

<i>SERFF Tracking Number:</i>	<i>SFMA-125333366</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>State Farm Fire and Casualty Company</i>	<i>State Tracking Number:</i>	<i>EFT \$100.00</i>
<i>Company Tracking Number:</i>	<i>PU-22698</i>		
<i>TOI:</i>	<i>17.2 Other Liability - Occurrence Only</i>	<i>Sub-TOI:</i>	<i>17.2021 Personal Umbrella & Excess</i>
<i>Product Name:</i>	<i>PU-22698</i>		
<i>Project Name/Number:</i>	<i>PU-22698/PU-22698</i>		

Filing at a Glance

Company: State Farm Fire and Casualty Company

Product Name: PU-22698

SERFF Tr Num: SFMA-125333366 State: Arkansas

TOI: 17.2 Other Liability - Occurrence Only

SERFF Status: Closed

State Tr Num: EFT \$100.00

Sub-TOI: 17.2021 Personal Umbrella & Excess Co Tr Num: PU-22698

State Status: Fees verified and received

Filing Type: Rate

Co Status:

Reviewer(s): Becky Harrington, Betty Montesi, Brittany Yielding

Authors: Richard Haberer, Sheri Anderson

Disposition Date: 11/09/2007

Date Submitted: 11/05/2007

Disposition Status: Filed

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

Effective Date (New): 01/01/2008

Effective Date Requested (Renewal): 03/01/2008

Effective Date (Renewal): 03/01/2008

General Information

Project Name: PU-22698

Status of Filing in Domicile: Not Filed

Project Number: PU-22698

Domicile Status Comments: N/A

Reference Organization: N/A

Reference Number: N/A

Reference Title: N/A

Advisory Org. Circular: N/A

Filing Status Changed: 11/09/2007

State Status Changed: 11/07/2007

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

We respectfully submit a revision to our independent Personal Liability Umbrella Program. The change results in a 24.7% rate level increase. Details of this change are described in the attached Filing Memorandum and supporting exhibits.

The rate level changes contained in this filing specifically consider the expected effect that any prior changes in policy language will have on our future underwriting experience.

SERFF Tracking Number: SFMA-125333366 State: Arkansas
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 Product Name: PU-22698
 Project Name/Number: PU-22698/PU-22698

Company and Contact

Filing Contact Information

Susan Cleaver, susan.cleaver.cvjg@statefarm.com
 One State Farm Plaza (309) 766-7360 [Phone]
 Bloomington, IL 61710 (309) 766-0225[FAX]

Filing Company Information

State Farm Fire and Casualty Company CoCode: 25143 State of Domicile: Illinois
 1 State Farm Plaza Group Code: 176 Company Type:
 Bloomington, IL 61710 Group Name: State ID Number:
 (309) 735-0649 ext. [Phone] FEIN Number: 37-0533080

Filing Fees

Fee Required? Yes
 Fee Amount: \$100.00
 Retaliatory? No
 Fee Explanation: \$100.00 per filing X 1 filing = \$100.00
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
State Farm Fire and Casualty Company	\$100.00	11/05/2007	16474262

SERFF Tracking Number: SFMA-125333366 State: Arkansas
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 Project Name/Number: PU-22698/PU-22698

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	11/09/2007	11/09/2007

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	11/07/2007	11/07/2007	Sheri Anderson	11/09/2007	11/09/2007

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 Project Name/Number: PU-22698/PU-22698

Disposition

Disposition Date: 11/09/2007
 Effective Date (New): 01/01/2008
 Effective Date (Renewal): 03/01/2008
 Status: Filed
 Comment:

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
State Farm Fire and Casualty Company	24.700%	\$529,156	7,656	\$2,142,332	25.000%	6.000%	47.300%

SERFF Tracking Number: SFMA-125333366 State: Arkansas
 Filing Company: State Farm Fire and Casualty Company State Tracking Number: EFT \$100.00
 Company Tracking Number: PU-22698
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 Product Name: PU-22698
 Project Name/Number: PU-22698/PU-22698

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp		No
Supporting Document	NAIC loss cost data entry document		No
Supporting Document	Filing Memo and Exhibits	Filed	Yes
Supporting Document	RF-1 Form	Filed	Yes
Rate	Manual Pages	Filed	Yes

SERFF Tracking Number: SFMA-125333366 State: Arkansas
Filing Company: State Farm Fire and Casualty Company State Tracking Number: EFT \$100.00
Company Tracking Number: PU-22698
TOI: 17.2 Other Liability - Occurrence Only Sub-TOI: 17.2021 Personal Umbrella & Excess
Product Name: PU-22698
Project Name/Number: PU-22698/PU-22698

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 11/07/2007

Submitted Date 11/07/2007

Respond By Date

Dear Susan Cleaver,

This will acknowledge receipt of the captioned filing.

Objection 1

- Filing Memo and Exhibits (Supporting Document)

Comment: The overall percentage change of the last rate filing under the rate/rule schedule tab indicates a 24.7% increase. The exhibit indicate no prior rate change. Please verify and revise where necessary.

Objection 2

- NAIC loss cost data entry document (Supporting Document)

Comment: Form RF-1 is required with all rate filings.

Please feel free to contact me if you have questions.

In accordance with Regulation 23, Section 7.A., this filing may not be implemented until 20 days after the requested amendment(s) and/or information is received.

Sincerely,

Becky Harrington

Response Letter

Response Letter Status Submitted to State

Response Letter Date 11/09/2007

Submitted Date 11/09/2007

Dear Becky Harrington,

Comments:

Response 1

SERFF Tracking Number: SFMA-125333366 State: Arkansas
Filing Company: State Farm Fire and Casualty Company State Tracking Number: EFT \$100.00
Company Tracking Number: PU-22698
TOI: 17.2 Other Liability - Occurrence Only Sub-TOI: 17.2021 Personal Umbrella & Excess
Product Name: PU-22698
Project Name/Number: PU-22698/PU-22698

Comments: Let this be acknowledgement of the Objection Letter dated November 7, 2007. The following is in response to that letter. We repeat your objections, followed by our response.

Objection 1:

- Filing Memo and Exhibits (Supporting Document)

Comment: The overall percentage change of the last rate filing under the rate/rule schedule tab indicates a 24.7% increase. The exhibit indicates no prior rate change. Please verify and revise where necessary.

The last rate change was an overall percentage increase of 24.7% effective on 12/1/2004 as indicated under the rate/rule schedule tab. However this is not contradictory of the statement made in Exhibit 2 (Section I. Subsection A.). In this exhibit we are adjusting premiums to current level based on any effects not yet realized with previous rate changes. The impact of the rate change effective 12/1/2004 has been completely realized in our historical premium. Therefore there are no prior rate changes that would impact this filing.

Objection 2:

- NAIC loss cost data entry document (Supporting Document)

Comment: Form RF-1 is required with all rate filings.

It was our original intent to attach the NAIC loss cost data entry document (Form RF-1), we apologize for the inconvenience.

Please contact me with any further questions.

Sincerely,

Susan Cleaver

Related Objection 1

Applies To:

- Filing Memo and Exhibits (Supporting Document)

Comment:

The overall percentage change of the last rate filing under the rate/rule schedule tab indicates a 24.7% increase. The exhibit indicate no prior rate change. Please verify and revise where necessary.

