Filing at a Glance

Company: AIPSO

Product Name: Arkansas Commercial Auto Filing	SERFF Tr Num: APST-125373057	State: Arkansas
TOI: 20.0 Commercial Auto	SERFF Status: Closed	State Tr Num: EFT $50
Sub-TOI: 20.0003 Other	Co Tr Num: AR 07-04	State Status: Fees verified and received
Filing Type: Form	Co Status:	Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding
	Author: Lauren McKenna	Disposition Date: 12/03/2007
	Date Submitted: 11/30/2007	Disposition Status: Filed
Effective Date Requested (New): 03/01/2008		Effective Date (New): 03/01/2008
Effective Date Requested (Renewal): 04/01/2008		Effective Date (Renewal): 04/01/2008

State Filing Description:

General Information

Project Name: Arkansas Commercial Auto Filing	Status of Filing in Domicile:
Project Number: AR 07-04	Domicile Status Comments:
Reference Organization: ISO	Reference Number: CA-2006-BRLA1
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 12/03/2007	
State Status Changed: 12/03/2007	Deemer Date:
Corresponding Filing Tracking Number:	

Filing Description:

On behalf of the subscribers to the Arkansas Automobile Insurance Plan, AIPSO hereby files, at the request of the Board of Governors, a proposed commercial auto rate increase of 14.7% overall (15.0% for liability and -9.9% for physical damage) with an effective date of March 1, 2008 for new business and April 1, 2008 for renewal policies.

Company and Contact

Filing Contact Information

Lauren McKenna, Actuarial Assistant
302 Central Avenue
Johnston, RI 02919

lauren.mckenna@aipso.com
(401) 429-1566 [Phone]
(401) 528-1351[FAX]

Filing Company Information

AIPSO	CoCode: -99	State of Domicile: Rhode Island
302 Central Avenue	Group Code: 99	Company Type:
Johnston, RI 02919	Group Name:	State ID Number:
(401) 946-2310 ext. 1319[Phone]	FEIN Number: 13-2732270	

Filing Fees

Fee Required?	Yes
Fee Amount:	$50.00
Retaliatory?	No
Fee Explanation:	
Per Company:	No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
AIPSO	$50.00	11/30/2007	16893244

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Llyweyia Rawlins	12/03/2007	12/03/2007

Disposition

Disposition Date: 12/03/2007
Effective Date (New): 03/01/2008
Effective Date (Renewal): 04/01/2008
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:**
AIPSO	%	$		$	%	%	%

SERFF Tracking Number:	*APST-125373057*	*State:*	*Arkansas*
Filing Company:	*AIPSO*	*State Tracking Number:*	*EFT $50*
Company Tracking Number:	*AR 07-04*		
TOI:	*20.0 Commercial Auto*	*Sub-TOI:*	*20.0003 Other*
Product Name:	*Arkansas Commercial Auto Filing*		
Project Name/Number:	*Arkansas Commercial Auto Filing/AR 07-04*		

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	Complete Filing	Filed	Yes
Rate	Manual Rate Pages	Filed	Yes

Rate Information

Rate data applies to filing.

Filing Method:

Rate Change Type: Increase

Overall Percentage of Last Rate Revision: Increase

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):
AIPSO	%	%				%	%

Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	Manual Rate Pages		Replacement	Rate Pages.pdf

(STATE CODE 03)

COMMERCIAL AUTO LIABILITY RATES
$75,000 SINGLE LIMIT BODILY INJURY AND PROPERTY DAMAGE

TRUCKS, TRACTORS, AND TRAILERS

Territory	Bodily Injury and Property Damage
01	$1,192
03	716
05	759
06	856
08	716
09	716
10	942
11	666

HIRED AUTO	
$75,000 Single Limit BI and PD	
All Territories	$1.79

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(STATE CODE 03)

COMMERCIAL AUTO LIABILITY RATES
$75,000 SINGLE LIMIT BODILY INJURY AND PROPERTY DAMAGE

PUBLIC AUTOS

	TAXICABS AND LIMOUSINES	VAN POOLS
Territory	**BI and PD**	**BI and PD**
01	$6,666	$1,500
03	3,649	1,189
05	3,869	1,031
06	4,366	1,216
08	3,649	1,196
09	3,649	1,084
10	5,209	1,186
11	3,649	839

	SCHOOL and CHURCH BUSES	OTHER BUSES
Territory	**BI and PD**	**BI and PD**
01	$1,014	$6,696
03	804	5,307
05	696	4,597
06	823	5,429
08	808	5,336
09	733	4,839
10	800	5,292
11	565	3,740

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(State Code 03)

COMMERCIAL AUTO PHYSICAL DAMAGE RATES
LIGHT TRUCKS
$100 DEDUCTIBLE COMPREHENSIVE

Original Cost New	Age Group	Territory 01	03	05	06	08	09	10	11
$0-4500	1,2,3	$95	$95	$116	$116	$122	$136	$103	$133
	4	81	81	99	99	104	116	88	113
	5	71	71	87	87	92	102	77	100
	6	62	62	75	75	79	88	67	86
4501-6000	1,2,3	149	149	180	180	190	212	160	207
	4	127	127	153	153	162	180	136	176
	5	112	112	135	135	143	159	120	155
	6	97	97	117	117	124	138	104	135
6001-8000	1,2,3	202	202	244	244	258	288	217	282
	4	172	172	207	207	219	245	184	240
	5	152	152	183	183	194	216	163	212
	6	131	131	159	159	168	187	141	183
8001-10000	1,2,3	262	262	318	318	336	375	282	367
	4	223	223	270	270	286	319	240	312
	5	197	197	239	239	252	281	212	275
	6	170	170	207	207	218	244	183	239
10001-15000	1,2,3	369	369	446	446	473	527	396	515
	4	314	314	379	379	402	448	337	438
	5	277	277	335	335	355	395	297	386
	6	240	240	290	290	307	343	257	335
15001-20000	1,2,3	521	521	630	630	667	745	559	728
	4	443	443	536	536	567	633	475	619
	5	391	391	473	473	500	559	419	546
	6	339	339	410	410	434	484	363	473
20001-25000	1,2,3	672	672	814	814	862	962	722	940
	4	571	571	692	692	733	818	614	799
	5	504	504	611	611	647	722	542	705
	6	437	437	529	529	560	625	469	611
25001-40000	1,2,3	976	976	1,181	1,181	1,252	1,396	1,048	1,365
	4	830	830	1,004	1,004	1,064	1,187	891	1,160
	5	732	732	886	886	939	1,047	786	1,024
	6	634	634	768	768	814	907	681	887
40001-65000	1,2,3	1,584	1,584	1,917	1,917	2,032	2,265	1,700	2,215
	4	1,346	1,346	1,629	1,629	1,727	1,925	1,445	1,883
	5	1,188	1,188	1,438	1,438	1,524	1,699	1,275	1,661
	6	1,030	1,030	1,246	1,246	1,321	1,472	1,105	1,440
65001-90000	1,2,3	2,343	2,343	2,835	2,835	3,006	3,352	2,514	3,277
	4	1,992	1,992	2,410	2,410	2,555	2,849	2,137	2,785
	5	1,757	1,757	2,126	2,126	2,255	2,514	1,886	2,458
	6	1,523	1,523	1,843	1,843	1,954	2,179	1,634	2,130
Over 90000	1,2,3	3,102	3,102	3,754	3,754	3,980	4,438	3,329	4,340
	4	2,637	2,637	3,191	3,191	3,383	3,772	2,830	3,689
	5	2,327	2,327	2,816	2,816	2,985	3,329	2,497	3,255
	6	2,016	2,016	2,440	2,440	2,587	2,885	2,164	2,821

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(State Code 03)

