

SERFF Tracking Number: PERR-125339648 State: Arkansas
Filing Company: Preferred Professional Insurance Company State Tracking Number: AR-PC-07-026623
Company Tracking Number: PPIC-WC-LCM-AR-07-01-R
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
Product Name: PPIC-WC-LCM-AR-07-01-R
Project Name/Number: PPIC-WC-LCM-AR-07-01-R/PPIC-WC-LCM-AR-07-01-R

Filing at a Glance

Company: Preferred Professional Insurance Company

Product Name: PPIC-WC-LCM-AR-07-01-R SERFF Tr Num: PERR-125339648 State: Arkansas
TOI: 16.0 Workers Compensation SERFF Status: Closed State Tr Num: AR-PC-07-026623
Sub-TOI: 16.0004 Standard WC Co Tr Num: PPIC-WC-LCM-AR-07- State Status:
01-R

Filing Type: Rate

Co Status: Reviewer(s): Betty Montesi, Carol
Stiffler, Brittany Yielding
Authors: Neresia Torres, Olga E. Disposition Date: 11/01/2007
Burciaga
Date Submitted: 10/31/2007 Disposition Status: Approved

Effective Date Requested (New): 01/01/2008

Effective Date (New): 01/01/2008

Effective Date Requested (Renewal): On Approval

Effective Date (Renewal):

General Information

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

Status of Filing in Domicile: Pending

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

Domicile Status Comments:

Reference Organization: National Council on Compensation Insurance Reference Number:
(NCCI)

Reference Title:

Advisory Org. Circular: AR-2007-13

Filing Status Changed: 11/01/2007

State Status Changed: 11/01/2007

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 Workers Compensation program. Please see the enclosed actuarial memorandum for details. The Company is also adopting NCCI's newest lost costs, reference # AR-2007-13.

The Company respectfully requests that the proposed lost cost multiplier (LCM) revision become effective January 1, 2008.

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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. The captioned Company has prepared the Lost Cost Multiplier contained in this filing along with the explanatory memorandum. 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.

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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:	\$75.00
Retaliatory?	No
Fee Explanation:	\$75 for rate filing
Per Company:	No

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CHECK NUMBER	CHECK AMOUNT	CHECK DATE
101374	\$75.00	10/26/2007

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Carol Stiffler	11/01/2007	11/01/2007

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending	Carol Stiffler	11/01/2007	11/01/2007	Neresa Torres	11/01/2007	11/01/2007

Industry
Response

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Filing Fee	Note To Reviewer	Neresa Torres	11/01/2007	11/01/2007

SERFF Tracking Number: PERR-125339648 State: Arkansas
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Disposition

Disposition Date: 11/01/2007
 Effective Date (New): 01/01/2008
 Effective Date (Renewal):
 Status: Approved
 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	-16.100%	\$-41,648	3	\$258,685	%	%	%

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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
Supporting Document	Arkansas Final Loss Costs Pages	Approved	Yes
Supporting Document	Memo and Letter of Authorization	Approved	Yes
Rate	Arkansas Manual Exception Page	Approved	Yes

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 11/01/2007
Submitted Date 11/01/2007

Respond By Date

Dear Neresa Torres,

This will acknowledge receipt of the captioned filing.

Objection 1

No Objections

Comment: This filing adopts Circular AR-2007-13 but does not state the Item Filing number which is often different than the Circular number. We do not receive circulars which are issued after the Item Filing is approved. Often Circulars and Item Filings have the same numbers but are not related to each other. We CANNOT accept the Circular number in lieu of the Item Filing Number. You must state the Item Filing Number. The Item Filing # is shown in the body of the circular.

Please feel free to contact me if you have questions.

Sincerely,

Carol Stiffler

Response Letter

Response Letter Status Submitted to State
Response Letter Date 11/01/2007
Submitted Date 11/01/2007

Dear Carol Stiffler,

Comments:

Response 1

Comments: Thank you for your continued review of this filing. As requested, the Item# AR-2007-10 for Circular # AR-2007-13.