SERFF Tracking Number: SFMA-125333366 State: Arkansas
Filing Company: State Farm Fire and Casualty Company State Tracking Number: EFT \$100.00
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Project Name/Number: PU-22698/PU-22698

Related Objection 2

Applies To:

- NAIC loss cost data entry document (Supporting Document)

Comment:

Form RF-1 is required with all rate filings.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: RF-1 Form

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,

Richard Haberer, Sheri Anderson

<i>SERFF Tracking Number:</i>	<i>SFMA-125333366</i>	<i>State:</i>	<i>Arkansas</i>
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<i>Product Name:</i>	<i>PU-22698</i>		
<i>Project Name/Number:</i>	<i>PU-22698/PU-22698</i>		

Rate Information

Rate data applies to filing.

Filing Method:	File and Use
Rate Change Type:	Increase
Overall Percentage of Last Rate Revision:	24.700%
Effective Date of Last Rate Revision:	12/01/2004
Filing Method of Last Filing:	File and Use

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):
State Farm Fire and Casualty Company	47.300%	24.700%	\$529,156	7,656	\$2,142,332	25.000%	6.000%

SERFF Tracking Number: SFMA-125333366 State: Arkansas
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 Product Name: PU-22698
 Project Name/Number: PU-22698/PU-22698

Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	Manual Pages	See attached	Replacement	AR PU-22698 Manual Pages.pdf

A. RATING CLASSES

PREFERRED Class I

To be eligible for the preferred Class I premiums, a household must meet the following criteria:

- *No youthful operators in the household.*
- *All autos must be written as voluntary preferred business by State Farm Mutual or at the 3-Star Discount level in State Farm Fire and Casualty.*
- *All autos in the household must be free of any accident record rating surcharges.*

Other Personal Liability Umbrella rating Classes are:

Class II

- Youthful operator (s) in the household.
- Household meets all other Class I criteria.

Class III

- No youthful operators in the household.
- Household does not meet all of the remaining Class I criteria.

Class IV

- Youthful operator (s) in the household.
- Household does not meet all of the remaining Class I criteria.

B. YOUTHFUL OPERATORS

A Youthful Operator is defined as:

- 1) Any Male under 25 years of age.
- 2) Any unmarried Female under 25 years of age unless any of the following exceptions apply:
 - a) she is a widow.
 - b) she has custody of a child residing in her household.
 - c) she is a daughter of the insured and she is attending school over 100 miles away from home, and she operates the automobile only while home during school vacations or holiday periods.
- 3) Any married Female under 25 years of age who is living apart from her husband for reasons other than temporary situations involving health, occupation, military service or similar circumstance.

ANNUAL PREMIUMS

BASIC \$1,000,000 LIABILITY PREMIUM

PREFERRED CLASS I BASIC PREMIUMS	Includes all personal residences and 2 AUTOMOBILE EXPOSURES	Territory	
		A	B
		\$194	\$209

CLASS II BASIC PREMIUM	Includes all personal residences and 2 AUTOMOBILE EXPOSURES	Territory	
		A	B
		\$368	\$394

CLASSES I & II DISCOUNTS, CHARGES AND ADDITIONAL EXPOSURES

VEHICLE CHARGES AND DISCOUNTS	Each add'l automobile exposure over two	CHARGE	\$ 50	\$ 61
	If one automobile exposure	DISCOUNT	\$ 50	\$ 61
	If no automobile exposures		Refer to Company	
ADDITIONAL EXPOSURES	RECREATIONAL MOTOR VEHICLES	All Territories		
	WATERCRAFT - UNDER 36 FEET		\$45	
	Outboards over 25 horsepower			
	Other powerboats over 50 horsepower			
	Sailboats 26 feet and over			
	Personal watercraft			Applies once regardless of the number of exposures
	RESIDENTIAL RENTAL			
	Up to 4 units of owned residential property occupied by others			
	OTHER BUSINESS LIABILITY			
	as permitted by the Underwriting guide			
FARM EXPOSURE	FARM LIABILITY			
	Mandatory in the presence of farm exposure			see page 881-885
OTHER OPTIONAL COVERAGES	UNINSURED/UNDERINSURED MOTOR VEHICLE COVERAGE			
	- Attach FE-5880			
	Each automobile exposure	\$ 61	\$ 61	
	Each recreational motor vehicle	31	31	
	CHILD CARE LIABILITY - Attach FE-7793	88	88	
	PROFESSIONAL LIABILITY			see page 886-890
ADDITIONAL LIMITS	Premium for \$2 million			1.5 times the total \$1 million premium

NOTE: If the underlying automobile liability coverage limits for a renewal policy are lower than the current required limits, refer to the RENEWALS ONLY section of this manual for Basic Premiums, Uninsured/Underinsured Vehicle charges, and Vehicle Charges/Discounts.

BASIC \$1,000,000 LIABILITY PREMIUM

> CLASS III BASIC PREMIUM *	Includes all personal residences and 2 AUTOMOBILE EXPOSURES	Territory	
		A	B
		\$231	\$251
> CLASS IV BASIC PREMIUM *	Includes all personal residences and 2 AUTOMOBILE EXPOSURES	Territory	
		A	B
		\$465	\$498

CLASSES III & IV DISCOUNTS, CHARGES AND ADDITIONAL EXPOSURES

> VEHICLE CHARGES AND DISCOUNTS	Each add'l automobile exposure over two	CHARGE	\$ 65	\$ 78
	If one automobile exposure	DISCOUNT	\$ 65	\$ 78
	If no automobile exposures		Refer to Company	
ADDITIONAL EXPOSURES	RECREATIONAL MOTOR VEHICLES	All Territories		
	WATERCRAFT - UNDER 36 FEET		\$54	
	Outboards over 25 horsepower			
	Other powerboats over 50 horsepower			
	Sailboats 26 feet and over			
	Personal watercraft			Applies once regardless of the number of exposures
	RESIDENTIAL RENTAL			
	Up to 4 units of owned residential property occupied by others			
	OTHER BUSINESS LIABILITY			
	as permitted by the Underwriting guide			
FARM EXPOSURE	FARM LIABILITY			
	Mandatory in the presence of farm exposure			see page 881-885
OTHER OPTIONAL COVERAGES	UNINSURED/UNDERINSURED MOTOR VEHICLE COVERAGE			
	- Attach FE-5880			
	Each automobile exposure	\$ 75	\$ 74	
	Each recreational motor vehicle	41	41	
	CHILD CARE LIABILITY - Attach FE-7793	88	88	
	PROFESSIONAL LIABILITY			see page 886-890
ADDITIONAL LIMITS	Premium for \$2 million			1.5 times the total \$1 million premium

* An additional charge may apply to the Class III and IV premiums if certain underlying insurance requirements are not met. Refer to page 886-890.

NOTE: If the underlying automobile liability coverage limits for a renewal policy are lower than the current required limits, refer to the RENEWALS ONLY section of this manual for Basic Premiums, Uninsured/Underinsured Vehicle charges, and Vehicle Charges/Discounts.