COMMERCIAL AUTO PHYSICAL DAMAGE RATES
LIGHT TRUCKS
$100 DEDUCTIBLE COLLISION

Original Cost New	Age Group	Territory 01	03	05	06	08	09	10	11
$0-4500	1,2,3	$191	$175	$201	$183	$194	$187	$171	$190
	4	162	149	171	156	165	159	145	162
	5	143	131	151	137	146	140	128	143
	6	124	114	131	119	126	122	111	124
4501-6000	1,2,3	247	226	260	236	251	242	221	245
	4	210	192	221	201	213	206	188	208
	5	185	170	195	177	188	182	166	184
	6	161	147	169	153	163	157	144	159
6001-8000	1,2,3	303	277	318	290	307	296	271	301
	4	258	235	270	247	261	252	230	256
	5	227	208	239	218	230	222	203	226
	6	197	180	207	189	200	192	176	196
8001-10000	1,2,3	366	336	385	351	372	358	328	364
	4	311	286	327	298	316	304	279	309
	5	275	252	289	263	279	269	246	273
	6	238	218	250	228	242	233	213	237
10001-15000	1,2,3	478	438	503	458	485	468	428	475
	4	406	372	428	389	412	398	364	404
	5	359	329	377	344	364	351	321	356
	6	311	285	327	298	315	304	278	309
15001-20000	1,2,3	637	584	670	610	647	623	570	633
	4	541	496	570	519	550	530	485	538
	5	478	438	503	458	485	467	428	475
	6	414	380	436	397	421	405	371	411
20001-25000	1,2,3	796	730	837	762	808	779	713	792
	4	677	621	711	648	687	662	606	673
	5	597	548	628	572	606	584	535	594
	6	517	475	544	495	525	506	463	515
25001-40000	1,2,3	1,115	1,021	1,172	1,067	1,132	1,091	998	1,108
	4	948	868	996	907	962	927	848	942
	5	836	766	879	800	849	818	749	831
	6	725	664	762	694	736	709	649	720
40001-65000	1,2,3	1,752	1,605	1,842	1,677	1,778	1,714	1,568	1,741
	4	1,489	1,364	1,566	1,425	1,511	1,457	1,333	1,480
	5	1,314	1,204	1,382	1,258	1,334	1,286	1,176	1,306
	6	1,139	1,043	1,197	1,090	1,156	1,114	1,019	1,132
65001-90000	1,2,3	2,548	2,334	2,680	2,440	2,587	2,494	2,280	2,533
	4	2,166	1,984	2,278	2,074	2,199	2,120	1,938	2,153
	5	1,911	1,751	2,010	1,830	1,940	1,871	1,710	1,900
	6	1,656	1,517	1,742	1,586	1,682	1,621	1,482	1,646
Over 90000	1,2,3	3,344	3,064	3,517	3,202	3,395	3,273	2,993	3,324
	4	2,842	2,604	2,989	2,722	2,886	2,782	2,544	2,825
	5	2,508	2,298	2,638	2,402	2,546	2,455	2,245	2,493
	6	2,174	1,992	2,286	2,081	2,207	2,127	1,945	2,161

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Supporting Document Schedules

		Review Status:	
Satisfied -Name:	Uniform Transmittal Document-Property & Casualty	Filed	12/03/2007

Comments:

Attachment:

Transmittal Document.pdf

Property & Casualty Transmittal Document

Reset Form

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 #

4.	Company Name(s)	Domicile	NAIC #	FEIN #	State #
	AIPSO, on behalf of the AR Insurance Plan			13-2732270	

5.	Company Tracking Number	AR 07-04

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Lauren McKenna 302 Central Ave. Johnston, RI 02919	Actuarial Assistant	(401)429-1566	(401)528-1351	Lauren.McKenna@aipso.com
			(800)827-6302		

7.	Signature of authorized filer	Lauren McKenna Digitally signed by Lauren McKenna DN: CN = Lauren McKenna, C = US, O = AIPSO, OU = Actuarial Services Date: 2007.11.29 14:01:52 -05'00'
8.	Please print name of authorized filer	Lauren McKenna

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

9.	**Type of Insurance (TOI)**	20.0 Commercial Auto
10.	**Sub-Type of Insurance (Sub-TOI)**	20.0003 Other
11.	**State Specific Product code(s)(if applicable)[See State Specific Requirements]**	
12.	**Company Program Title** (Marketing title)	
13.	**Filing Type**	☐ Rate/Loss Cost ☐ Rules ☑ Rates/Rules ☐ Forms ☐ Combination Rates/Rules/Forms ☐ Withdrawal ☐ Other (give description)
14.	**Effective Date(s) Requested**	New: 03/01/2008 Renewal: 04/01/2008
15.	**Reference Filing?**	☑ Yes ☐ No
16.	**Reference Organization** (if applicable)	Insurance Services Office, Inc.
17.	**Reference Organization # & Title**	CA-2006-BRLA1 Arkansas Commercial Loss Cost Revision
18.	**Company's Date of Filing**	11/30/2007
19.	**Status of filing in domicile**	☐ Not Filed ☐ Pending ☐ Authorized ☐ Disapproved

Property & Casualty Transmittal Document—

20.	**This filing transmittal is part of Company Tracking #**	AR 07-04

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

This filing is being made on behalf of the subscribers to the Arkansas Automobile Insurance Plan at the request of the Governing Committee.

Please provide us with aknowledgement that you have reviewed and approve of the filed changes for the Arkansas Automobile Insurance Plan.

PC: Ms. Suzy Sheriff, Regional Manager, Arkansas Automobile Insurance Plan
AIPSO: K.Gentile, T.Messier, M.O'Leary, J.Winkleman

View Complete Filing Description

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 #: n/a
Amount: $50.00

Submitted through 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.)**

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FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)

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

1.	**This filing transmittal is part of Company Tracking #**	
2.	**This filing corresponds to rate/rule filing number** (Company tracking number of rate/rule filing, if applicable)	

3.	**Form Name /Description/Synopsis**	**Form # Include edition date**	**Replacement Or withdrawn?**	**If replacement, give form # it replaces**	**Previous state filing number,** if required by state
01			☐ New ☐ Replacement ☐ Withdrawn		
02			☐ New ☐ Replacement ☐ Withdrawn		
03			☐ New ☐ Replacement ☐ Withdrawn		
04			☐ New ☐ Replacement ☐ Withdrawn		
05			☐ New ☐ Replacement ☐ Withdrawn		
06			☐ New ☐ Replacement ☐ Withdrawn		
07			☐ New ☐ Replacement ☐ Withdrawn		
08			☐ New ☐ Replacement ☐ Withdrawn		
09			☐ New ☐ Replacement ☐ Withdrawn		
10			☐ New ☐ Replacement ☐ Withdrawn		

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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 #**	AR 07-04

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.)**	

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)
AR Auto Plan	22.1%	14.7%	38,614	Information Not	175,093		
				Available	(earned)		

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	Minimum % Change

5. 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**	18.9%
7.	**Effective Date of last rate revision**	12/01/1991
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	Rule 58. Uninsured Motorists Insurance Rule 124. Employer's Nonownership Liability	☐ New ☑ Replacement ☐ Withdrawn	
02	Manual Rate Pages	☐ New ☑ Replacement ☐ Withdrawn	
03		☐ New ☐ Replacement ☐ Withdrawn	

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ROGER HANSON
Chairperson

DAVID L. KOHLHAMMER
President

"Serving the Insurance Industry"

November 29, 2007

Ms. Julie Benafield Bowman, Commissioner
Arkansas Insurance Department
1200 West Third Street
Little Rock, AR 72201

Arkansas Automobile Insurance Plan
Proposed Commercial Automobile Insurance Rates
AIPSO Filing # 07-04

Dear Commissioner Bowman:

On behalf of the subscribers to the Arkansas Automobile Insurance Plan, AIPSO hereby files, at the request of the Board of Governors, a proposed commercial auto rate increase of 14.7% overall (15.0% for liability and –9.9% for physical damage) with an effective date of March 1, 2008 for new business and April 1, 2008 for renewal policies.

Residual market pricing encounters a serious ratemaking problem in states with small premium volume. In these states the number of risks is insufficient to generate credible statistics, and setting rates based upon such sparse data would not yield reliable results. Therefore, this proposal is to adopt the prospective loss costs specified in Insurance Services Office Reference Filing Numbers CA-2006-BRLA1. The Arkansas Plan rates will be a combination of prospective loss costs and involuntary loss cost multipliers, which target a Plan rate that is twice the voluntary standard market rate level. This methodology shows a need for an overall rate level increase of 22.1%. However, we are proposing an increase of 14.7% that includes capping of +/-25% to limit the impact on current policyholders.

We respectfully request your prompt consideration and approval of this filing. Please contact me if you have any questions.