We trust that this additional information will allow you to continue your review of this filing.

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Related Objection 1

Comment:

This filing adopts Circular AR-2007-13 but does not state the Item Filing number which is often different than the Circular number. We do not receive circulars which are issued after the Item Filing is approved. Often Circulars and Item Filings have the same numbers but are not related to each other. We CANNOT accept the Circular number in lieu of the Item Filing Number. You must state the Item Filing Number. The Item Filing # is shown in the body of the circular.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,

Neresa Torres, Olga E. Burciaga

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Note To Reviewer

Created By:

Neresa Torres on 11/01/2007 11:27 AM

Subject:

Filing Fee

Comments:

Please note that the correct filing fee submitted in conjunction with this filing was \$100.00 check # 101373 not \$75.00.

Thanks.

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Rate Information

Rate data applies to filing.

Filing Method: Prior Approval
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	%	-16.100%	\$-41,648	3	\$258,685	%	%

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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Approved	Arkansas Manual Exception Page	PPIC WC AR	New	Arkansas.pdf

**PREFERRED PROFESSIONAL INSURANCE COMPANY
 ARKANSAS WORKERS COMPENSATION
 Manual Exception Page**

EFFECTIVE 01/01/2008

Loss Cost Multiplier1.2987
 Expense Constant Applicable\$225

MINIMUM PREMIUM FORMULAS

General Rule:

Minimum Premium = (Manual Premium X Minimum Premium Multiplier) + Expense Constant

Per Capita Classifications:

Minimum Premium = Manual Rate + Expense Constant

Minimum Premium Multiplier14.5
 Maximum Minimum Premium.....\$750

PREMIUM DISCOUNT PERCENTAGE TABLE

First	10,000	0.0%
Next	190,000	9.1%
Next	1,550,000	11.3%
Over	1,750,000	12.3%

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Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-Property & Casualty **Review Status:** Approved 11/01/2007

Comments:

Attachments:

NAIC PCTD.pdf
 NAIC RRFS.pdf

Satisfied -Name: NAIC Loss Cost Filing Document for Workers' Compensation **Review Status:** Approved 11/01/2007

Comments:

Attachment:

loss_cost_filing_document_wc.pdf

Satisfied -Name: NAIC loss cost data entry document **Review Status:** Approved 11/01/2007

Comments:

Please see NAIC Loss Cost Filing Document for Workers' Compensation.

Satisfied -Name: Arkansas Final Loss Costs Pages **Review Status:** Approved 11/01/2007

Comments:

Attachment:

Arkansas Rate Pages.pdf

Satisfied -Name: Memo and Letter of Authorization **Review Status:** Approved 11/01/2007

Comments:

Attachments:

AR Memo.pdf
 LOA.pdf

Property & Casualty Transmittal Document—

20. This filing transmittal is part of Company Tracking #	PPIC-WC-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 Workers Compensation program. Please see the enclosed actuarial memorandum for details. .

The Company respectfully requests that the proposed lost cost multiplier (LCM) revision become effective January 1, 2008.

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 #: 101373
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-WC-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 checked="" type="checkbox"/> Rate Decrease <input type="checkbox"/> Rate Neutral (0%)		

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	Prior Approval
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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	-16.1%	-\$41,648	3	\$258,685	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)

		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	-0.5%
7.	Effective Date of last rate revision	3/1/2007
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	Arkansas Manual Exception Page PPIC WC AR	<input checked="" 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	

CALCULATION OF COMPANY LOSS COST MULTIPLIER

(EFFECTIVE AUG. 16, 2004)

This filing transmittal is part of Company Tracking #	PPIC-WC-LCM-AR-07-01-R
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	N/A

Loss Cost Reference Filing NCCI/ AR-2007-13 () **Independent Rate Filing**
(Advisory Org. & Reference filing #)