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State Farm Fire and Casualty Company
Personal Liability Umbrella
ARKANSAS

876-880

ANNUAL PREMIUMS

**FARM LIABILITY
\$1,000,000 LIMIT**

The Farm Liability Endorsement must be attached if any farm exposure is present.

EXPOSURE	DESCRIPTION	PREMIUM			
FARM LIABILITY	For any farm related liability (mandatory if FE-7676 is attached)	\$38			
		Class I,II Territories		Class III,IV Territories	
		A	B	A	B
FARM VEHICLE CHARGES	FARM VEHICLES Each farm vehicle	\$23	\$24	\$ 28	\$29
	UNINSURED/UNDERINSURED MOTOR VEHICLE COVERAGE If FE-5880 is attached to the policy Each farm vehicle	50	50	60	60
FAMILY FARM CORPORATIONS OR PARTNERSHIPS	Each corporation or partnership (not each individual)	\$38			

ATTACH: Farm Liability Endorsement (FE-7676).

NOTES

- A. The charges shown above are in addition to any other Personal Liability Umbrella premiums.
- B. The Automobile Exposures rule does not apply to farm vehicles.
- C. The insured's retained limit for farm exposures not covered by underlying policies is \$1,000.
- D. *If the underlying automobile liability coverage limits for a renewal policy are lower than the current required limits, refer to the RENEWALS ONLY section of this manual for the farm vehicle charges.*

CLASS 50 DISCOUNT

PREFERRED Class 1 households qualify for the Class 50 Discount if any member of the household is a principal operator on a State Farm auto policy and is at least 50 years of age. A 20% discount applies to the Class 1 premium except the premium for Additional Exposure, Child Care Liability, Professional Liability, and Uninsured/Underinsured Motor Vehicle coverages.

UNDERLYING AUTO INSURANCE OTHER THAN STATE FARM PREFERRED

The manual premium applies only if ALL autos and drivers covered by this Personal Liability Umbrella policy are written:

- 1) as voluntary preferred business by State Farm Mutual,
- 2) at the 3-Star Discount level in State Farm Fire and Casualty, OR
- 3) at the 2-Star Discount with a Driving Record Level of 4 or lower in State Farm Fire and Casualty.

Otherwise a 50% charge applies to the total Personal Liability Umbrella premium.

NOTE: If a driver is excluded from coverage under the policy, do not consider the excluded driver OR the auto (of which that driver is the principal operator) in the application of this rule.

PROFESSIONAL LIABILITY - \$1,000,000 LIMIT (Optional)

PROFESSIONAL	PREMIUM PER PERSON
Insurance Agents (Exclusive Agents only including licensed staff)	\$101
Barbers and Beauticians	126
Pharmacists	163
Educators: Athletic Coaches (elementary, jr/sr high)	163
Physical Education Teachers	163
All Other Educators	126
Nurses (excluding anesthetists)	126
Morticians	126
Opticians	126
Veterinarians (small animals only)	126

ATTACH: Professional Liability Endorsement (For Insurance Agents), FE-5740, OR Professional Liability Endorsement, FE-7650, for all other professions.

NOTE: The liability limit for Professional Liability coverage must be the same as the personal liability umbrella policy limit.

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State Farm Fire and Casualty Company
Personal Liability Umbrella
ARKANSAS

886-890

RENEWALS ONLY

ANNUAL PREMIUMS (\$1,000,000 LIMIT) - RENEWALS ONLY
(Underlying Automobile Limits below \$250/\$500/\$100)

If the underlying automobile liability coverage limits for a renewal policy are lower than the current required limits, the following Basic Premiums, Uninsured/Underinsured Vehicle Charges, and Vehicle Charges and Discounts apply. Rates for all other exposures are identical to those for policies with underlying automobile limits of \$250/\$500/\$100.

NOTE: The underlying automobile limits can be no lower than:

Automobile Liability	\$100/300,000 Bodily Injury
Recreational Motor Vehicle Liab. (Including Passenger BI)	\$25,000 Property Damage, or \$300,000 Single Limit
Uninsured/Underinsured Motor Vehicle Coverage (Optional)	\$100/300,000 Bodily Injury \$25,000 Property Damage

CLASS I AND II

		Territory	
		A	B
>	PREFERRED CLASS I BASIC PREMIUMS Includes all personal residences and 2 AUTOMOBILE EXPOSURES	\$259	\$279
>	CLASS II BASIC PREMIUM Includes all personal residences and 2 AUTOMOBILE EXPOSURES	\$492	\$527

CLASS I & II DISCOUNTS, CHARGES AND ADDITIONAL EXPOSURES

>	VEHICLE CHARGES AND DISCOUNTS	Each add'l automobile exposure over two	CHARGE \$ 67	\$ 82
		-If one automobile exposure	DISCOUNT \$ 67	\$ 82
	OTHER OPTIONAL COVERAGES	UNINSURED/UNDERINSURED MOTOR VEHICLE COVERAGE		
		-Each automobile exposure	\$ 81	\$ 81
		-Each recreational motor vehicle	41	41
	FARM VEHICLE CHARGES	FARM VEHICLES - Each farm vehicle	\$ 30	\$ 32
		- Uninsured/Underinsured motor vehicle coverage	\$ 66	\$ 66

RENEWALS ONLY

ANNUAL PREMIUMS (\$1,000,000 LIMIT) - RENEWALS ONLY (Continued)
(Underlying Automobile Limits below \$250/\$500/\$100)

If the underlying automobile liability coverage limits for a renewal policy are lower than the current required limits, the following Basic Premiums, Uninsured/Underinsured Vehicle Charges, and Vehicle Charges and Discounts apply. Rates for all other exposures are identical to those for policies with underlying automobile limits of \$250/\$500/\$100.

NOTE: The underlying automobile limits can be no lower than:

Automobile Liability	\$100/300,000	Bodily Injury
Recreational Motor Vehicle Liab. (Including Passenger BI)	\$25,000	Property Damage, or \$300,000 Single Limit
Uninsured/Underinsured Motor Vehicle Coverage (Optional)	\$100/300,000	Bodily Injury \$25,000 Property Damage

CLASS III AND IV

		Territory		
		A	B	
>	CLASS III BASIC PREMIUMS	Includes all personal residences and 2 AUTOMOBILE EXPOSURES	\$309	\$336
>	CLASS IV BASIC PREMIUM	Includes all personal residences and 2 AUTOMOBILE EXPOSURES	\$622	\$665

CLASS III & IV DISCOUNTS, CHARGES AND ADDITIONAL EXPOSURES

		CHARGE		
	VEHICLE CHARGES AND DISCOUNTS	Each add'l automobile exposure over two	\$ 87	\$104
		-If one automobile exposure	\$ 87	\$104
	OTHER OPTIONAL COVERAGES	UNINSURED/UNDERINSURED MOTOR VEHICLE COVERAGE		
		-Each automobile exposure	\$ 99	\$ 98
		-Each recreational motor vehicle	55	55
	FARM VEHICLE CHARGES	FARM VEHICLES - Each farm vehicle	\$ 37	\$ 38
		- Uninsured/Underinsured motor vehicle coverage	\$ 80	\$ 80

PERSONAL LIABILITY UMBRELLA

I. RENTAL UNITS

Coverage for 5 to 10 rental units will be maintained on a renewal basis only. An additional \$36 charge will be made.