Sincerely,

Lauren M. McKenna

Lauren M. McKenna
Actuarial Assistant
(401) 429-1566
Lauren.McKenna@aipso.com

Attachments:

- One copy of this submission
- Property and Casualty Transmittal Document, Rules, and Rate Filings

cc. John Winkleman
Suzy Sheriff
Chuck Kwolek
Mike O'Leary
Keith Gentile
Tim Messier

Arkansas (03)

Automobile Insurance Plan

INDEX TO FILING

Exhibit 1	Summary of Rate Level Change
Exhibit 2	Prospective Loss Costs Reference Filing
Exhibit 3	Development of Loss Cost Multiplier
Exhibit 4	Development of Base Rates by Territory
Exhibit 5	Rule 58. Uninsured Motorists Insurance Rule 124. Employers Nonownership Liability
Exhibit 6	Manual Rate Pages

Appendix 1	Development of Expected Loss & LAE Ratio
Appendix 2	Determination of Investment Income

Arkansas (03)

Automobile Insurance Plan

SUMMARY OF RATE LEVEL CHANGE

	Calendar Year 2005 Total Limits/All Deductibles On-Level Earned Premium	Formula Percent Change	Proposed Percent Change	Dollar Change
TRUCKS, TRACTORS & TRAILERS**				
Single Limit Liability	116,085	32.0%	23.3%	37,147
VAN POOLS*				
Single Limit Liability	0	0.0%	0.0%	0
TAXIS AND LIMOUSINES**				
Single Limit Liability	4,818	66.9%	25.0%	3,223
SCHOOL AND CHURCH BUSES*				
Single Limit Liability	0	0.0%	0.0%	0
ALL OTHER BUSES				
Single Limit Liability	47,660	-3.8%	-3.8%	(1,811)
UNINSURED MOTORISTS**				
Split Limit Liability	3,108	-76.1%	-24.8%	(2,365)
HIRED AUTOS*				
Single Limit Liability	0	0.0%	0.0%	0
EMPLOYERS NONOWNERSHIP**				
Single Limit Liability	1,369	191.6%	25.9%	2,623
LIABILITY TOTAL	173,040	22.4%	15.0%	38,817

NOTES:
Adoption of ISO Loss Costs from Reference Filing Number CA-2006-BRLA1
Proposed Effective Date: March 1, 2008 New; April 1, 2008 Renewal
Includes copyrighted material of Insurance Services Office, Inc., with its permission.

Arkansas (03)

Automobile Insurance Plan

SUMMARY OF RATE LEVEL CHANGE

	Calendar Year 2005 Total Limits/All Deductibles On-Level Earned Premium	Formula Percent Change	Proposed Percent Change	Dollar Change
TRUCKS, TRACTORS & TRAILERS				
Comprehensive	836	8.0%	8.0%	67
Collision	1,217	-22.2%	-22.2%	(270)
PHYSICAL DAMAGE TOTAL	2,053	-9.9%	-9.9%	(203)
GRAND TOTAL	175,093	22.1%	14.7%	38,614

NOTES:
Adoption of ISO Loss Costs from Reference Filing Number CA-2006-BRLA1
Proposed Effective Date: March 1, 2008 New; April 1, 2008 Renewal
Includes copyrighted material of Insurance Services Office, Inc., with its permission.

* There is no premium by which to determine an estimated rate change. However, please note that the base rates have been changed.
** Includes subline level capping of +/-25% to limit impact on existing policyholders.

Arkansas (03)

Automobile Insurance Plan
Prospective Loss Costs Reference Filing

ADOPTION OF ADVISORY ORGANIZATION LOSS COSTS

Company Name

AIPSO, on behalf of the subscribers to the Arkansas Automobile Insurance Plan

Type of Insurance

Commercial Auto

Advisory Organization

Insurance Services Office, Inc.

Advisory Organization Reference Filing Number

CA-2006-BRLA1

AIPSO hereby declares that it is a service purchaser of the named Advisory Organization for loss costs. AIPSO, on behalf of the subscribers to the Arkansas Automobile Insurance Plan hereby files to be deemed to have independently submitted as its own filing, the prospective loss costs in the captioned Reference Filing.

The Arkansas Automobile Insurance Plan rates will be a combination of the prospective loss costs and the loss cost multipliers specified in the attachments.

Total Rate Change

22.1%

Proposed Effective Date of Rate Change

March 1, 2008 New Business; April 1, 2008 Renewals

Attach Development of Loss Cost Multiplier form for each selected loss cost multiplier.

Check one of the following:

[ ] The Arkansas Automobile Insurance Plan hereby files to have its loss cost multipliers be applicable to future revisions of the Advisory Organization's prospective loss costs for this line of insurance. The Arkansas Automobile Insurance Plan rates will apply to policies written on or after the effective date of the Advisory Organization's prospective loss costs.

[X] The Arkansas Automobile Insurance Plan hereby files to have its loss cost multipliers be applicable only to the above Advisory Organization Reference Filing.

Arkansas (03)

Automobile Insurance Plan
Development of Loss Cost Multiplier

Company Name

AIPSO, on behalf of the subscribers to the Arkansas Automobile Insurance Plan

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

Commercial Auto Trucks, Tractors & Trailers Single Limit Liability for all Territories and Classes.

2. Loss Cost Modification

A. The Arkansas Automobile Insurance Plan hereby files to adopt the prospective loss costs in the captioned reference filing

CHECK ONE

[ ] Without modification.

[X] With the following modification. Cite the rationale for the modification.

Modified for involuntary rate level.

B. Loss Cost Modification expressed as a factor

1.63

3. Development of Expected Loss Ratio (refer to Appendix 1)

A. Commissions	12.2%
B. Administration Expense Allowance	17.4%
C. Premium Taxes	2.5%
D. Premium Charge-Off Expense	4.7%
E. Miscellaneous CAIP Expenses	2.3%
F. Contingency	5.0%
G. Investment Income	-2.3%
H. Total	41.8%

4. Expected Loss Ratio
= (100% - 3H) 58.2%

5. Formula Loss Cost Multiplier
= (2B / 4) 2.801

6. Selected Loss Cost Multiplier
2.616

Explain any differences between 5 and 6

Capped rate level change to limit the impact on current policyholders.

7. Total Rate Level Change for the coverages to which this page applies

23.3%

Arkansas (03)

Automobile Insurance Plan
Development of Loss Cost Multiplier

Company Name

AIPSO, on behalf of the subscribers to the Arkansas Automobile Insurance Plan

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

Commercial Auto Trucks, Tractors & Trailers Comprehensive for all Territories and Classes.

2. Loss Cost Modification

A. The Arkansas Automobile Insurance Plan hereby files to adopt the prospective loss costs in the captioned reference filing

CHECK ONE

[ ] Without modification.

[X] With the following modification. Cite the rationale for the modification.

Modified for involuntary rate level.

B. Loss Cost Modification expressed as a factor

1.64

3. Development of Expected Loss Ratio (refer to Appendix 1)

A. Commissions	13.3%
B. Administration Expense Allowance	17.5%
C. Premium Taxes	3.0%
D. Premium Charge-Off Expense	4.7%
E. Miscellaneous CAIP Expenses	2.3%
F. Contingency	5.0%
G. Investment Income	-0.3%
H. Total	45.5%

4. Expected Loss Ratio
= (100% - 3H) 54.5%

5. Formula Loss Cost Multiplier
= (2B / 4) 3.009

6. Selected Loss Cost Multiplier
3.009

Explain any differences between 5 and 6

7. Total Rate Level Change for the coverages to which this page applies

8.0%

Arkansas (03)

Automobile Insurance Plan
Development of Loss Cost Multiplier

Company Name

AIPSO, on behalf of the subscribers to the Arkansas Automobile Insurance Plan

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

Commercial Auto Trucks, Tractors & Trailers Collision for all Territories and Classes.

2. Loss Cost Modification

A. The Arkansas Automobile Insurance Plan hereby files to adopt the prospective loss costs in the captioned reference filing

CHECK ONE

[ ] Without modification.

[X] With the following modification. Cite the rationale for the modification.

Modified for involuntary rate level.

B. Loss Cost Modification expressed as a factor

1.64

3. Development of Expected Loss Ratio (refer to Appendix 1)

A. Commissions	13.3%
B. Administration Expense Allowance	17.5%
C. Premium Taxes	3.0%
D. Premium Charge-Off Expense	4.7%
E. Miscellaneous CAIP Expenses	2.3%
F. Contingency	5.0%
G. Investment Income	-0.3%
H. Total	45.5%

4. Expected Loss Ratio
= (100% - 3H) 54.5%

5. Formula Loss Cost Multiplier
= (2B / 4) 3.009

6. Selected Loss Cost Multiplier
3.009

Explain any differences between 5 and 6

7. Total Rate Level Change for the coverages to which this page applies

-22.2%

Arkansas (03)

Automobile Insurance Plan
Development of Loss Cost Multiplier

Company Name

AIPSO, on behalf of the subscribers to the Arkansas Automobile Insurance Plan

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

Commercial Auto Van Pools Single Limit Liability for all Territories and Classes.