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.) _____

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 1.0000

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	4.00	%
B.	General Expense	15.00	%
C.	Taxes, Licenses & Fee	9.30	%
D.	Underwriting profit & contingencies*	0.00	6
E.	Other (explain)	-5.00	%
F.	Total	23.30	%
* Explain how investment income is taken into account			

5.	A.	Expected Loss Ratio: ELR = 100% - 4F =	76.70%
	B.	ELR in Decimal Form =	0.7670

NAIC LOSS COST FILING DOCUMENT—*WORKERS' COMPENSATION*

6.	Overall Impact of Expense Constant and Minimum Premiums: (a 2.3% impact would be expressed as 1.023)	1.0039
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)]	1.2987
9.	Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	1.2987

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.

() (**X**)

11. Are you changing your premium discount schedules? If yes, attach schedules and support, detailing premium or rate level changes.

() (**X**)

Preferred Professional Insurance Company
Arkansas Final Loss Costs Pages
Effective January 1, 2008

CLASS CODE	NCCI Loss Cost	PPIC FINAL LOSS COST	CLASS CODE	NCCI Loss Cost	PPIC FINAL LOSS COST	CLASS CODE	NCCI Loss Cost	PPIC FINAL LOSS COST	CLASS CODE	NCCI Loss Cost	PPIC FINAL LOSS COST
0005	3.41	4.43	2001	1.71	2.22	2651	1.59	2.06	3169	1.88	2.44
0008	2.09	2.71	2002	2.37	3.08	2660	1.12	1.45	3175D	2.07	2.69
0016	4.39	5.70	2003	1.99	2.58	2670	1.67	2.17	3179	1.69	2.19
0034	2.99	3.88	2014	3.75	4.87	2683	1.44	1.87	3180	1.51	1.96
0035	1.74	2.26	2016	1.72	2.23	2688	2.06	2.68	3188	1.01	1.31
0036	2.89	3.75	2021	2.38	3.09	2701	5.61	7.29	3220	1.43	1.86
0037	3.13	4.06	2039	3.27	4.25	2702X	19.26	25.01	3223	2.31	3.00
0042	5.07	6.58	2041	2.81	3.65	2710	5.93	7.70	3224	1.89	2.45
0050	3.86	5.01	2065	0.87	1.13	2714	3.57	4.64	3227	1.26	1.64
0059D	0.21	0.27	2070	3.58	4.65	2719X	7.78	10.10	3240	2.37	3.08
0065D	0.04	0.05	2081	3.09	4.01	2731	2.61	3.39	3241	2.10	2.73
0066D	0.04	0.05	2089	1.93	2.51	2735	2.12	2.75	3255	1.86	2.42
0067D	0.04	0.05	2095	2.29	2.97	2759	5.29	6.87	3257	1.91	2.48
0079	2.25	2.92	2105	1.77	2.30	2790	1.00	1.30	3270	3.13	4.06
0083	5.91	7.68	2110	1.59	2.06	2802	4.61	5.99	3300	2.62	3.40
0106	10.02	13.01	2111	1.44	1.87	2812	3.09	4.01	3303	2.58	3.35
0113	3.35	4.35	2112	1.83	2.38	2835	1.18	1.53	3307	2.53	3.29
0170	1.86	2.42	2114	2.20	2.86	2836	1.68	2.18	3315	1.89	2.45