II. NO AUTO EXPOSURE DISCOUNT

a. Underlying Auto Limits: \$250/\$500/\$100 (or above)

<u>Territory</u>	<u>Class I & II</u>	<u>Class III & IV</u>
A	\$55	\$ 69
B	\$63	\$ 79

b. Underlying Auto Limits: less than \$250/\$500/\$100 (RENEWALS ONLY)

<u>Territory</u>	<u>Class I & II</u>	<u>Class III & IV</u>
A	\$74	\$ 92
B	\$84	\$105

III. EXCESS LIMITS FACTORS

To calculate the premium for excess limits of liability:

Step 1. Obtain the total premium for the \$1,000,000 limit of liability before the non State Farm underlying 50% charge, if appropriate, is applied.

Step 2. Multiply the \$1,000,000 premium by the appropriate factor listed below.

<u>Limit of Liability</u>	<u>Factor</u>
\$3 million	2.10
\$4 million	2.50
\$5 million	2.80

Step 3. Multiply the result of Step 2 by the non State Farm underlying 50% charge, if applicable.

State Farm Fire and Casualty Company
 Personal Lines Supplemental Manual
 Personal Liability Umbrella
 ARKANSAS 400-498

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PERSONAL LIABILITY UMBRELLA

IV. LARGE BOATS

The following charges apply to Personal Liability Umbrella policies with large boats:

Boat Type	Length	Charge
powerboats	36 to 50 feet	\$ 72
	51 to 75 feet	108
	76 to 100 feet	144
sailboats	36 to 50 feet	\$ 36
	51 to 75 feet	72
	76 to 100 feet	108

NOTE: This charge is in addition to the Additional Exposure charge contained in the Personal Lines Manual.

ATTACH: WATERCRAFT LIABILITY - FOLLOWING FORM ENDORSEMENT, FE-7635.

V. PROFESSIONAL LIABILITY-OPTOMETRISTS

PREMIUM PER PERSON
\$126

VI. EXCESS LIMITS FACTORS - LIMITS ABOVE \$5,000,000

For limits above \$5,000,000, add the following charges.

Class	For Each Million Above \$5 Million
I	\$ 300
II	700
III	525
IV	1,000

These charges are not subject to modification.

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Product Name: PU-22698
Project Name/Number: PU-22698/PU-22698

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-Property & Casualty **Review Status:** Filed 11/09/2007

Comments:

Attachment:

AR 22698 PC TD-1 - P-C Transmittal Document.pdf

Satisfied -Name: Filing Memo and Exhibits **Review Status:** Filed 11/09/2007

Comments:

Attachment:

2007 AR PLUP Filing Memorandum and Exhibits 1-7.pdf

Satisfied -Name: RF-1 Form **Review Status:** Filed 11/09/2007

Comments:

Attachment:

FORM RF-1 Rate Filing Abstract.pdf

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only
	a. Date the filing is received:
	b. Analyst:
	c. Disposition:
	d. Date of disposition of the filing:
	e. Effective date of filing:
	New Business
	Renewal Business
	f. State Filing #:
g. SERFF Filing #:	
h. Subject Codes	

3.	Group Name	Group NAIC #			
	State Farm Insurance Companies	0176			
4.	Company Name(s)	Domicile	NAIC #	FEIN #	State #
	State Farm Fire and Casualty Company	Illinois	25143	37-0533080	

5.	Company Tracking Number	PU-22698
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Gregory S. Girard State Farm Fire and Casualty Company One State Farm Plaza, D-4 Bloomington, IL 61710	Actuary and Assistant Secretary-Treasurer	(309) 766-2944	(309) 766-0225	greg.girard.ah6a@statefarm.com
	Susan Cleaver State Farm Fire and Casualty Company One State Farm Plaza, D-4 Bloomington, IL 61710	Pricing Manager	(309) 766-7360	(309) 766-0225	susan.cleaver.cvjg@statefarm.com
7.	Signature of authorized filer				
8.	Please print name of authorized filer		Gregory S. Girard		

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

9.	Type of Insurance (TOI)	17.2
10.	Sub-Type of Insurance (Sub-TOI)	17.2021
11.	State Specific Product code(s)(if applicable)[See State Specific Requirements]	N/A
12.	Company Program Title (Marketing title)	Personal Liability Umbrella
13.	Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description) -
14.	Effective Date(s) Requested	January 1, 2008 for new business and March 1, 2008 for renewals.
15.	Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16.	Reference Organization (if applicable)	n/a
17.	Reference Organization # & Title	n/a
18.	Company's Date of Filing	11/05/07
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 #	PU-22698
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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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We respectfully submit a revision to our independent Personal Liability Umbrella Program. The change results in a 24.7% rate level increase. Details of this change are described in the attached Filing Memorandum and supporting exhibits.

The rate level changes contained in this filing specifically consider the expected effect that any prior changes in policy language will have on our future underwriting experience.

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]
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Check #: Submitted via EFT
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.)**

State Farm Fire and Casualty Company
Arkansas Personal Liability Umbrella Program
Filing Memorandum
Effective Date: 1/1/2008 New: 3/1/2008 Renewal

We are submitting changes that result in an overall average 24.7% rate increase for the Personal Liability Umbrella Program.

A. Arkansas Personal Liability Umbrella Program

The indicated change for the period the new rates will be in effect is a 47.3% increase (see Exhibits 1-7). Exhibit 8 provides our five year underwriting experience for Arkansas.

B. Changes

Based on a review of our Arkansas accident year experience and Companywide class relationships, we are adjusting the basic premium +25% for all classes.

The basic premium contains a provision for two auto exposures. When more or less than two auto exposures exist on a policy, an additional charge or credit per auto applies. We are increasing additional auto charges by the same proportion as the basic premium increases listed above.

In addition, we are changing our other coverages 25.0%. This includes: Uninsured Motorist coverage (including the Additional UM vehicle rates), Additional Exposure, Child Care Liability, Farm Liability, Family Farm Corporations or Partnerships coverage, and Professional Liability excluding Insurance Agents. There is no change to Insurance Agents Professional Liability rates.

We are adjusting the youthful operator definition for unmarried females on page 872. For unmarried females attending school, the driving radius will be adjusted from 150 miles down to 100 miles in order to be consistent with our private passenger auto program. We estimate that the rate impact of this change is negligible.

C. Total Program Rate Effect

Coverage	Proposed Changes (%)
Basic Premium *	+24.9
UM	+25.0
Other Coverages **	+21.3
Total	+24.7

* Includes vehicle charges and discounts, farm exposures, and class factor changes.

