies.

Exhibit 2 Details of the expense ratios for Wausau Insurance Companies. The expense ratios employed in this justification are for all companies combined.

Exhibit 3 Calculation of the premium discount expense ratio.

Exhibit 4 Historical Workers Compensation loss ratios and the indicated rate change.

Exhibit 5 These exhibits contain the Discounted Cash Flow model for Wausau Insurance Companies. They contain the calculation of the profit & contingencies allowance including investment income offset.

Exhibit 6 Calculation of the Residual Market Load.

Exhibit 7 Calculation of the Retro ELR, ELAR, state tax multiplier, and federal tax multiplier.

Thank you in advance for your timely consideration of this filing.

Employers Insurance Company of Wausau (EICOW)
Workers Compensation
Arkansas
Calculation of Loss Cost Multiplier

1. Loss Cost Modification	0.9520
A. Loss Adjustment Expense Factor (if not in Loss Costs) =	1.0000
B. Loss Based Assessments Factor (that are not in Loss Costs) =	1.0000
C. Loss Experience Adjustment Factor (See Exhibit 4) =	0.6981
D. Company Deviation Factor =	1.3636
 2. Development of Expected Loss Ratio	
A. Total Production Expense (See Exhibit 2)	10.6%
B. General Expense (See Exhibit 2)	6.2%
Cost of Reinsurance (See Exhibit 2.1)	0.2%
Accounts Charged Off Expense (See Exhibit 2.1)	0.4%
C. Claims Adjusting Expense	0.0%
D. Taxes, Licenses and Fees (See NCCI Tax & Assessment Directory)	5.9%
E. Underwriting Profit and Contingencies (See Exhibit 5) (Includes Inv. Income)	4.7%
F. Residual Market Burden (See Exhibit 6)	0.6%
G. Other	0.0%
H. TOTAL	28.6%
 3. Expected Loss Ratio = 1.000 - (2H)	0.714
 4. Overall impact of expense constant & minimum premiums	1.001
 5. Overall impact of size-of-risk discounts plus expense	0.920
 6. Company Formula Loss Cost Multiplier	1.500
= (1) / [{(5) - (2H)} x (4)]	
 7. Loss Cost Multiplier Underlying Current Rates	1.600
 8. Selected Proposed Loss Cost Multiplier	1.500
 9. Proposed Change in Multiplier From Current Level = (8) / (7) -1	-6.3%
 10. Change in Loss Costs =	2.7%
 11. Proposed Change in Rates from current level =	-3.7%

**Wausau Underwriters Insurance Company (WUIC)
Workers Compensation
Arkansas
Calculation of Loss Cost Multiplier**

1. Loss Cost Modification	0.6981
A. Loss Adjustment Expense Factor (if not in Loss Costs) =	1.0000
B. Loss Based Assessments Factor (that are not in Loss Costs) =	1.0000
C. Loss Experience Adjustment Factor (See Exhibit 4) =	0.6981
D. Company Deviation Factor =	1.0000
 2. Development of Expected Loss Ratio	
A. Total Production Expense (See Exhibit 2)	10.6%
B. General Expense (See Exhibit 2)	6.2%
Cost of Reinsurance (See Exhibit 2.1)	0.2%
Accounts Charged Off Expense (See Exhibit 2.1)	0.4%
C. Claims Adjusting Expense	0.0%
D. Taxes, Licenses and Fees (See NCCI Tax & Assessment Directory)	5.9%
E. Underwriting Profit and Contingencies (See Exhibit 5) (Includes Inv. Income)	4.7%
F. Residual Market Burden (See Exhibit 6)	0.6%
G. Other	0.0%
H. TOTAL	28.6%
 3. Expected Loss Ratio = 1.000 - (2H)	0.714
 4. Overall impact of expense constant & minimum premiums	1.001
 5. Overall impact of size-of-risk discounts plus expense	0.920
 6. Company Formula Loss Cost Multiplier	1.100
= (1) / [{(5) - (2H)} x (4)]	
 7. Loss Cost Multiplier Underlying Current Rates	1.200
 8. Selected Proposed Loss Cost Multiplier	1.100
 9. Proposed Change in Multiplier From Current Level = (8) / (7) -1	-8.3%
 10. Change in Loss Costs =	2.7%
 11. Proposed Change in Rates from current level =	-5.9%