2. Loss Cost Modification

A. The Arkansas Automobile Insurance Plan hereby files to adopt the prospective loss costs in the captioned reference filing

CHECK ONE

[ ] Without modification.

[X] With the following modification. Cite the rationale for the modification.

Modified for involuntary rate level.

B. Loss Cost Modification expressed as a factor

1.63

3. Development of Expected Loss Ratio (refer to Appendix 1)

A. Commissions	12.2%
B. Administration Expense Allowance	17.4%
C. Premium Taxes	2.5%
D. Premium Charge-Off Expense	4.7%
E. Miscellaneous CAIP Expenses	2.3%
F. Contingency	5.0%
G. Investment Income	-2.3%
H. Total	41.8%

4. Expected Loss Ratio
= (100% - 3H) 58.2%

5. Formula Loss Cost Multiplier
= (2B / 4) 2.801

6. Selected Loss Cost Multiplier
2.801

Explain any differences between 5 and 6

7. Total Rate Level Change for the coverages to which this page applies

0.0%

Arkansas (03)

Automobile Insurance Plan
Development of Loss Cost Multiplier

Company Name

AIPSO, on behalf of the subscribers to the Arkansas Automobile Insurance Plan

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

Commercial Auto Taxis and Limousines Single Limit Liability for all Territories and Classes.

2. Loss Cost Modification

A. The Arkansas Automobile Insurance Plan hereby files to adopt the prospective loss costs in the captioned reference filing

CHECK ONE

[ ] Without modification.

[X] With the following modification. Cite the rationale for the modification.

Modified for involuntary rate level.

B. Loss Cost Modification expressed as a factor

1.63

3. Development of Expected Loss Ratio (refer to Appendix 1)

A. Commissions	12.2%
B. Administration Expense Allowance	17.4%
C. Premium Taxes	2.5%
D. Premium Charge-Off Expense	4.7%
E. Miscellaneous CAIP Expenses	2.3%
F. Contingency	5.0%
G. Investment Income	-2.3%
H. Total	41.8%

4. Expected Loss Ratio
= (100% - 3H) 58.2%

5. Formula Loss Cost Multiplier
= (2B / 4) 2.801

6. Selected Loss Cost Multiplier
2.098

Explain any differences between 5 and 6

Capped rate level change to limit the impact on current policyholders.

7. Total Rate Level Change for the coverages to which this page applies

25.0%

Arkansas (03)

Automobile Insurance Plan
Development of Loss Cost Multiplier

Company Name

AIPSO, on behalf of the subscribers to the Arkansas Automobile Insurance Plan

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

Commercial Auto School and Church Buses Single Limit Liability for all Territories and Classes.

2. Loss Cost Modification

A. The Arkansas Automobile Insurance Plan hereby files to adopt the prospective loss costs in the captioned reference filing

CHECK ONE

[ ] Without modification.

[X] With the following modification. Cite the rationale for the modification.

Modified for involuntary rate level.

B. Loss Cost Modification expressed as a factor

1.63

3. Development of Expected Loss Ratio (refer to Appendix 1)

A. Commissions	12.2%
B. Administration Expense Allowance	17.4%
C. Premium Taxes	2.5%
D. Premium Charge-Off Expense	4.7%
E. Miscellaneous CAIP Expenses	2.3%
F. Contingency	5.0%
G. Investment Income	-2.3%
H. Total	41.8%

4. Expected Loss Ratio
= (100% - 3H) 58.2%

5. Formula Loss Cost Multiplier
= (2B / 4) 2.801

6. Selected Loss Cost Multiplier
2.801

Explain any differences between 5 and 6

7. Total Rate Level Change for the coverages to which this page applies

0.0%

Arkansas (03)

Automobile Insurance Plan
Development of Loss Cost Multiplier

Company Name

AIPSO, on behalf of the subscribers to the Arkansas Automobile Insurance Plan

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

Commercial Auto All Other Buses Single Limit Liability for all Territories and Classes.

2. Loss Cost Modification

A. The Arkansas Automobile Insurance Plan hereby files to adopt the prospective loss costs in the captioned reference filing

CHECK ONE

[ ] Without modification.

[X] With the following modification. Cite the rationale for the modification.

Modified for involuntary rate level.

B. Loss Cost Modification expressed as a factor

1.63

3. Development of Expected Loss Ratio (refer to Appendix 1)

A. Commissions	12.2%
B. Administration Expense Allowance	17.4%
C. Premium Taxes	2.5%
D. Premium Charge-Off Expense	4.7%
E. Miscellaneous CAIP Expenses	2.3%
F. Contingency	5.0%
G. Investment Income	-2.3%
H. Total	41.8%

4. Expected Loss Ratio
= (100% - 3H) 58.2%

5. Formula Loss Cost Multiplier
= (2B / 4) 2.801

6. Selected Loss Cost Multiplier
2.801

Explain any differences between 5 and 6

7. Total Rate Level Change for the coverages to which this page applies

-3.8%

Arkansas (03)

Automobile Insurance Plan
Development of Loss Cost Multiplier

Company Name

AIPSO, on behalf of the subscribers to the Arkansas Automobile Insurance Plan

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

Commercial Auto Uninsured Motorists for all Territories and Classes.

2. Loss Cost Modification

A. The Arkansas Automobile Insurance Plan hereby files to adopt the prospective loss costs in the captioned reference filing

CHECK ONE

[ ] Without modification.

[X] With the following modification. Cite the rationale for the modification.

Modified for involuntary rate level.

B. Loss Cost Modification expressed as a factor

1.63

3. Development of Expected Loss Ratio (refer to Appendix 1)

A. Commissions	12.2%
B. Administration Expense Allowance	17.4%
C. Premium Taxes	2.5%
D. Premium Charge-Off Expense	4.7%
E. Miscellaneous CAIP Expenses	2.3%
F. Contingency	5.0%
G. Investment Income	-2.3%
H. Total	41.8%

4. Expected Loss Ratio
= (100% - 3H) 58.2%

5. Formula Loss Cost Multiplier
= (2B / 4) 2.801

6. Selected Loss Cost Multiplier 8.813

Explain any differences between 5 and 6

Capped rate level change to limit the impact on current policyholders.

7. Total Rate Level Change for the coverages to which this page applies

-24.8%

Arkansas (03)

Automobile Insurance Plan
Development of Loss Cost Multiplier

Company Name

AIPSO, on behalf of the subscribers to the Arkansas Automobile Insurance Plan

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

Commercial Auto Hired Autos for all Territories and Classes.

2. Loss Cost Modification

A. The Arkansas Automobile Insurance Plan hereby files to adopt the prospective loss costs in the captioned reference filing

CHECK ONE

[ ] Without modification.

[X] With the following modification. Cite the rationale for the modification.

Modified for involuntary rate level.

B. Loss Cost Modification expressed as a factor

1.63

3. Development of Expected Loss Ratio (refer to Appendix 1)

A. Commissions	12.2%
B. Administration Expense Allowance	17.4%
C. Premium Taxes	2.5%
D. Premium Charge-Off Expense	4.7%
E. Miscellaneous CAIP Expenses	2.3%
F. Contingency	5.0%
G. Investment Income	-2.3%
H. Total	41.8%

4. Expected Loss Ratio
= (100% - 3H) 58.2%

5. Formula Loss Cost Multiplier
= (2B / 4) 2.801

6. Selected Loss Cost Multiplier
2.801

Explain any differences between 5 and 6

7. Total Rate Level Change for the coverages to which this page applies

0.0%

Arkansas (03)

Automobile Insurance Plan
Development of Loss Cost Multiplier

Company Name

AIPSO, on behalf of the subscribers to the Arkansas Automobile Insurance Plan

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

Commercial Auto Employers Nonownership Liability for all Territories and Classes.

2. Loss Cost Modification

A. The Arkansas Automobile Insurance Plan hereby files to adopt the prospective loss costs in the captioned reference filing

CHECK ONE

[ ] Without modification.

[X] With the following modification. Cite the rationale for the modification.

Modified for involuntary rate level.