** Includes Additional Exposures, Child Care, and Professional Liability.

State Farm Fire and Casualty Company
Arkansas Personal Liability Umbrella
Index of Exhibits

<u>Exhibit</u>	<u>Description</u>
1	<u>Calculation of Indicated Rate Level Adjustment</u>
2	<u>Average Premium Per Policy</u>
3	<u>Non-Cat Average Paid Claim and Claim Frequency</u>
4	<u>Loss Adjustment Expense</u>
5	<u>Underwriting Expense Exhibit</u>
6	<u>Provision for Underwriting Profit and Contingencies</u> <u>Total Financial Needs Analysis</u>
7	<u>Gross Underwriting Profit or Loss</u>

Exhibit 1
 State Farm Fire and Casualty Company
 Arkansas Personal Liability Umbrella
 Indicated Rate Level Adjustment
 Policies Effective: 12/1/2007 New 2/1/2008 Renewal

Premiums, Losses and Expenses Per Policy Projected To 2/1/2009

	\$Per Policy	% Of Earned Premium
Earned Premium	280.23	100.0
Non-Catastrophe Incurred Losses and Loss Adjustment Expenses	290.50	103.7
Incurred Losses	259.21	92.5
Incurred Loss Adjustment Expenses	31.29	11.2
Catastrophe Losses and Loss Adjustment Expense	0.00	0.0
Total Losses and Loss Adjustment Expenses	290.50	103.7
Total Underwriting Expenses	72.30	25.8
Fixed Expenses	27.96	10.0
Variable Expenses	44.34	15.8
Total Loss and Expenses	362.80	129.5

Indicated Rate Level Adjustment

The Rate Level adjustment is derived by solving the following formula:

$$IC = ((L + F) / (100 - V - P) - 1) * 100$$

where: *IC* = Indicated Change to Rate Level

L = Total Loss and Loss Adjustment Expenses

F = Fixed Expenses

V = Variable Expenses

P = Profit and Contingencies

all expressed as a percent of projected earned premium

Solving the equation using the data shown above and a 7.0% provision for profit and contingencies yields:

$$\begin{aligned}
 IC &= (((103.7 + 10.0) / (100 - 15.8 - 7.0)) - 1) \times 100 \\
 &= ((113.7 / 77.2) - 1) \times 100 \\
 &= (1.4728 - 1) * 100 \\
 &= 47.3\% \text{ increase}
 \end{aligned}$$

Exhibit 2
State Farm Fire and Casualty Company
Arkansas Personal Liability Umbrella
Non-Cat All Peril: Frequency, Severity and Pure Premium

Premium per policy for the current calendar year is projected by adjusting actual premium writings to current premium levels to reflect items such as changes in rates. Written premium per policy and earned premium per policy are projected to the mid-point of the period proposed rates are to be in effect by straight-line interpolation between the appropriate calendar year forecasts.

I. Premium Adjustments

A. Rate Change Adjustment

Rather than assume a uniform distribution of premium writings by month to determine rates at current rate level, we assign a rate change factor by month and apply the factor to monthly written premium distributions.

Actual written premium per policy is adjusted to current rate level in recognition of the following rate changes.

We have not made
any prior Rate
changes that
would impact this
filing.

II. Premium Calculations

A. Current Calendar Year

Historical written premium is adjusted to reflect changes in rate level to get an estimate of the current calendar year written premium at current level, by month.

Earned premium is estimated by earning the premium written uniformly over a 13-month period with the first and last month each earning 1/24th and the remaining months each earning 1/12th of the premium written. This produces a more accurate estimate of earned premium than can be produced using the traditional parallelogram method.

Our estimate of 2007 premium per policy is: \$280.16.

B. Period of Proposed Rates

The estimated premium per policy of the period that proposed rates are to be in effect is determined via straight-line interpolation between the appropriate calendar years to the mid-point of the annual period the rates are to be in effect. This is analogous to applying current level premium adjustments to the historical earned premium and projecting to future levels.

Calendar Year	Projected Written Premium Per Policy	Projected Earned Premium Per Policy
2008	280.08	280.20
2009	280.23	280.24
2/1/2009	280.17	280.23

Exhibit 3
 State Farm Fire and Casualty Company
 Arkansas Personal Liability Umbrella
 Non-Cat All Peril: Frequency, Severity and Pure Premium

Historical Data

Period	Severity	Frequency	Pure Premium
12/2000	405,122	0.10	417.49
12/2001	81,885	0.21	175.12
12/2002	155,741	0.18	280.99
12/2003	187,441	0.08	156.50
12/2004	171,610	0.04	72.04
12/2005	732,715	0.19	1411.38
12/2006	378,820	0.08	302.01

Trended Values❖

7 Point	549,145	0.13	713.89
5 Point	780,238	0.12	936.29
3 Point	799,557	0.10	799.56

Selected Values

Selected	259,211	0.10	259.21
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- ❖ Trended Values represent an ordinary Least Squares trend for Severity. The Frequency value is an average of the points selected. Trended and selected values are for the mid-point of the period that these rates would be in effect (2/1/2009).

The historical and selected Pure Premium figures are shown for All Perils. The selected figures are based on an in-depth analysis of Frequency, Severity and Pure Premium. This figure is checked against historical Pure Premium data for reasonableness as shown above. The selected Pure Premium figures are consistent with historical data and recent trends.

Exhibit 4
State Farm Fire and Casualty Company
Arkansas Personal Liability Umbrella
Loss Adjustment Expense

I. Allocated Loss Adjustment Expense Ratios as a Percent of Incurred Loss

<u>Accident Year</u>	<u>A.L.A.E. as a Percent of Incurred Losses</u>	<u>Accident Year</u>	<u>A.L.A.E. as a Percent of Incurred Losses</u>
1997	2.10%	2002	1.27%
1998	263.80	2003	2.62
1999	0.56	2004	7.03
2000	2.21	2005	0.76
2001	1.72	2006	4.03
3 Year Average			3.94
5 Year Average			3.14
7 Year Average			2.81
10 Year Average			28.61
Selected A.L.A.E. as a % of Incurred Loss at 2/1/2009:			3.94%
Incurred Loss Per Policy			<u>x \$259.21</u>
A.L.A.E. Per Policy at 2/1/2009:			\$10.21

II. Unallocated Loss Adjustment Expense per Policy in Force

<u>Calendar Year</u>	<u>U.L.A.E. Divided by Average P.I.F.</u>	<u>Calendar Year</u>	<u>U.L.A.E. Divided by Average P.I.F.</u>
1997	\$0.90	2002	\$37.42
1998	1.22	2003	-2.51
1999	1.62	2004	6.92
2000	3.56	2005	18.00
2001	0.62	2006	21.08
3 Year Average			15.33
5 Year Average			16.18
7 Year Average			12.16
10 Year Average			8.88
Selected U.L.A.E. per Policy at 2/1/2009:			\$21.08

III. Total Loss Adjustment Expense Per Policy in Force

Total A.L.A.E. per policy:	\$10.21
Total U.L.A.E. per policy:	<u>+ 21.08</u>
Total L.A.E. per policy:	\$31.29

Exhibit 5
State Farm Fire and Casualty Company
Arkansas Personal Liability Umbrella
Underwriting Expense Exhibit

I. Variable Expense Ratios As a Percent of Earned Premium

<u>Calendar Year</u>	<u>Variable Expense Ratios</u>
2002	15.5%
2003	15.5
2004	15.6
2005	17.4
2006	15.7
3 Year Average	16.2
5 Year Average	15.9
Selected 2007	15.8
Selected 2008	15.8
Selected 2009	15.8
Selected 2010	15.8
Selected at 2/1/2009	15.8%
Variable Expense Per Policy 2/1/2009	\$44.34