Wausau Business Insurance Company (WBIC)
Workers Compensation
Arkansas
Calculation of Loss Cost Multiplier

1. Loss Cost Modification	0.5077
A. Loss Adjustment Expense Factor (if not in Loss Costs) =	1.0000
B. Loss Based Assessments Factor (that are not in Loss Costs) =	1.0000
C. Loss Experience Adjustment Factor (See Exhibit 4) =	0.6981
D. Company Deviation Factor =	0.7273
 2. Development of Expected Loss Ratio	
A. Total Production Expense (See Exhibit 2)	10.6%
B. General Expense (See Exhibit 2)	6.2%
Cost of Reinsurance (See Exhibit 2.1)	0.2%
Accounts Charged Off Expense (See Exhibit 2.1)	0.4%
C. Claims Adjusting Expense	0.0%
D. Taxes, Licenses and Fees (See NCCI Tax & Assessment Directory)	5.9%
E. Underwriting Profit and Contingencies (See Exhibit 5) (Includes Inv. Income)	4.7%
F. Residual Market Burden (See Exhibit 6)	0.6%
G. Other	0.0%
H. TOTAL	28.6%
 3. Expected Loss Ratio = 1.000 - (2H)	0.714
 4. Overall impact of expense constant & minimum premiums	1.001
 5. Overall impact of size-of-risk discounts plus expense	0.920
 6. Company Formula Loss Cost Multiplier	0.800
= (1) / [{(5) - (2H)} x (4)]	
 7. Loss Cost Multiplier Underlying Current Rates	0.900
 8. Selected Proposed Loss Cost Multiplier	0.800
 9. Proposed Change in Multiplier From Current Level = (8) / (7) -1	-11.1%
 10. Change in Loss Costs =	2.7%
 11. Proposed Change in Rates from current level =	-8.7%

Wausau Insurance Companies
Page 15 Expense Report: By Company, State, Year
Workers Compensation
Arkansas

Calendar Year Expenses/Premium

	Wausau Insurance Companies (Group Total)					Five Year Total	Five Year Avg. Ratio	Adjusted to Std Prem Level
	2002	2003	2004	2005	2006			
1. Direct Premiums Earned	6,867,572	7,233,690	8,214,292	7,826,082	7,340,252	37,481,888		
2. Acquisition Expense	948,659	1,004,682	825,870	835,910	703,107	4,318,228	11.5%	10.6%
a. Commission	506,395	560,809	406,275	413,567	357,619	2,244,665	6.0%	5.5%
b. Other Acquisition	442,264	443,873	419,595	422,343	345,488	2,073,563	5.5%	5.1%
3. General Expense	456,475	461,424	579,814	552,697	465,261	2,515,672	6.7%	6.2%

**Wausau Insurance Companies
Calendar Year Expenses/Premium
Workers Compensation
Arkansas**

I. Selected Reinsurance Cost = 0.2 % of Standard Premium.

Net Cost of Reinsurance				
	<u>Total</u>	<u>5M xs 5M</u>	<u>Cat Treaties</u>	
		(000)	(000)	
A.	916,000	916,000	916,000	Subject Premium
B. = 1/(1.0 - Prem Disct)	1.087	1.087	1.087	Adjustment to Std (Reflects Prem Disct)
C. = A x B	995,921	995,921	995,921	Subject Premium Adj to Standard Level
D.	9,762	4,488	5,274	Ceded Premium
E.	4,681	4,681	-	Nominal Expected Ceded Losses
F.	1,857	1,857	-	Discounted Expected Ceded Losses
G. = F - D	7,905	2,631	5,274	Net Cost of Reinsurance
H. = G / C	0.8%	0.3%	0.5%	Net Cost of Reinsurance / Standard Premium
I.	0.6%			CW Impact of NCCI Item B-1393 (Premium for Domestic Terrorism, EQ, Industrial Accidents)
J. = H - I	0.2%			

II. Selected Premium Balances Charged Off Cost = 0.4% of Standard Premium.

Cost of Premium Balances Charged Off				
	<u>CY</u>	<u>CY DEP</u>	<u>Premium</u> <u>Charged Off*</u>	<u>Pct</u>
		(000)	(000)	
	2004	1,242,719	8,035	0.6%
	2005	1,267,852	6,196	0.5%
	2006	1,344,277	2,734	0.2%
A.	Total	3,854,848	16,965	0.4%
B. = 1/(1.0 - Prem Disct)				1.087 Adj to Std (Reflects Prem Disct)
C. = A / B				0.4%