0251	3.77	4.90	2121	1.40	1.82	2841	2.93	3.81	3334	1.80	2.34
0400	6.01	7.81	2130	2.06	2.68	2881	1.62	2.10	3336	1.75	2.27
0401	8.77	11.39	2131	1.26	1.64	2883	3.07	3.99	3365	6.91	8.97
0771N	0.22	0.29	2143	1.56	2.03	2913	2.21	2.87	3372	1.94	2.52
0908P	89.00	115.58	2150	-	-	2915	2.74	3.56	3373	2.42	3.14
0909P	-	-	2156	-	-	2916	1.75	2.27	3383	0.69	0.90
0912P	-	-	2157	2.70	3.51	2923	1.45	1.88	3385	0.63	0.82
0913P	238.00	309.09	2172	1.53	1.99	2942	1.72	2.23	3400	1.84	2.39
0917	2.63	3.42	2174	1.99	2.58	2960	2.15	2.79	3507	2.08	2.70
1005*	6.99	9.08	2211	3.74	4.86	3004	1.83	2.38	3515	1.68	2.18
1016*	25.86	33.58	2220	1.42	1.84	3018	2.20	2.86	3548	0.89	1.16
1164E	5.12	6.65	2286	1.05	1.36	3022	2.36	3.06	3559	1.54	2.00
1165E	4.88	6.34	2288	3.28	4.26	3027	2.14	2.78	3574	0.85	1.10
1320	2.06	2.68	2300	1.53	1.99	3028	2.25	2.92	3581	0.86	1.12
1322	8.30	10.78	2302	1.34	1.74	3030	2.97	3.86	3612	1.58	2.05
1430	3.74	4.86	2305	1.77	2.30	3040	2.95	3.83	3620	4.34	5.64
1438	1.92	2.49	2361	0.96	1.25	3041	2.55	3.31	3629	1.36	1.77
1452	1.32	1.71	2362	1.29	1.68	3042	2.31	3.00	3632	2.20	2.86
1463	8.22	10.68	2380	4.40	5.71	3064	3.30	4.29	3634	1.36	1.77
1472	2.50	3.25	2386	0.86	1.12	3066	-	-	3635	1.27	1.65
1624E	5.41	7.03	2388	1.36	1.77	3069	4.79	6.22	3638	1.13	1.47
1642	2.71	3.52	2402	1.64	2.13	3076	1.97	2.56	3642	0.66	0.86
1654	5.85	7.60	2413	1.31	1.70	3081D	1.81	2.35	3643	2.14	2.78
1655	3.26	4.23	2416	1.36	1.77	3082D	2.87	3.73	3647	2.30	2.99
1699	1.51	1.96	2417	1.26	1.64	3085D	2.12	2.75	3648	1.50	1.95
1701	2.51	3.26	2501	1.07	1.39	3110	2.16	2.81	3681	1.00	1.30
1710E	4.69	6.09	2503	0.96	1.25	3111	2.15	2.79	3685	1.31	1.70
1741E	1.25	1.62	2534	1.70	2.21	3113	1.54	2.00	3719	2.42	3.14
1745X	2.06	2.68	2570	3.45	4.48	3114	1.82	2.36	3724	4.77	6.19
1747	1.72	2.23	2576	-	-	3118	1.02	1.32	3726	2.55	3.31
1748	4.03	5.23	2578	-	-	3119	0.77	1.00	3803	1.32	1.71
1803D	3.86	5.01	2585	1.90	2.47	3122	0.82	1.06	3807	1.14	1.48
1852D	1.58	2.05	2586	0.72	0.94	3126	1.40	1.82	3808	1.95	2.53
1853	1.88	2.44	2587	1.54	2.00	3131	0.64	0.83	3821	3.00	3.90
1860	1.08	1.40	2589	1.14	1.48	3132	1.46	1.90	3822	1.96	2.55
1924	2.29	2.97	2600	3.45	4.48	3145	1.36	1.77	3824	3.44	4.47
1925	1.89	2.45	2623	1.79	2.32	3146	1.83	2.38	3826	0.74	0.96

*Refer to the Footnotes Page for additional information on this class code.

Preferred Professional Insurance Company
Arkansas Final Loss Costs Pages
Effective January 1, 2008