II. Fixed Expenses as Dollars Per Average Policy in Force

<u>Calendar Year</u>	<u>Fixed Expense per Policy</u>
2002	\$30.65
2003	25.90
2004	25.07
2005	22.62
2006	28.68
Selected 2007	27.52
Selected 2008	27.80
Selected 2009	28.08
Selected 2010	28.36
	\$27.96
Selected at 2/1/2009	

III. Total Expenses Per Policy in Force

Total Variable Expense per policy:	\$44.34
Total Fixed Expense per policy:	<u>+ 27.96</u>
Total Expense per policy:	\$72.30

Exhibit 6

State Farm Fire and Casualty Company Provision for Underwriting Profit and Contingencies

The following analysis demonstrates that the use of a 7.0% combined provision for underwriting profit and contingencies, together with expected investment income, will produce an expected total return after tax for State Farm which is reasonable when compared to that earned by other industries. This will enable the company to serve the insurance needs of its policyholders and meet its obligations in the property/casualty insurance market. These earnings provide the only source of funds for its Policyholder Protection Fund (Surplus), which is essential to State Farm's continued growth and financial strength.

Total Financial Needs Analysis

- A. Property and Casualty insurance premiums traditionally include provisions for normally anticipated losses and expenses (including an estimate of expected catastrophe losses) and a combined provision for underwriting profit and contingencies. The contingency provision reflects an allowance in the rates for losses and expenses arising from events which cannot be reasonably foreseen or predicted. It thus represents an allowance for adverse fluctuations from the otherwise expected results. The underwriting profit provision reflects the expected premium in excess of all incurred losses, expenses and contingencies. The need for a contingency element in the rates is generally accepted actuarially and recognized in nearly all rating laws. Over the long term, the contingency element will not be actually realized as an underwriting profit, but will be offset by unanticipated losses and expenses.

State Farm Fire and Casualty Company's underwriting profit, before federal taxes, has averaged -10.6%, -2.8% adjusted for catastrophes, (see Exhibit 6A, Columns (2) and (2a)) in the last twelve years (approximately two underwriting cycles). These results were generated during a period when filed rates generally included a combined provision for underwriting profit and contingencies of 2% to 7%, averaging approximately 4%. Thus the contingency element has recently been averaging in excess of 2% of earned premium.

It is thus reasonable to expect that a 7.0% combined provision for **underwriting profit and contingencies** will produce an actual underwriting profit no more than 5.0%.

- B. **Net Investment Income** (interest, dividends and real estate income) has declined as a percent of mean invested assets from 6.6% in 1994 to 4.5% in 2005 (see Exhibit 6D). Based on an analysis of these decreasing results, it is reasonable to expect a return of 4.5% on invested assets during the time the rates will be in effect.

Capital Gains have fluctuated between -7.6% and 6.6% of mean invested assets over the past twelve years (see Exhibit 6D), with 10 year average of 1.7%. The expected contribution of capital gains during the period rates will be in effect is 1.5% of invested assets.

Exhibit 6
(Continued)
State Farm Fire and Casualty Company

As a result, the **Net Investment Yield** as a percent of invested assets is expected to be 6.0% (4.5% net investment income plus 1.5% capital gains) during the time rates will be in effect.

- C. **Other Income**, largely service charges for premium installment plans, has averaged 0.3% of earned premium during this period (see Exhibit 6A, Column (3)). The expected other income during the time the rates will be in effect is 0.5%.
- D. All of these income sources combine to yield a total expected insurance operating profit of approximately 9.9% on earned premium, before tax, as summarized in the table on the following page. This includes the expected investment income attributable to unearned and advance premium reserves and that portion of loss and loss adjustment expense reserves resulting from policyholder supplied funds, as well as underwriting profit.

State Farm Fire and Casualty Company is exposed to catastrophic losses well in excess of \$3 billion. Some potential sources for such losses are earthquakes in the New Madrid and the Pacific Northwest areas as well as hurricanes along the Gulf and mid-Atlantic coasts. In recognition of that fact, State Farm Fire and Casualty Company continues to believe that a Policyholder Protection Fund ratio of at least \$0.65 per dollar of earned premium is necessary to adequately protect its policyholders. Although we are using a \$0.65 ratio in this ratemaking analysis, considering the multiplicity, nature and magnitude of risks and needs that we face, State Farm Fire and Casualty's surplus could reasonably be larger to provide the financial strength that is adequate and appropriate for our policyholders today and in the future.

Allowing for the expected investment income attributable to the needed Policyholder Protection Fund of \$65 per \$100 of earned premium, the expected total return, after tax, is 15.3% as demonstrated in the following table.

Taking into account the equity in the unearned and advance premium reserve, the expected total return is approximately 12.6% on a GAAP adjusted basis. An expected total return in the 9% to 15% range is reasonable in comparison to current returns in other industries. Recent median returns reported in Forbes and Fortune magazine are in this range, with an average of around 13%, on a GAAP adjusted basis. For industries with greater than average risk, a higher total return is appropriate, commensurate with the additional risk.

Based on the forgoing, we conclude that a 7.0% combined provision for underwriting profit and contingencies can be expected to produce a reasonable total return during the time the projected rates are to be in effect. If the contingency provision is actually realized as a profit in any year, the expected total return increases to 14.3%. Such a result would still be reasonable and not excessive.

Exhibit 6
State Farm Fire and Casualty Company
All Lines Combined

Expected Total Return

Premium = \$100

Policyholder Protection Fund = \$65

1) Expected Contribution from a 2% Provision for Contingencies: \$100 x .000 (Item A above)	\$ 0.00
2) Expected Underwriting Profit	\$ 5.00
3) Investment Income on Unearned and Advance Premium Reserves \$100 x (Exhibit 6B, Line 7)	\$ 1.60
4) Investment Income on Loss and LAE Reserves \$100 x (Exhibit 6C, Line 6)	\$ 2.70
5) Other Income \$100 x (Item C above)	\$ 0.50
6) Expected Insurance Operating Profit, Before Tax	\$ 9.80
7) Investment Income on Policyholder Protection Fund \$65 x (Exhibit 6D, Selected Investment Yield)	\$ 3.90
8) Federal Income Tax equals greater of: (Lines 1 + 2 + 5) x 20% + (Lines 3 + 4 + 7) x (Exhibit 6E AMT Tax Rate) and (Lines 1 + 2 + 5) x 35% + (Lines 3 + 4 + 7) x (Exhibit 6E Reg Tax Rate)	\$ 3.78
9) Expected Total Return	\$ 9.92
10) Expected Total Return as a Percent of Policyholder Protection Fund Line 9 / \$65	15.3%
11) GAAP Adjusted Return Line 10 / (Exhibit 6F, Line 6)	12.6%