* From Annual Statement Statement of Income

**Wausau Insurance Companies
Premium Discount Calculation
Based on Distribution of Countrywide Premium**

Non-Stock Premium Discount

Policy Size Standard Premium	Total Standard Premium	Number of Accounts	Standard Premium In Layer	Premium Discount %	Premium Discount
0 - 10,000	\$3,923,130	861	\$48,293,130	0.0%	\$0
10,001 - 200,000	\$210,860,378	2,887	\$476,490,378	5.1%	\$24,301,009
200,001 - 1,750,000	\$713,335,529	1,499	\$492,585,529	6.5%	\$32,018,059
Over 1,750,000	\$187,888,498	51	\$98,638,498	7.5%	\$7,397,887
Total	\$1,116,007,535	5,298	\$1,116,007,535		\$63,716,956

Non-Stock Premium Discount = 5.7%

Stock Premium Discount

Policy Size Standard Premium	Total Standard Premium	Number of Accounts	Standard Premium In Layer	Premium Discount %	Premium Discount
0 - 10,000	\$3,923,130	861	\$48,293,130	0.0%	\$0
10,001 - 200,000	\$210,860,378	2,887	\$476,490,378	9.1%	\$43,360,624
200,001 - 1,750,000	\$713,335,529	1,499	\$492,585,529	11.3%	\$55,662,165
Over 1,750,000	\$187,888,498	51	\$98,638,498	12.3%	\$12,132,535
Total	\$1,116,007,535	5,298	\$1,116,007,535		\$111,155,324

Stock Premium Discount = 10.0%

Projected Discount Factor = 8.0%
45.5% x Non-Stock + 54.5% x Stock

Offset for Expense Constant Income = 1.001

Wausau Insurance Companies
Arkansas Workers Compensation Experience - Excl. Large Dollar Deductible
Data as of 6/30/2007

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Accident Year	Standard Premiums	Premium On-level Factor	On-level Standard Premiums * (2) x (3)	Developed Ultimate Losses	Developed Ultimate Loss Ratio (5) / (2)	On-level Developed Ultimate Losses	On-level Ultimate Loss Ratio (7) / (4)	Loss Ratio Trend	Trended On-level Loss Ratio (8) x (9)

Wausau Insurance Companies (Group Total)

2000	5,705,965	0.751	4,286,878	2,210,481	38.7%	2,320,845	54.1%	1.088	58.9%
2001	5,035,563	0.809	4,072,600	1,965,088	39.0%	2,015,241	49.5%	1.077	53.3%
2002	6,105,544	0.883	5,392,342	1,704,955	27.9%	1,746,782	32.4%	1.067	34.6%
2003	7,051,242	0.787	5,546,207	2,202,116	31.2%	2,233,780	40.3%	1.056	42.5%
2004	8,764,997	0.707	6,197,120	2,490,420	28.4%	2,513,600	40.6%	1.046	42.4%
2005	8,717,475	0.705	6,149,129	2,301,478	26.4%	2,315,893	37.7%	1.035	39.0%
2006	7,431,011	0.795	5,906,208	2,400,799	32.3%	2,405,477	40.7%	1.025	41.8%
5 Yr Total	38,070,269	0.767	29,191,006	11,099,768	29.2%	11,215,532	38.4%		40.1%

* Premiums are brought to the current deviated company rate level.

A=Col 10	Trended OnLevel LR	40.1%
B	LAE/Loss	16.9%
C	Loss Based Assmts	0.0%
D=A*(1+B+C)	Loss, LAE & LBA Ratic	46.9%
E	ELR (Exhibit 1)	63.4%
F=E4/E-1	Experience Indicated Chg	-7.8%
G	New Benefit Chg (1/1/2008)	2.7%
H=(1+F)*(1+G)-1	Total Indicated Rate Change	-5.3%

**Wausau Insurance Companies
Workers Compensation
Arkansas
Investment Income Adjustment**

1. Target Post-tax Rate of Return	0.125	
2. Interest Rate	0.053	
3. Federal Income Tax Rate on cash flow	0.350	
4. Investment Income on Initial Surplus	0.032	[(2)x(1.0-(3))]/[1.0+(2)]
5. Return on Operations	0.093	(1)-(4)
6. Premium to Surplus Ratio	2.500	
7. Post-tax Return on Operations (ratio to premium)	0.037	(5)/(6)
8. Federal Income Tax on Underwriting and Cash Flow	0.042	(29),see below
9. Target Pre-tax Earnings Rate	0.079	(7)+(8)