CLASS CODE	NCCI Loss Cost	PPIC FINAL LOSS COST	CLASS CODE	NCCI Loss Cost	PPIC FINAL LOSS COST	CLASS CODE	NCCI Loss Cost	PPIC FINAL LOSS COST	CLASS CODE	NCCI Loss Cost	PPIC FINAL LOSS COST
3827	0.85	1.10	4511	0.49	0.64	5462	4.44	5.77	6836	6.60	8.57
3830	0.82	1.06	4557	1.30	1.69	5472	3.67	4.77	6843F	11.58	15.04
3851	2.04	2.65	4558	1.34	1.74	5473	3.74	4.86	6845F	13.63	17.70
3865	0.92	1.19	4561	1.36	1.77	5474	5.20	6.75	6854	3.80	4.94
3881	2.71	3.52	4568	1.91	2.48	5478	3.19	4.14	6872F	15.74	20.44
4000	5.28	6.86	4581	1.20	1.56	5479	7.45	9.68	6874F	27.96	36.31
4021	3.20	4.16	4583	3.27	4.25	5480	7.28	9.45	6882	4.35	5.65
4024E	1.21	1.57	4611	0.67	0.87	5491	1.56	2.03	6884	9.55	12.40
4034	4.91	6.38	4635	2.74	3.56	5506	3.19	4.14	7016M	3.95	5.13
4036	1.88	2.44	4653	0.96	1.25	5507	4.17	5.42	7024M	4.39	5.70
4038	1.51	1.96	4665	4.87	6.32	5508D	5.30	6.88	7038M	4.69	6.09
4053	2.30	2.99	4670	3.13	4.06	5535	4.79	6.22	7046M	20.66	26.83
4061	3.08	4.00	4683	3.32	4.31	5536	-	-	7047M	6.96	9.04
4062	2.23	2.90	4686	0.82	1.06	5537	4.00	5.19	7050M	8.26	10.73
4101	1.41	1.83	4692	0.26	0.34	5538	-	-	7090M	5.21	6.77
4111	1.66	2.16	4693	0.62	0.81	5551	10.44	13.56	7098M	22.96	29.82
4112	0.68	0.88	4703	1.65	2.14	5606	1.41	1.83	7099M	36.39	47.26
4113	1.20	1.56	4717	1.73	2.25	5610	4.95	6.43	7133	2.51	3.26
4114	1.72	2.23	4720	2.83	3.68	5645	8.27	10.74	7151M	3.05	3.96
4130	4.00	5.19	4740	1.07	1.39	5651	6.70	8.70	7152M	5.37	6.97
4131	1.93	2.51	4741	1.28	1.66	5703	72.06	93.58	7153M	3.39	4.40
4133	1.84	2.39	4751	1.36	1.77	5705	3.63	4.71	7222	7.16	9.30
4150	0.93	1.21	4771N	1.27	1.65	5951	0.27	0.35	7228X	5.61	7.29
4206	2.84	3.69	4777	1.26	1.64	6003	7.45	9.68	7229X	5.58	7.25
4207	0.82	1.06	4825	0.54	0.70	6005	4.91	6.38	7230	2.73	3.55
4239	0.95	1.23	4828	1.02	1.32	6017	3.10	4.03	7231	6.03	7.83