Exhibit 6A
State Farm Fire and Casualty Company
All Lines Combined

Companywide Insurance Operations

Year (1)	U/W Gain/Loss		Other Income (3)	Net Investment Income (4)	Net Inv. Income as % of Mean Inv. Asset (5)	Net Realized Capital Gain/Loss (6)	Net Income Before Tax (7)	After Tax		
	Actual (2)	Adjusted (2a)						Net Income (8)	Net Unrealized Capital Gain/Loss (9)	Net Income plus Unrealized Gain/Loss (10)
1994	-26.6%	9.8%	0.5%	10.7%	6.6%	0.2%	-15.1%	-12.9%	0.2%	-12.8%
1995	-8.6%	2.9%	0.3%	10.4%	6.6%	0.2%	2.4%	2.6%	5.3%	7.9%
1996	-13.9%	-6.9%	0.2%	10.0%	6.3%	0.7%	-3.0%	3.0%	3.8%	6.8%
1997	-1.1%	-2.4%	0.1%	9.9%	5.8%	0.6%	9.4%	13.1%	6.9%	20.0%
1998	-15.4%	-7.8%	0.2%	10.5%	5.5%	0.9%	-3.8%	-1.9%	6.8%	4.9%
1999	-16.6%	-8.3%	0.1%	10.4%	5.0%	1.9%	-4.1%	-1.5%	2.9%	1.4%
2000	-22.5%	-10.5%	0.2%	10.7%	4.9%	5.1%	-6.5%	-3.3%	-3.7%	-7.0%
2001	-36.5%	-27.2%	0.1%	9.3%	4.8%	1.3%	-25.8%	-22.1%	-4.5%	-26.7%
2002	-14.8%	-12.9%	0.2%	7.8%	4.7%	-1.9%	-8.6%	-13.1%	-6.9%	-20.0%
2003	6.2%	8.2%	0.6%	7.0%	4.6%	2.0%	15.7%	11.1%	4.7%	15.7%
2004	16.0%	11.5%	0.5%	6.9%	4.4%	0.9%	24.3%	24.2%	0.7%	24.9%
2005	6.0%	9.6%	0.5%	7.6%	4.5%	-0.1%	13.9%	11.0%	0.3%	11.3%
Mean	-10.6%	-2.8%	0.3%	9.3%	5.3%	1.0%	-0.1%	0.8%	1.4%	2.2%
Std Dev	15.1%	11.7%	0.2%	1.5%	0.8%	1.6%	14.1%	13.0%	4.5%	15.9%

All Columns are percentages of earned premium, except Column (5).

All Columns are percentages before federal taxes, except Columns (8) through (10).

- (2) Equals net underwriting gain or loss from Annual Statement, page 4, less dividends to policyholders, and adjusted for prepaid expenses and miscellaneous other income related to insurance operations excluding items in Column (3).
- (2a) Equals Column (2) adjusted to smooth for the effects of catastrophe losses. Actual catastrophe losses are removed and replaced with the losses contemplated in our current catastrophe provision.
- (3) Equals other income related to insurance company operations from Annual Statement, page 4, line 15, excluding insurance department fines, penalties, California Earthquake Authority assessment (1996), and Public Protection Class adjustment (1997).
- (4) Derived from Annual Statement, page 4, line 9, less State Farm affiliates.
- (5) Derived from Annual Statement, page 4, line 9, less State Farm affiliates.
- (6) Derived from Annual Statement, page 4, line 10, less State Farm affiliates.
- (7) Columns (2) + (3) + (4) + (6).
- (8) Derived from Column (7), less the sum of federal income taxes incurred, including an estimated tax on prepaid expenses.
- (9) Derived from Annual Statement, Exhibit of Capital Gains (Losses), page 12, line 10, Column 3 less State Farm affiliates, less the estimated tax.
- (10) Columns (8) + (9).

Exhibit 6B
State Farm Fire and Casualty Company
All Lines Combined

Estimated Investment Income from Reserve for Unearned Premium and Advance Premium

(1) Mean Reserve for Unearned and Advance Premiums, as a Ratio to Earned Premium	<u>All Lines</u>
(a) 2003	0.5479
(b) 2004	0.5394
(c) 2005	<u>0.5460</u>
(d) 3 Year Average	0.5444
(2) Delayed Remission of Premiums	
Ratio of Agents' Balances or Uncollected Premium to Unearned Premium and Advance Premium	25.8%
(3) Expenses Incurred at Beginning of Policy Term (as a % of Written Premium)	
(a) Commissions and Other Acquisition Expenses	21.6%
(b) 50% of General Expenses	1.7%
(c) Taxes	2.6%
(d) Total	25.9%
(4) Mean Unearned Premium and Advance Premium Reserve Adjusted for Agents' Balances, Uncollected Premiums, and Prepaid Expenses	
(1d) * (1.000 - (2) - (3d))	0.2631
(5) Adjusted for Tax on Prepaid Expenses	
(4) - (1d) * 4% * 0.20 * 35%	0.2615
(6) Investment Yield, before Tax	6.0%
(7) Investment Income, as a % of Earned Premium	1.6%
(5) * (6)	

DATA SOURCES:

- Item 1 - Annual Statement, Page 6, Part 1 and Page 3, Line 10
- Item 2 - Annual Statement, Page 2, Line 13 and Page 6, Part 1 and Page 3, Line 10
- Item 3 - Insurance Expense Exhibits 2003-2005 (three year average of the mean ratios)
- Item 5 - Assumes the unearned premium reserve will increase at a growth rate of 4%; 0.20 is the IRS prepaid expenses factor; 35% is the current effective tax rate on underwriting income.
- Item 6 - From Exhibit 6D

Exhibit 6C
State Farm Fire and Casualty Company
All Lines Combined

**Estimated Investment Income from Reserve for
Losses and Loss Adjustment Expenses**

	All Lines
(1) Mean Reserve for Losses and Loss Adjustment Expense, as a Ratio to Incurred Losses and Loss Adjustment Expenses	
(a) 2001	0.6428
(b) 2002	0.7438
(c) 2003	0.6996
(d) 2004	0.7334
(e) 2005	0.6872
(f) 5 Year Average	0.7014
(2) Permissible Loss and LAE (% Earned Premium) (1.0000 - Expense Ratio - Underwriting Profit Provision)	64.7%
(3) Expected Mean Reserves for Losses and Loss Expenses as a Ratio to Earned Premium (2) * (1f)	0.4538
(4) Adjusted for Tax on Discounted Reserves (3) - (3) * 3% * 7.8% * 35%	0.4534
(5) Investment Yield, before Tax	6.0%
(6) Estimated Investment Income from Losses and Loss Adjustment Expense Reserves (as a % of Earned Premium) (4) * (5)	2.7%

DATA SOURCES:

- Item 1 - Annual Statement, Page 3, Line 1 plus Line 3 and Page 4, Line 2 plus Line 3.
- Item 2 - 1.0000 minus provision for expenses and underwriting profit. Expense provision is the latest five year average of commissions, other acquisition, general expenses, and taxes, licenses, and fees from the Insurance Expense Exhibit.
- Item 4 - To recognize tax resulting from discounting of reserves; 3% is the estimated growth in loss reserves; 7.8% is the average discount of reserves; 35% is the current effective tax rate on underwriting income.
- Item 5 - From Exhibit 6D