	<u>nominal value</u>	<u>discount factor</u>	<u>discounted value</u>	
10. Premium	1.000	0.971	0.971	
11. Total Production Expense	0.106	0.983	0.104	
12. General Expense	0.062	0.983	0.061	
12.1. Cost of Reinsurance	0.002	0.983	0.002	
12.2. Accounts Charged Off	0.004	0.983	0.004	
13. Taxes, Licenses and Fees	0.059	0.971	0.057	
14. Premium Discount	0.080	0.971	0.078	
14.1. Other	0.000	0.971	0.000	
<u>15. Loss + LAE</u>	<u>0.640</u>	<u>0.915</u>	<u>0.586</u>	
16. Loss + Expense	0.953	0.936	0.892	
17. Underwriting Results	0.047	0.966	0.079	
Inv. Inc. on UW Cash Flow.	0.032			(17 disctd) - (17 nominal)

Profit & Contingencies Allowance = 4.7%

Calculation of Federal Income Tax (FIT) on Underwriting and Cash Flow (8)

18. Average Nominal Loss + Expense	0.953	
19. Average Discount Factor used for FIT	0.929	
20. Loss + Expense Discounted for FIT	0.886	(18)x(19)
21. Present Value of Underwriting Results for FIT	0.085	(10)-(20)
22. Tax Rate on Underwriting Results on Profit & Invest.	0.350	
23. FIT on Underwriting Results	0.030	(21)x(22)
24. Nominal Investment Income on Cash Flow	0.035	((17), disc./(25))- (17),nominal
25. Average Discount Factor for Underwriting	0.966	(17)
26. Discounted Cash Flow	0.034	(24)x(25)
27. Tax Rate on Cash Flow	0.350	
28. FIT on Cash Flow	0.012	(26)x(27)
29. Total Federal Income Tax	0.042	(23)+(28)

**Wausau Insurance Companies
Workers Compensation
Arkansas
Explanation of Calculation of Allowance for Profit and Contingencies**

The following is a line-by-line description of the calculation of the 4.7% Profit & Contingencies Allowance. Note that a maximum of 5.0% is used in the loss cost multipliers.

- (1) The target post-tax rate of return (ratio to surplus) of 0.125 is a selected number. We feel this rate of return is appropriate for Workers Compensation.
- (2) Interest rate = 5.25%
- (3) Federal Income Tax (FIT) Rate on cash flow = 0.350
NOTE: Federal Income Tax (FIT) Rate on underwriting results = 0.350
- (4) Given the above interest rate and FIT, on a present value basis, we expect 0.032 of the investment income (ratio to surplus) to be generated.
- (5) (1) minus (4) results in the target return of 0.093 on the insurance operation (ratio to surplus) which is needed to generate a total return of 0.125.
- (6) We believe a 2.500 premium to surplus ratio is appropriate for Workers Compensation.
- (7) $0.037 = (5) / (6)$ is the post-tax return on operations (ratio to premium).
- (8) Lines 18 through 29 show the impact of FIT on the cash flow and underwriting results that generate a 0.125 post-tax return.
 $0.042 = 0.030$ (FIT on U/W results) + 0.012 (FIT on cash flow)
- (9) $(7) + (8)$, 0.079 is the target pre-tax return on operations (ratio to premium). Note that (9) ties to the discounted value of (17), (premium - loss - expense).

We wish to solve the following problem:

- | | |
|--------|---|
| Given: | a. Discounted value of Underwriting Results = 0.079 |
| | b. Discount factors |
| | c. Expense items |
| Find: | a. The discounted loss + LAE that generates a return of 0.079 |
| | b. The undiscounted value of the Underwriting Result. |

- (10) 0.971 is the premium discount factor based on Wausau Insurance Companies collection patterns.
- (11)-(14) 0.983 is the expense discount factor, 0.971 is the taxes, licenses and fees discount factor, and 0.971 is the Other discount factor.
- (15) Discounted loss + LAE = (disc. premium) - (disc. expense) - (target U/W result)
 $0.586 = 0.971 - 0.104 - 0.061 - 0.057 - 0.078 - 0.079$

Undiscounted loss + LAE = (disc. loss + LAE) / (loss + LAE disc. factor)
 $0.640 = 0.586 / 0.915$

(The loss + LAE discount factor is based on Wausau Insurance Companies payout patterns and assumes a 5.25% interest rate.)
- (17) (undisc. underwriting results) = (undisc. premium) - (undisc. loss + expense)
 $0.047 = 1.000 - 0.953$
This is the U/W gain (loss) that will result in the post-tax return-on-surplus of 0.125.