B. Loss Cost Modification expressed as a factor

1.63

3. Development of Expected Loss Ratio (refer to Appendix 1)

A. Commissions	12.2%
B. Administration Expense Allowance	17.4%
C. Premium Taxes	2.5%
D. Premium Charge-Off Expense	4.7%
E. Miscellaneous CAIP Expenses	2.3%
F. Contingency	5.0%
G. Investment Income	-2.3%
H. Total	41.8%

4. Expected Loss Ratio
= (100% - 3H) 58.2%

5. Formula Loss Cost Multiplier
= (2B / 4) 2.801

6. Selected Loss Cost Multiplier
2.089

Explain any differences between 5 and 6

Capped rate level change to limit the impact on current policyholders.

7. Total Rate Level Change for the coverages to which this page applies

25.9%

Arkansas (03)

Automobile Insurance Plan
Development of Base Rates by Territory

Trucks, Tractors & Trailers

SINGLE LIMIT LIABILITY

(1)	(2)	(3)			(4)	(5)
	CY 2005	$75,000 BASE RATES				
	Total Limits		Formula		Proposed*	
	On-Level			Percent		Percent
Territory	Earned Premium	Current	Rates	Change	Rates	Change
01	0	$1,173	$1,192	1.6%	$1,192	1.6%
03	2,377	573	945	64.9%	$716	25.0%
05	90,343	607	819	34.9%	$759	25.0%
06	0	685	967	41.2%	$856	25.0%
08	0	573	951	66.0%	$716	25.0%
09	996	573	862	50.4%	$716	25.0%
10	0	816	942	15.4%	$942	15.4%
11	22,369	573	666	16.2%	$666	16.2%
Statewide	116,085			32.0%		23.3%

NOTES:
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Arkansas (03)

Automobile Insurance Plan
Development of Base Rates by Territory

Trucks, Tractors & Trailers

COMPREHENSIVE

(1)	(2)	(3)	(4)	(5)
		$100 Ded., $0-$4,500, Age 1 BASE RATES		
Territory	CY 2005 All Deductibles On-Level Earned Premium	Current	Proposed	Percent Change
01	0	$88	$95	8.0%
03	836	88	95	8.0%
05	0	88	115	30.7%
06	0	88	115	30.7%
08	0	88	122	38.6%
09	0	88	136	54.5%
10	0	88	102	15.9%
11	0	88	133	51.1%
Statewide	836			8.0%

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Arkansas (03)

Automobile Insurance Plan
Development of Base Rates by Territory

Trucks, Tractors & Trailers

COLLISION

(1)	(2)	(3)	(4)	(5)
		$100 Ded., $0-$4,500, Age 1 BASE RATES		
Territory	CY 2005 All Deductibles On-Level Earned Premium	Current	Proposed	Percent Change
01	0	$225	$191	-15.1%
03	1,217	225	175	-22.2%
05	0	225	201	-10.7%
06	0	225	183	-18.7%
08	0	225	194	-13.8%
09	0	225	187	-16.9%
10	0	225	171	-24.0%
11	0	225	190	-15.6%
Statewide	1,217			-22.2%

NOTES:
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Arkansas (03)

Automobile Insurance Plan
Development of Base Rates by Territory

Van Pools

SINGLE LIMIT LIABILITY

(1)	(2)	(3)	(4)	(5)
	CY 2005	$75,000 BASE RATES		
Territory	Total Limits On-Level Earned Premium	Current	Proposed	Percent Change
01	0	$1,031	$1,500	45.5%
03	0	503	1,189	136.4%
05	0	533	1,031	93.4%
06	0	602	1,216	102.0%
08	0	503	1,196	137.8%
09	0	503	1,084	115.5%
10	0	716	1,186	65.6%
11	0	503	839	66.8%
Statewide	0			0.0%

NOTES:
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Arkansas (03)

Automobile Insurance Plan
Development of Base Rates by Territory

Taxis and Limousines

SINGLE LIMIT LIABILITY

(1)	(2)	(3)			(4)	(5)
	CY 2005	$75,000 BASE RATES				
	Total Limits		Formula		Proposed*	
	On-Level			Percent		Percent
Territory	Earned Premium	Current	Rates	Change	Rates	Change
01	0	$5,992	$6,666	11.2%	$6,666	11.2%
03	535	2,919	5,284	81.0%	$3,649	25.0%
05	0	3,095	4,579	47.9%	$3,869	25.0%
06	0	3,493	5,404	54.7%	$4,366	25.0%
08	0	2,919	5,315	82.1%	$3,649	25.0%
09	4,283	2,919	4,818	65.1%	$3,649	25.0%
10	0	4,167	5,268	26.4%	$5,209	25.0%
11	0	2,919	3,723	27.5%	$3,649	25.0%
Statewide	4,818			66.9%		25.0%

NOTES:
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Arkansas (03)

Automobile Insurance Plan
Development of Base Rates by Territory

School and Church Buses

SINGLE LIMIT LIABILITY

(1)	(2)	(3)	(4)	(5)
	CY 2005	$75,000 BASE RATES		
Territory	Total Limits On-Level Earned Premium	Current	Proposed	Percent Change
01	0	$1,138	$1,014	-10.9%
03	0	553	804	45.4%
05	0	589	696	18.2%
06	0	663	823	24.1%
08	0	553	808	46.1%
09	0	553	733	32.5%
10	0	793	800	0.9%
11	0	553	565	2.2%
Statewide	0			0.0%

NOTES:
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Arkansas (03)

Automobile Insurance Plan
Development of Base Rates by Territory

All Other Buses

SINGLE LIMIT LIABILITY

(1)	(2)	(3)	(4)	(5)
	CY 2005	$75,000 BASE RATES		
Territory	Total Limits On-Level Earned Premium	Current	Proposed	Percent Change
01	26,376	$8,466	$6,696	-20.9%
03	0	4,124	5,307	28.7%
05	0	4,373	4,597	5.1%
06	0	4,935	5,429	10.0%
08	0	4,124	5,336	29.4%
09	21,284	4,124	4,839	17.3%
10	0	5,887	5,292	-10.1%
11	0	4,124	3,740	-9.3%
Statewide	47,660			-3.8%

NOTES:
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Arkansas (03)

Automobile Insurance Plan
Development of Base Rates by Territory

UNINSURED MOTORISTS

(1)	(2)	(3)			(4)	(5)
	CY 2005	$25/50 BASE RATES				
	Total Limits		Formula		Proposed*	
	On-Level			Percent		Percent
Territory	Earned Premium	Current	Rates	Change	Rates	Change
01	1,182	$117	$28	-76.1%	$88	-24.8%
03	404	117	28	-76.1%	$88	-24.8%
05	976	117	28	-76.1%	$88	-24.8%
06	0	117	28	-76.1%	$88	-24.8%
08	0	117	28	-76.1%	$88	-24.8%
09	78	117	28	-76.1%	$88	-24.8%
10	0	117	28	-76.1%	$88	-24.8%
11	468	117	28	-76.1%	$88	-24.8%
Statewide	3,108			-76.1%		-24.8%

NOTES:
Includes copyrighted material of Insurance Services Office, Inc., with its permission.

Arkansas (03)

Automobile Insurance Plan
Development of Base Rates by Territory

HIRED AUTOS

(1)	(2)	(3)	(4)	(5)
	CY 2005 Total Limits On-Level	$75,000 SINGLE LIMIT BASE RATES		
Territory	Earned Premium	Current	Proposed	Percent Change
ALL	0	$1.11	$1.79	0.0%

NOTES:
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Arkansas (03)

Automobile Insurance Plan
Development of Base Rates by Territory

EMPLOYERS NONOWNERSHIP LIABILITY

(1)	(2)	(3)			(4)	(5)
		$75,000 SINGLE LIMIT BASE RATES				
	CY 2005					
Total	Total Limits		Formula		Proposed*	
Number of	On-Level			Percent		Percent
Employees	Earned Premium	Current	Rates	Change	Rates	Change
0-25	881	$38	$126	231.6%	$48	26.3%
26-100	0	90	295	227.8%	$113	25.6%
101-500	488	294	645	119.4%	$368	25.2%
501-1,000	0	563	1,016	80.5%	$704	25.0%
Over 1,000	0	863	2,277	163.8%	$1,079	25.0%
Statewide	1,369			191.6%		25.9%

NOTES:
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ARKANSAS AUTOMOBILE INSURANCE PLAN EXHIBIT 5
(Struck-out matter—deleted; Underlined matter—new)

Rule 58. UNINSURED MOTORISTS INSURANCE

*Paragraph **B** is amended as follows:*

B. **Rates**

1. Uninsured Motorists—Bodily Injury

   The rates are for $25,000/50,000 bodily injury.

   a. Individual or Husband and Wife

All Territories	Rate per Auto Registered In Arkansas
First Auto	$~~62~~ 47
Each Additional Auto	~~54~~ 41

   b. All Others

All Territories	Rate per Auto Registered In Arkansas
First Auto	$~~54~~ 41
Each Additional Auto	~~54~~ 41

   For increased limits, refer to Rule 2.