Exhibit 6D
State Farm Fire and Casualty Company
All Lines Combined

Investment Rate of Return
As a Percent of Mean Invested Assets

Historical Investment Income

<u>Year</u>	<u>Net Investment Income</u>	<u>Capital Gain/Loss</u>
1994	6.6%	0.3%
1995	6.6%	5.3%
1996	6.3%	4.1%
1997	5.8%	6.6%
1998	5.5%	6.0%
1999	5.0%	3.0%
2000	4.9%	-0.2%
2001	4.8%	-2.9%
2002	4.7%	-7.6%
2003	4.6%	6.1%
2004	4.4%	1.3%
2005	4.5%	0.2%
Latest Ten Year Average	5.0%	1.7%
Latest Five Year Average	4.6%	-0.6%
Selected 2006	4.5%	1.5%

Data Source: Annual Statement, Pages 2 and 12

Exhibit 6E
State Farm Fire and Casualty Company
All Lines Combined

Average Federal Tax Rate on Investment Income

Investment Type	Investment Income 2003 through 2005	Distribution	Current Tax Rate	
			Regular	AMT
Bonds (Taxable)	\$ 1,193,696,984	53.5%	35.0%	20.0%
Bonds (Tax Exempt)	752,260,911	33.7%	5.3%	15.8%
Stocks (Unaffiliated)	254,269,648	11.4%	14.2%	17.0%
Other (Net of Depreciation)	30,340,993	1.4%	35.0%	20.0%
Total	\$ 2,230,568,536		22.6%	18.2%

Item Sources:

Investment Income from Annual Statement, Page 12, Exhibit of Net Investment Income

Current Tax Rate computed according to the 1986 Tax Reform Act, as amended:

Under this Act, 15% of formerly tax-exempt income from securities purchased after August 7, 1986 is now taxable. Thirty percent of stock dividends are taxed at 35% and seventy percent are taxed at 15% of 35%. Thus, the estimated effective tax rate will be:

Ordinary Income	35.0%
Tax Exempt Bonds	5.3% = .15 x 35%
Stock Dividends	14.2% = (.30 + (.70 x .15)) x 35%

AMT is computed according to the 1986 Tax Reform Act Alternative Minimum Tax:

Under the Alternative Minimum Tax, a rate of 20% applies to the sum of regular tax income and 75% of tax exempt income. The estimated effective AMT will be:

Ordinary Income	20.0%
Tax Exempt Bonds	15.8% = (.15+ (.85 x .75)) x 20%
Stock Dividends	17.0% = [.30 + .70 x (.15 + (.85 x .75))] x 20%

Exhibit 6F
State Farm Fire and Casualty Company
All Lines Combined

Expected Total Return - Adjustment to GAAP

Item	Amount (,000's)	Source (Annual Statement)
(1) 12/31/2005 Policyholder Protection Fund (Based on \$0.65 Ratio to Net Written Premium)	\$ 7,253,870	Page 6, Part 1, Line 34, Column 1
(2) Provision for Reinsurance	1,136	Page 3, Line 16, Column 1
(3) Non-Admitted Assets	31,034	Page 13, Line 26, Column 1
(4) Equity in the Unearned and Advance Premium Reserve	1,463,988	(h)
(5) Total Adjustments	1,496,158	(2) + (3) + (4)
(6) GAAP Surplus Adjustment Factor	1.2063	((5) + (1)) / (1)

Calculation of Equity in the Unearned and Advance Premium Reserve

Item	Amount (,000's)	Source (Annual Statement)
(a) Commissions and Brokerage Expense Incurred	1,491,230	IEE, Part II, Line 34, Column 23 plus Part I, Line 3, Column 2
(b) Taxes, License & Fees Incurred	300,037	IEE, Part II, Line 34, Column 25
(c) Other Acquisition Expenses Incurred	719,537	IEE, Part II, Line 34, Column 27 less Part I, Line 3, Column 2
(d) General Expenses Incurred	346,166	IEE, Part II, Line 34, Column 29
(e) Total	2,683,887	(a) + (b) + (c) + 1/2 (d)
(f) 2005 Written Premium	11,159,800	Page 6, Line 34, Column 1
(g) 2005 Ending Unearned and Advance Premium Reserve	6,087,368	Page 6, Line 34, Column 3 and Page 3, Line 10, Column 1
(h) Equity in the Unearned and Advance Premium Reserve	1,463,988	(g) * ((e) / (f))

Exhibit 7
PLUP
State Farm Insurance Companies
Gross Underwriting Profit or Loss on a Statutory Basis

Arkansas						
Year	Earned Premium	Non-Cat Loss Ratio	Catastrophe Loss Ratio	Total Loss Ratio	Expense Ratio	Actual Combined Ratio
2002	1,643,888	96.0%	0.0%	96.0%	30.0%	126.0%
2003	1,644,230	-9.1%	0.0%	-9.1%	26.3%	17.2%
2004	1,653,929	77.9%	0.0%	77.9%	27.3%	105.1%
2005	1,861,036	131.1%	0.0%	131.1%	26.4%	157.5%
2006	2,122,839	342.2%	0.0%	342.2%	25.9%	368.0%
02-06	8,925,921	139.2%	0.0%	139.2%	27.1%	166.2%

Companywide						
Year	Earned Premium	Non-Cat Loss Ratio	Catastrophe Loss Ratio	Total Loss Ratio	Expense Ratio	Actual Combined Ratio
2002	439,080,672	45.4%	0.0%	45.4%	27.2%	72.5%
2003	464,466,051	64.9%	0.0%	64.9%	26.9%	91.8%
2004	493,028,738	81.4%	0.0%	81.4%	25.8%	107.2%
2005	525,043,701	78.8%	0.0%	78.8%	23.6%	102.4%
2006	554,489,009	65.3%	0.0%	65.3%	26.1%	91.5%
02-06	2,476,108,172	67.8%	0.0%	67.8%	25.8%	93.6%

Expense Ratios include Agents' Commissions, Taxes, Other Acquisition and General Expenses.

Loss Ratios include Adjustment Expense.

Totals may not add due to rounding.

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	PU-22698
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	Not Applicable
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Company Name		Company NAIC Number		
3.	A.	State Farm Fire and Casualty Company	B.	0176-25143

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.	17.2	B.	17.2021

5.			FOR LOSS COSTS ONLY				
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(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
Personal Liability Umbrella	+47.3%	+24.7%					
TOTAL OVERALL EFFECT	+47.3%	+24.7%	N/A	N/A	N/A	N/A	N/A

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
2002	7,249	-	No Change	1,644	1,244	76%	32%
2003	7,151	-	No Change	1,644	(135)	-8%	59%
2004	7,162	24.70%	12/1/2004	1,654	1,230	74%	76%
2005	7,411	-	No Change	1,861	2,288	123%	70%
2006	7,656	-	No Change	2,123	6,878	324%	59%

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	20.1
B. General Expense	2.0
C. Taxes, License & Fees	2.6
D. Underwriting Profit & Contingencies	7.0
E. Other (explain)	
F. TOTAL	31.7

- 8.** N Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** +25.0% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): N/A
- 10.** N/A Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): N/A