Wausau Insurance Companies
Residual Market Load
Arkansas

Policy Year	Actual			On-level Factors		Untrended On-level			Trended On-level	
	Earned Premium	Incurred Losses	Loss Ratio	Earned Premium	Incurred Losses	Earned Premium	Incurred Losses	Untrended On-Level Loss Ratio	Trend Factor*	Trended On-Level Loss Ratio
2004	27,130	10,120	0.373	0.923	1.035	25,044	10,475	0.418	1.137	0.476
2005	25,208	13,209	0.524	0.911	1.031	22,976	13,614	0.593	1.109	0.657
2006	24,408	19,160	0.785	0.931	1.027	22,713	19,685	0.867	1.082	0.938
Total	76,746	42,489	0.554			70,732	43,774	0.619		0.683

(1) Selected Trended On-Level Pool Loss Ratio at Pool Rates	0.748
(2) Residual Market Expenses	0.390
(3) Underwriting Ratio for Residual Market	1.138
(4) Ratio of Pool to Voluntary	0.081
(5) Nominal Residual Market Burden = { (3) - 1.000 } * (4)	0.011
(6) Loss Discount Factor	0.894
(7) Indicated Discounted Residual Market Burden	0.006
(8) Selected Discounted Residual Market Burden	0.006

* Annualized trend of 2.5% through January 1, 2007 and 4.0% afterwards.

** Trended On-Level Loss Ratio = Untrended On-Level Loss Ratio x Trend Factor.

**Wausau Insurance Companies
State and Federal Tax Multipliers
Workers Compensation
Arkansas**

Calculation of State Tax Multiplier Effective 1/1/2008

A. Total Overhead and Service (TOS)		
	Production Expense	10.6%
	General Expense	6.2%
	Cost of Reinsurance	0.2%
	Accounts Charged Off Expense	0.4%
	Taxes, Licenses and Fees (TAX)	5.9%
	Profit and Contingencies	5.0%
	Residual Market Burden (RML)	0.6%
	Premium Discount Expense	8.0%
	Other Expense	0.0%
	Total	36.9%
B. Target Cost Ratio (TCR)		63.1%
	TCR = 1-TOS	
C. Loss Adjustment Expense Factor (LAE)		1.1690
D. State Loss Based Assessments (ASMT)		1.0000
E1. Expected Loss Ratio (ELR)		54.0%
	ELR = TCR / (LAE + ASMT - 1)	
E2. Expected Loss & ALAE Ratio (ELAR)		59.3%
	ELAR = ELR * (1+ ALAE)	
F. State Tax Multiplier (TM)		1.069
	$TM = \frac{0.2 + ELR * ASMT}{0.2 + ELR} \times \frac{1}{1 - TAX - RML}$	

Calculation of Federal Tax Multiplier Effective 1/1/2008

G. Federal Assessment Assessment		1.138
H. State Weight		0.350
I. Federal Weight		0.650
J. Weighted Federal Assessment (FASMT)		1.090
	FASMT = [(H) x (D)] + [(I) x (G)]	
K. Federal Expected Loss Ratio (FELR)		0.495
	FELR = (E1) x (J) / (C)	
L. Federal Tax Multiplier (FTM)		1.138
	$FTM = \frac{0.2 + FELR * FASMT}{0.2 + FELR} \times \frac{1}{1 - TAX - RML}$	

NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking # WCR-AR-058-07

2. If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number NCCI
AR-2007-13

		Company Name	Company NAIC Number
3.	A.	Employers Insurance Company of Wausau	B. 21458

		Product Coding Matrix Line of Business (i.e., Type of Insurance)	Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A.	Workers Compensation	B.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Workers Compensation	-5.2% *	-3.7%	0.715	0.952	1.500	200	1.600
TOTAL OVERALL EFFECT	-5.2%	-3.7%					