4240	2.09	2.71	4829	1.11	1.44	6018	1.58	2.05	7232	10.26	13.32
4243	1.02	1.32	4902	1.22	1.58	6045	2.12	2.75	7309F	19.40	25.19
4244	1.68	2.18	4923	0.81	1.05	6204	6.92	8.99	7313F	4.47	5.81
4250	1.06	1.38	5020	4.11	5.34	6206	5.33	6.92	7317F	7.16	9.30
4251	1.18	1.53	5022	4.49	5.83	6213	8.25	10.71	7327F	15.61	20.27
4263	1.70	2.21	5037	12.53	16.27	6214	1.99	2.58	7333M	5.32	6.91
4273	1.16	1.51	5040	14.64	19.01	6216	3.76	4.88	7335M	5.91	7.68
4279	1.26	1.64	5057	11.53	14.97	6217	3.51	4.56	7337M	9.37	12.17
4282	1.55	2.01	5059	16.55	21.49	6229	2.94	3.82	7350F	16.95	22.01
4283	1.67	2.17	5069	15.91	20.66	6233	5.40	7.01	7360	4.23	5.49
4299	1.07	1.39	5102	3.06	3.97	6235	8.17	10.61	7370	3.66	4.75
4304	1.98	2.57	5146	3.62	4.70	6236	9.33	12.12	7380X	2.97	3.86
4307	1.92	2.49	5160	3.22	4.18	6237	2.56	3.32	7382	2.01	2.61
4308	-	-	5183	2.33	3.03	6251D	5.56	7.22	7390	2.54	3.30
4351	0.78	1.01	5188	3.88	5.04	6252D	5.04	6.55	7394M	10.67	13.86
4352	0.73	0.95	5190	2.27	2.95	6260D	3.82	4.96	7395M	11.85	15.39
4360	0.57	0.74	5191X	1.27	1.65	6306	3.95	5.13	7398M	18.78	24.39
4361	0.96	1.25	5192	2.86	3.71	6319	3.95	5.13	7403X	2.04	2.65
4362	0.77	1.00	5213	5.50	7.14	6325	3.67	4.77	7405N	1.08	1.40
4410	2.09	2.71	5215	2.88	3.74	6400	4.93	6.40	7409*	-	-
4420	2.48	3.22	5221	2.93	3.81	6504	1.72	2.23	7420*	15.57	20.22
4431	1.05	1.36	5222	7.21	9.36	6702M*	5.25	6.82	7421	1.62	2.10
4432	1.13	1.47	5223	3.94	5.12	6703M*	9.24	12.00	7422	1.79	2.32
4439	1.33	1.73	5348	2.75	3.57	6704M*	5.83	7.57	7423X	2.04	2.65
4452	2.44	3.17	5402	3.61	4.69	6801F	10.08	13.09	7425	2.52	3.27
4459	1.50	1.95	5403	7.35	9.55	6811	4.03	5.23	7431N	1.40	1.82
4470	1.62	2.10	5437	3.37	4.38	6824F	17.42	22.62	7445N	0.58	0.75
4484	1.67	2.17	5443	2.68	3.48	6826F	8.43	10.95	7453N	0.75	0.97
4493	2.01	2.61	5445	3.41	4.43	6834	3.01	3.91	7502	2.12	2.75