2. Uninsured Motorists—Property Damage

   The rate is for $25,000 property damage limit subject to $200 deductible.

Additional Charge per Auto Registered in Arkansas
$~~55~~ 41

Rule 124. EMPLOYERS NONOWNERSHIP LIABILITY

*Paragraph **B.1** is amended as follows:*

B. **Premium Development—Bodily Injury and Property Damage Liability Coverage**

1. Determine the total number of employees of the insured at all locations and select the advance premium from the following table:

Total Number of Employees	Bodily Injury and Property Damage $75,000 Limit
0– 25	$ ~~38~~ 48
26– 100	~~90~~ 113
101– 500	~~294~~ 370
501–1,000	~~563~~ 709
Over 1,000	~~863~~ 1,086

<u>Exhibit 6</u>

Manual Rate Pages

(STATE CODE 03)

COMMERCIAL AUTO LIABILITY RATES
$75,000 SINGLE LIMIT BODILY INJURY AND PROPERTY DAMAGE

TRUCKS, TRACTORS, AND TRAILERS

Territory	Bodily Injury and Property Damage
01	$1,192
03	716
05	759
06	856
08	716
09	716
10	942
11	666

HIRED AUTO	
$75,000 Single Limit BI and PD	
All Territories	$1.79

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(STATE CODE 03)

COMMERCIAL AUTO LIABILITY RATES
$75,000 SINGLE LIMIT BODILY INJURY AND PROPERTY DAMAGE

PUBLIC AUTOS

	TAXICABS AND LIMOUSINES	VAN POOLS
Territory	**BI and PD**	**BI and PD**
01	$6,666	$1,500
03	3,649	1,189
05	3,869	1,031
06	4,366	1,216
08	3,649	1,196
09	3,649	1,084
10	5,209	1,186
11	3,649	839

	SCHOOL and CHURCH BUSES	OTHER BUSES
Territory	**BI and PD**	**BI and PD**
01	$1,014	$6,696
03	804	5,307
05	696	4,597
06	823	5,429
08	808	5,336
09	733	4,839
10	800	5,292
11	565	3,740

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(State Code 03)

COMMERCIAL AUTO PHYSICAL DAMAGE RATES
LIGHT TRUCKS
$100 DEDUCTIBLE COMPREHENSIVE

Original Cost New	Age Group	Territory 01	03	05	06	08	09	10	11
$0-4500	1,2,3	$95	$95	$116	$116	$122	$136	$103	$133
	4	81	81	99	99	104	116	88	113
	5	71	71	87	87	92	102	77	100
	6	62	62	75	75	79	88	67	86
4501-6000	1,2,3	149	149	180	180	190	212	160	207
	4	127	127	153	153	162	180	136	176
	5	112	112	135	135	143	159	120	155
	6	97	97	117	117	124	138	104	135
6001-8000	1,2,3	202	202	244	244	258	288	217	282
	4	172	172	207	207	219	245	184	240
	5	152	152	183	183	194	216	163	212
	6	131	131	159	159	168	187	141	183
8001-10000	1,2,3	262	262	318	318	336	375	282	367
	4	223	223	270	270	286	319	240	312
	5	197	197	239	239	252	281	212	275
	6	170	170	207	207	218	244	183	239
10001-15000	1,2,3	369	369	446	446	473	527	396	515
	4	314	314	379	379	402	448	337	438
	5	277	277	335	335	355	395	297	386
	6	240	240	290	290	307	343	257	335
15001-20000	1,2,3	521	521	630	630	667	745	559	728
	4	443	443	536	536	567	633	475	619
	5	391	391	473	473	500	559	419	546
	6	339	339	410	410	434	484	363	473
20001-25000	1,2,3	672	672	814	814	862	962	722	940
	4	571	571	692	692	733	818	614	799
	5	504	504	611	611	647	722	542	705
	6	437	437	529	529	560	625	469	611
25001-40000	1,2,3	976	976	1,181	1,181	1,252	1,396	1,048	1,365
	4	830	830	1,004	1,004	1,064	1,187	891	1,160
	5	732	732	886	886	939	1,047	786	1,024
	6	634	634	768	768	814	907	681	887
40001-65000	1,2,3	1,584	1,584	1,917	1,917	2,032	2,265	1,700	2,215
	4	1,346	1,346	1,629	1,629	1,727	1,925	1,445	1,883
	5	1,188	1,188	1,438	1,438	1,524	1,699	1,275	1,661
	6	1,030	1,030	1,246	1,246	1,321	1,472	1,105	1,440
65001-90000	1,2,3	2,343	2,343	2,835	2,835	3,006	3,352	2,514	3,277
	4	1,992	1,992	2,410	2,410	2,555	2,849	2,137	2,785
	5	1,757	1,757	2,126	2,126	2,255	2,514	1,886	2,458
	6	1,523	1,523	1,843	1,843	1,954	2,179	1,634	2,130
Over 90000	1,2,3	3,102	3,102	3,754	3,754	3,980	4,438	3,329	4,340
	4	2,637	2,637	3,191	3,191	3,383	3,772	2,830	3,689
	5	2,327	2,327	2,816	2,816	2,985	3,329	2,497	3,255
	6	2,016	2,016	2,440	2,440	2,587	2,885	2,164	2,821

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(State Code 03)

COMMERCIAL AUTO PHYSICAL DAMAGE RATES
LIGHT TRUCKS
$100 DEDUCTIBLE COLLISION

Original Cost New	Age Group	Territory 01	03	05	06	08	09	10	11
$0-4500	1,2,3	$191	$175	$201	$183	$194	$187	$171	$190
	4	162	149	171	156	165	159	145	162
	5	143	131	151	137	146	140	128	143
	6	124	114	131	119	126	122	111	124
4501-6000	1,2,3	247	226	260	236	251	242	221	245
	4	210	192	221	201	213	206	188	208
	5	185	170	195	177	188	182	166	184
	6	161	147	169	153	163	157	144	159
6001-8000	1,2,3	303	277	318	290	307	296	271	301
	4	258	235	270	247	261	252	230	256
	5	227	208	239	218	230	222	203	226
	6	197	180	207	189	200	192	176	196
8001-10000	1,2,3	366	336	385	351	372	358	328	364
	4	311	286	327	298	316	304	279	309
	5	275	252	289	263	279	269	246	273
	6	238	218	250	228	242	233	213	237
10001-15000	1,2,3	478	438	503	458	485	468	428	475
	4	406	372	428	389	412	398	364	404
	5	359	329	377	344	364	351	321	356
	6	311	285	327	298	315	304	278	309
15001-20000	1,2,3	637	584	670	610	647	623	570	633
	4	541	496	570	519	550	530	485	538
	5	478	438	503	458	485	467	428	475
	6	414	380	436	397	421	405	371	411
20001-25000	1,2,3	796	730	837	762	808	779	713	792
	4	677	621	711	648	687	662	606	673
	5	597	548	628	572	606	584	535	594
	6	517	475	544	495	525	506	463	515
25001-40000	1,2,3	1,115	1,021	1,172	1,067	1,132	1,091	998	1,108
	4	948	868	996	907	962	927	848	942
	5	836	766	879	800	849	818	749	831
	6	725	664	762	694	736	709	649	720
40001-65000	1,2,3	1,752	1,605	1,842	1,677	1,778	1,714	1,568	1,741
	4	1,489	1,364	1,566	1,425	1,511	1,457	1,333	1,480
	5	1,314	1,204	1,382	1,258	1,334	1,286	1,176	1,306
	6	1,139	1,043	1,197	1,090	1,156	1,114	1,019	1,132
65001-90000	1,2,3	2,548	2,334	2,680	2,440	2,587	2,494	2,280	2,533
	4	2,166	1,984	2,278	2,074	2,199	2,120	1,938	2,153
	5	1,911	1,751	2,010	1,830	1,940	1,871	1,710	1,900
	6	1,656	1,517	1,742	1,586	1,682	1,621	1,482	1,646
Over 90000	1,2,3	3,344	3,064	3,517	3,202	3,395	3,273	2,993	3,324
	4	2,842	2,604	2,989	2,722	2,886	2,782	2,544	2,825
	5	2,508	2,298	2,638	2,402	2,546	2,455	2,245	2,493
	6	2,174	1,992	2,286	2,081	2,207	2,127	1,945	2,161

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Arkansas (03)

Automobile Insurance Plan
Development of Expected Loss & LAE Ratio

LIABILITY

	(1) Expense Provision
Commissions	0.122
Administration Expense Allowance	0.174
Premium Taxes	0.025
Premium Charge-Off Expense	0.047
Miscellaneous CAIP Expenses	0.023
Contingency	0.050
Investment Income	-0.023
(2) Total Expense Ratio [Sum of Column (1)]	0.418
(3) Expected Loss & LAE Ratio [1.0 - (2)]	0.582

NOTES:
For Investment Income refer to Appendix 2.