6. 5 Year History		Rate Change History					
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2007	N/A	-26.2%	1/1/2008	N/A	N/A	N/A	N/A
2006	74	-7.8%	7/1/2006	2,305,001	965,708	0.419	0.458
2005	80	-10.9%	7/1/2005	2,523,172	589,831	0.234	0.479
2004	118	0.5%	7/1/2004	3,058,125	1,162,701	0.380	0.511
2003	147	2.1%	7/1/2003	3,001,357	1,239,524	0.413	0.493
2002	160	16.7%	5/1/2003	3,716,172	1,036,553	0.279	0.569
2002	160	12.2%	7/1/2002	3,716,172	1,036,553	0.279	0.569

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	10.6
B. General Expense	6.8
C. Taxes, License & Fees	5.9
D. Underwriting Profit & Contingencies	4.7
E. Other (explain)	0.6
F. TOTAL	28.5

8. Y Apply Lost Cost Factors to Future filings? (Y or N)

9. -3.7% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): NA

10. -3.7% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): NA

* The Indicated % Rate Level Change is calculated using all companies combined. See Actuarial Memorandum.

PC RLC

NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking # WCR-AR-058-07

2. If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number NCCI AR-2007-13

		Company Name	Company NAIC Number
3.	A.	Wausau Underwriters Insurance Company	B. 26042

		Product Coding Matrix Line of Business (i.e., Type of Insurance)	Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A.	Workers Compensation	B.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Workers Compensation	-5.2% *	-5.9%	0.715	0.698	1.100	200	1.200
TOTAL OVERALL EFFECT	-5.2%	-5.9%					

6. 5 Year History		Rate Change History					
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2007	N/A	-31.2%	1/1/2008	N/A	N/A	N/A	N/A
2006	102	-10.8%	7/1/2006	2,998,628	1,107,567	0.369	0.545
2005	90	-13.4%	7/1/2005	3,235,311	983,644	0.304	0.547
2004	85	0.5%	7/1/2004	2,961,811	994,710	0.336	0.543
2003	61	2.1%	7/1/2003	2,884,596	983,523	0.341	0.557
2002	38	6.5%	5/1/2003	2,119,823	698,292	0.329	0.626
2002	38	7.0%	7/1/2002	2,119,823	698,292	0.329	0.626

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	10.6
B. General Expense	6.8
C. Taxes, License & Fees	5.9
D. Underwriting Profit & Contingencies	4.7
E. Other (explain)	0.6
F. TOTAL	28.5

8. Y Apply Lost Cost Factors to Future filings? (Y or N)

9. -5.9% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): NA

10. -5.9% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): NA

* The Indicated % Rate Level Change is calculated using all companies combined. See Actuarial Memorandum.

PC RLC

NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking # WCR-AR-058-07

2. If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number NCCI
AR-2007-13

		Company Name	Company NAIC Number
3.	A.	Wausau Business Insurance Company	B. 26425

		Product Coding Matrix Line of Business (i.e., Type of Insurance)	Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A.	Workers Compensation	B.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Workers Compensation	-5.2% *	-8.7%	0.715	0.508	0.800	200	0.900
TOTAL OVERALL EFFECT	-5.2%	-8.7%					

6. 5 Year History		Rate Change History					
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2007	N/A	-36.9%	1/1/2008	N/A	N/A	N/A	N/A
2006	50	-9.5%	7/1/2006	1,341,057	428,141	0.319	0.548
2005	35	-13.3%	7/1/2005	1,164,842	727,935	0.625	0.632
2004	18	0.5%	7/1/2004	919,737	445,678	0.485	0.638
2003	4	2.1%	7/1/2003	313,689	48,146	0.153	0.720
2002	7	-3.8%	5/1/2003	120,395	31,163	0.259	0.709
2002	7	0.5%	7/1/2002	120,395	31,163	0.259	0.709

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	10.6
B. General Expense	6.8
C. Taxes, License & Fees	5.9
D. Underwriting Profit & Contingencies	4.7
E. Other (explain)	0.6
F. TOTAL	28.5

8. Y Apply Lost Cost Factors to Future filings? (Y or N)

9. -8.7% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): NA

10. -8.7% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): NA

* The Indicated % Rate Level Change is calculated using all companies combined. See Actuarial Memorandum.

PC RLC