*Refer to the Footnotes Page for additional information on this class code.

Preferred Professional Insurance Company
Arkansas Final Loss Costs Pages
Effective January 1, 2008

CLASS CODE	NCCI Loss Cost	PPIC FINAL LOSS COST	CLASS CODE	NCCI Loss Cost	PPIC FINAL LOSS COST	CLASS CODE	NCCI Loss Cost	PPIC FINAL LOSS COST
7515	0.78	1.01	8235	2.94	3.82	9012	1.21	1.57
7520	2.17	2.82	8263	6.60	8.57	9014	1.69	2.19
7538	6.94	9.01	8264	2.93	3.81	9015X	2.00	2.60
7539	4.41	5.73	8265	6.95	9.03	9016	3.58	4.65
7540	2.93	3.81	8279	7.51	9.75	9019	2.41	3.13
7580	1.48	1.92	8288	4.87	6.32	9033	1.31	1.70
7590	3.15	4.09	8291	1.77	2.30	9040*	2.53	3.29
7600	2.14	2.78	8292	2.15	2.79	9052	1.27	1.65
7601	8.58	11.14	8293	5.94	7.71	9058	1.24	1.61
7605	2.40	3.12	8295X	4.31	5.60	9059	2.13	2.77
7610	0.34	0.44	8304	5.14	6.68	9060	1.30	1.69
7611	4.25	5.52	8350	3.76	4.88	9061	0.99	1.29
7612	11.83	15.36	8380	2.54	3.30	9063	0.79	1.03
7613	3.40	4.42	8381	1.01	1.31	9077F	2.87	3.73
7704	-	-	8385	1.94	2.52	9082	1.19	1.55
7705	1.98	2.57	8392	2.50	3.25	9083	1.06	1.38
7710	4.78	6.21	8393	1.18	1.53	9084	1.47	1.91
7711	4.78	6.21	8500	3.65	4.74	9089	0.95	1.23
7720X	1.98	2.57	8601	0.50	0.65	9093	1.06	1.38
7855	4.32	5.61	8606	2.59	3.36	9101	2.21	2.87
8001	1.76	2.29	8709F	5.90	7.66	9102	2.17	2.82
8002	2.31	3.00	8719	1.29	1.68	9110	-	-
8006	1.62	2.10	8720	0.86	1.12	9154	1.77	2.30
8008	0.84	1.09	8721	0.29	0.38	9156	1.01	1.31
8010	1.55	2.01	8726F	7.01	9.10	9170	1.69	2.19
8013	0.36	0.47	8734M	0.50	0.65	9178	18.07	23.47
8015	0.50	0.65	8737M	0.45	0.58	9179	31.54	40.96
8017	0.86	1.12	8738M	0.79	1.03	9180	3.13	4.06
8018X*	1.93	2.51	8742X	0.37	0.48	9182	1.93	2.51
8021	1.24	1.61	8745	3.37	4.38	9186	39.31	51.05
8031	2.25	2.92	8748	0.30	0.39	9220	2.73	3.55
8032	1.16	1.51	8755	0.21	0.27	9402	3.80	4.94
8033	1.41	1.83	8799	0.70	0.91	9403	4.67	6.06
8039	1.05	1.36	8800	0.70	0.91	9410	1.42	1.84
8044	2.31	3.00	8803	0.06	0.08	9501	3.49	4.53
8045	0.33	0.43	8805M	0.24	0.31	9505	2.56	3.32
8046	2.05	2.66	8810	0.18	0.23	9516	2.04	2.65
8047	0.88	1.14	8814M	0.22	0.29	9519	1.78	2.31
8050	-	-	8815M	0.39	0.51	9521	3.82	4.96
8058	2.07	2.69	8820	0.16	0.21	9522	1.11	1.44
8072	0.47	0.61	8824	2.05	2.66	9534	5.41	7.03
8102	1.91	2.48	8825	1.70	2.21	9554	6.25	8.12
8103	3.37	4.38	8826	1.63	2.12	9586	0.53	0.69
8105	3.41	4.43	8829	1.94	2.52	9600	1.17	1.52
8106	3.18	4.13	8831	2.15	2.79	9620	0.88	1.14
8107	2.93	3.81	8832	0.20	0.26			
8111	2.28	2.96	8833X*	0.81	1.05			
8116	3.30	4.29	8835	1.56	2.03			
8203	4.46	5.79	8842	0.85	1.10			
8204	4.50	5.84	8861	-	-			
8209	2.21	2.87	8864	0.85	1.10			
8215	3.96	5.14	8868	0.29	0.38			
8227	3.14	4.08	8869	0.54	0.70			
8232	4.65	6.04	8871	0.18	0.23			
8233	3.51	4.56	8901	0.21	0.27			

*Refer to the Footnotes Page for additional information on this class code.

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
WORKERS' COMPENSATION 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 workers' compensation 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.



The loss cost modification factor was set equal to 1.000 since PPIC does not have any significant loss experience in Arkansas.

We included production expense, general expense, expense constant (\$225) and profit provisions as selected by PPIC. The production expenses of 4.00% reflect only commissions. The general expense provision of 15.00% includes a 5.00% fronting fee as well as PPIC's historical general expense provision of 10.00%. The underwriting and contingencies provision of 0.00% was judgmentally selected by PPIC. Provisions for taxes, licenses and fees and other assessments are based on Arkansas specific requirements.

These components result in a loss cost multiplier of 1.2987. This is an 18.8% reduction from the previous loss cost multiplier of 1.6000.

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

Sincerely,

TOWERS PERRIN

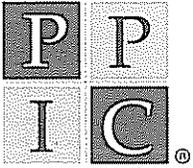
A handwritten signature in black ink, appearing to read "Russell Greig".

Russell Greig, FCAS, MAAA, CFA

RG:kn

Enclosure

cc: Bryan Young – Towers Perrin/Atlanta



*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*