Arkansas (03)

Automobile Insurance Plan
Development of Expected Loss & LAE Ratio

PHYSICAL DAMAGE

	(1) Expense Provision
Commissions	0.133
Administration Expense Allowance	0.175
Premium Taxes	0.030
Premium Charge-Off Expense	0.047
Miscellaneous CAIP Expenses	0.023
Contingency	0.050
Investment Income	-0.003
(2) Total Expense Ratio [Sum of Column (1)]	0.455
(3) Expected Loss & LAE Ratio [1.0 - (2)]	0.545

NOTES:
For Investment Income refer to Appendix 2.

Arkansas

Automobile Insurance Plan

Determination of Investment Income

LIABILITY, MEDICAL PAYMENTS AND UNINSURED MOTORISTS INSURANCE

A. Unearned Premium Reserves:	
1. Total Limits Earned Premium at 01/00/1900 Manual Rates for Calendar Year Ending 12/31/0.	$163,877
2. Mean Unearned Premium Reserve 0.500 x (1)	$81,939
3. Deduction for Prepaid Expenses:	
Commissions	0.122
Servicing Carrier Fees	0.174
Premium Taxes incl. Misc. Taxes, Licenses and Fees	0.025
Loss Adjustment Expense Provision	0.080
Total	*0.401*
4. Line (2) times Line (3)	$32,858
5. Net Subject to Investment Income (2)-(4)	$49,081
B. Delayed Collection of Premiums:	
1. Total Limits Earned Premium at 01/00/1900 Manual Rates (A.1)	$163,877
2. Average Agents' Balances	0.257
3. Delayed Collection (1) x (2)	$42,116
C. Loss Reserve:	
1. Total Limits Earned Premium at 01/00/1900 Manual Rates (A.1)	$163,877
2. Expected Incurred Loss and Loss Adjustment Expense Ratio (Reflecting Investment Income)	0.502
3. Expected Incurred Loss and Loss Adjustment Expense (1) x (2)	$82,266
4. Expected Mean Loss Reserves 1.302 x (3)	$107,110
D. Net Subject to Investment (A.5)-(B.3)+(C.4)	$114,075
E. Average yield	4.3%
F. Investment Earnings on Net Subject to Investment (D)x(E)	$4,905
G. Average yield as a Percent of Earned Premium on level (F)/(A.1)	3.0%
H. Average yield as a Percent of Earned Premium after Federal Income Taxes (G) x 0.760	2.3%

Arkansas

Automobile Insurance Plan

Determination of Investment Income

LIABILITY EXPLANATORY NOTES

Line A-1

Premiums are the latest calendar year total limits Automobile Insurance Plan premiums at present rates for the following commercial automobile coverages:

LIABILITY, MEDICAL PAYMENTS AND UNINSURED MOTORISTS INSURANCE

Line A-2

The mean unearned premium reserve may be determined by multiplying the total limits premiums in line (1) by the countrywide ratio of the mean unearned premium reserve to the net earned premium for 0 for Automobile Liability Insurance for all companies as shown in "Best's Aggregates & Averages."

	(In Thousands)
1. Net Earned Premium for Calendar Year 0	$113,554,581
2. Unearned Premium Reserve as of 12/31/-1	37,892,578
3. Unearned Premium Reserve as of 12/31/0	38,726,447
4. Mean Unearned Premium Reserve [{(2)+(3)}/2]	38,309,513
5. Ratio [(4)/(1)]	0.337

All assigned risk policies are, however, written for a term of one year; therefore, the appropriate determination of the unearned premium reserve is on the annual pro-rata fraction basis. Specifically, the annual pro-rata basis assumes that all policies for a particular year are written uniformly throughout the year. As such, approximately one half of the premiums are investable for a full year. The selected factor is: 0.500

Line A-3

Deduction for prepaid expenses:

Production costs and a large portion of the other company expenses incurred in connection with the writing of Automobile Liability Insurance policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid.

Arkansas

Automobile Insurance Plan

Determination of Investment Income

LIABILITY EXPLANATORY NOTES

Line B-2

Delayed collection of premium:

This deduction is necessary because of delay in collection and remission of premium to the companies beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the companies' surplus.

Agents' balances or uncollected premiums for premiums due less than 90 days amount to 0.250 of net earned premiums for all companies as shown in "Best's Aggregates & Averages." This value is based on the following:

	(In Thousands)
1. Net Earned Premium for Calendar Year 0	$429,940,320
2. Net Agents' Balances as of 12/31/-1	103,531,808
3. Net Agents' Balances as of 12/31/0	111,095,878
4. Mean Agents' Balances [{(2)+(3)}/2]	107,313,843
5. Ratio [(4)/(1)]	0.250

The above percentage must be multiplied by a factor of 1.027 to include the effect of agents' balances or uncollected premiums overdue for more than 90 days. The 1.027 factor is based on factors from the 2006 "Best's Aggregates and Averages, Consolidated Property Casualty Annual Statement."

The two factors combined amount to: 0.257 (= 0.250 x 1.027)

Line C-2

The expected loss and loss adjustment expense ratio reflects the expense provisions used in the filing.

Arkansas

Automobile Insurance Plan

Determination of Investment Income

LIABILITY EXPLANATORY NOTES

Line C-4

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (C.3) by the average countrywide ratio of the mean loss and loss adjustment expense reserves to the incurred loss and loss adjustment expenses in -1 and 0 for Automobile Liability Insurance. This ratio is based on all company data shown in "Best's Aggregates & Averages."

	(In Thousands)
1. Incurred Losses (A) for Accident Year -1	78,691,798
2. Incurred Losses (A) for Accident Year 0	82,491,822
3. Loss Reserves (A) as of 12/31/-2	103,120,414
4. Loss Reserves (A) as of 12/31/-1	102,982,590
5. Loss Reserves (A) as of 12/31/0	110,370,407
6. Mean Loss Reserve -1: [{(3)+(4)}/2]	103,051,502
7. Mean Loss Reserve 0: [{(4)+(5)}/2]	106,676,499
8. Ratio [(6)/(1)]	1.310
9. Ratio [(7)/(2)]	1.293
10. [{(8)+(9)}/2]	1.302

(A) Including all loss adjustment expenses

Line E

The yield is the ratio of net investment income earned to mean cash and invested assets for all companies as determined from data shown in "Best's Aggregates & Averages" as follows:

Year	Net Investment Income Earned @	Mean Cash and Invested Assets @	Yield
-1	$41,146,998	$1,018,810,319	4.0%
0	51,737,630	1,120,026,040	4.6%
	$92,884,628	$2,138,836,359	4.3%

@ Figures are in Thousands of Dollars

Arkansas

Automobile Insurance Plan

Determination of Investment Income

LIABILITY EXPLANATORY NOTES

LINE H

The average rate of Federal Income Tax was determined by applying the appropriate tax rates to the distribution of investment income earned for 0 for all companies as determined from data shown in "Best's Aggregates & Averages."

		Investment Income Earned (In Thousands of Dollars)	Federal Income Tax Rate	
Bonds	Taxable	$23,254,464	0.350	
	Non-Taxable	13,189,050	0.053	(A)
	Sub-Total	$36,443,514	0.243	
Stocks	Taxable	$3,675,690	0.142	(B)
	Non-Taxable (Affiliates)	3,597,641	0.000	
	Sub-Total	$7,273,331	0.072	
Other	Mortgage Loans	$194,195		
	Real Estate	1,650,988		
	Contract Loans	2,367		
	Cash / Short-Term Investments	3,006,076		
	Derivative instruments	(2,499)		
	Other Invested Assets	6,316,455		
	Aggregate write-ins for investment income	1,216,725		
	Sub-Total	$12,384,307	0.350	
	Grand Total of Bonds, Stocks & Other	$56,101,152	0.244	
	Investment Deductions			
	Total Investment Expenses Incurred	$2,583,504	0.244	
	Interest Expense	790,938	0.350	
	Depreciation on Real Estate	390,271	0.350	
	Aggregate write-ins for deductions from investment income	598,809	0.350	
	Sub-Total of Investment Deductions	$4,363,522	0.287	
	Net Investment Income Earned	*$51,737,630*	*0.240*	

(A) Assume 85% of the income on tax-exempt bonds is subject to proration; that is, 15% of that income is taxed at a full corporate income tax rate of of 35%. The applicable tax rate is thus:

5.3% = [(0.85 x 0.00) + (0.15 x 0.35)].

(B) Only 30% of dividend income is subject to a full corporate income tax rate of 35%. Assume 85% of the tax exempt dividend income on stocks is subject to proration; that is, 15% of the remaining 70% of dividend income is taxed at a rate of 35%. The applicable tax rate is thus:

14.2% = [(0.30 x 0.35) + (0.70 x 0.85 x 0.00) + (0.70 x 0.15 x 0.35)].

Arkansas

Automobile Insurance Plan

Determination of Investment Income

PHYSICAL DAMAGE INSURANCE

A. Unearned Premium Reserves:	
1. Direct Earned Premium On Level for Calendar Year Ending 12/31/0.	$2,053
2. Mean Unearned Premium Reserve 0.500 x (1)	$1,027
3. Deduction for Prepaid Expenses:	
Commissions	0.133
Servicing Carrier Fees	0.175
Premium Taxes incl. Misc. Taxes, Licenses and Fees	0.030
Loss Adjustment Expense Allowance	0.076
Total	*0.414*
4. Line (2) times Line (3)	$425
5. Net Subject to Investment Income (2)-(4)	$602
B. Delayed Collection of Premiums:	
1. Premiums On Level (A.1)	$2,053
2. Average Agents' Balances	0.257
3. Delayed Collection (1) x (2)	$528
C. Loss Reserve:	
1. Premiums On Level (A.1)	$2,053
2. Expected Incurred Loss and Loss Adjustment Expense Ratio	0.469
3. Expected Incurred Loss and Loss Adjustment Expenses (1)x(2)	$963
4. Expected Mean Loss Reserves 0.122 x (3)	$117
D. Net Subject to Investment (A.5)-(B.3)+(C.4)	$191
E. Average yield	4.3%
F. Investment Earnings on Net Subject to Investment (D)x(E)	$8
G. Average yield as a Percent of Earned Premium On Level (F)/(A.1)	0.4%
H. Average yield as a Percent of Earned Premium after Federal Income Taxes (G) x 0.760	0.3%

Arkansas

Automobile Insurance Plan

Determination of Investment Income

PHYSICAL DAMAGE EXPLANATORY NOTES

Line A-1

Premiums are all deductible Automobile Insurance Plan premiums at current level for Private Passenger Automobile Comprehensive and Collision Insurance for the latest calendar year.

Line A-2

The mean unearned premium reserve may be determined by multiplying the all deductible premiums in line (1) by the countrywide ratio of the mean unearned premium reserve to the net earned premium for 0 for Automobile Physical Damage Insurance for all companies as shown in "Best's Aggregates and Averages."

	(In Thousands)
1. Net Earned Premium for Calendar Year 0	$71,598,656
2. Unearned Premium Reserve as of 12/31/-1	23,535,626
3. Unearned Premium Reserve as of 12/31/0	23,716,302
4. Mean Unearned Premium Reserve [{(2)+(3)}/2]	23,625,964
5. Ratio [(4)/(1)]	0.330

All assigned risk policies are, however, written for a term of one year; therefore, the appropriate determination of the unearned premium reserve is on the annual pro-rata fraction basis. Specifically, the annual pro-rata basis assumes that all policies for a particular year are written uniformly throughout the year. As such, approximately one half of the premiums are investable for a full year.
The selected factor is: 0.500

Line A-3

Deduction for prepaid expenses:

Production costs and a large portion of the other company expenses incurred in connection with the writing of Automobile Physical Damage Insurance policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid.

Arkansas

Automobile Insurance Plan

Determination of Investment Income

PHYSICAL DAMAGE EXPLANATORY NOTES

Line B-2

Delayed collection of premium:

This deduction is necessary because of delay in collection and remission of premium to the companies beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the companies' surplus.

Agents' balances or uncollected premiums for premiums due less than 90 days amount to 0.250 of net earned premiums for all companies as shown in "Best's Aggregates and Averages." This value is based on the following:

	(In Thousands)
1. Net Earned Premium for Calendar Year 0	$429,940,320
2. Net Agents' Balances as of 12/31/-1	103,531,808
3. Net Agents' Balances as of 12/31/0	111,095,878
4. Mean Agents' Balances [{(2)+(3)}/2]	107,313,843
5. Ratio [(4)/(1)]	0.250

The above percentage must be multiplied by a factor of 1.027 to include the effect of agents' balances or uncollected premiums overdue for more than 90 days. The 1.027 factor is based on factors from the 2006 "Best's Aggregates and Averages, Consolidated Property Casualty Annual Statement."

The two factors combined amount to: 0.257 (= 0.250 x 1.027)

Line C-2

The expected loss and loss adjustment expense ratio reflects the expense provisions used in the filing.

Arkansas

Automobile Insurance Plan

Determination of Investment Income

PHYSICAL DAMAGE EXPLANATORY NOTES

Line C-4

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (C.3) by the average countrywide ratio of the mean loss and loss adjustment expense reserves to the incurred loss and loss adjustment expenses in -1 and 0 for Automobile Physical Damage Insurance. This ratio is based on all company data provided by the A.M. Best Company.

	(In Thousands)
1. Incurred Losses (A) for Calendar Year -1	43,035,136
2. Incurred Losses (A) for Calendar Year 0	47,303,677
3. Loss Reserves (A) as of 12/31/-2	5,445,549
4. Loss Reserves (A) as of 12/31/-1	5,402,759
5. Loss Reserves (A) as of 12/31/0	5,696,912
6. Mean Loss Reserve -1: [{(3)+(4)}/2]	5,424,154
7. Mean Loss Reserve 0: [{(4)+(5)}/2]	5,549,836
8. Ratio [(6)/(1)]	0.126
9. Ratio [(7)/(2)]	0.117
10. [{(8)+(9)}/2]	0.122

(A) Including all loss adjustment expenses

Line E

The yield is the ratio of net investment income earned to mean cash and invested assets for all companies as determined from data shown in "Best's Aggregates and Averages" as follows:

Year	Net Investment Income Earned @	Mean Cash and Invested Assets @	Yield
-1	$41,146,998	$1,018,810,319	4.0%
0	51,737,630	1,120,026,040	4.6%
	$92,884,628	$2,138,836,359	4.3%

@ Figures are in Thousands of Dollars

Arkansas

Automobile Insurance Plan

Determination of Investment Income

PHYSICAL DAMAGE EXPLANATORY NOTES

LINE H

The average rate of Federal Income Tax was determined by applying the appropriate tax rates to the distribution of investment income earned for 0 for all companies as determined from data shown in "Best's Aggregates & Averages."

		Investment Income Earned (In Thousands of Dollars)	Federal Income Tax Rate	
Bonds	Taxable	$23,254,464	0.350	
	Non-Taxable	13,189,050	0.053	(A)
	Sub-Total	$36,443,514	0.243	
Stocks	Taxable	$3,675,690	0.142	(B)
	Non-Taxable (Affiliates)	3,597,641	0.000	
	Sub-Total	$7,273,331	0.072	
Other	Mortgage Loans	$194,195		
	Real Estate	1,650,988		
	Contract Loans	2,367		
	Cash / Short-Term Investments	3,006,076		
	Derivative instruments	(2,499)		
	Other Invested Assets	6,316,455		
	Aggregate write-ins for investment income	1,216,725		
	Sub-Total	$12,384,307	0.350	
	Grand Total of Bonds, Stocks & Other	$56,101,152	0.244	
	Investment Deductions			
	Total Investment Expenses Incurred	$2,583,504	0.244	
	Interest Expense	790,938	0.350	
	Depreciation on Real Estate	390,271	0.350	
	Aggregate write-ins for deductions from investment income	598,809	0.350	
	Sub-Total of Investment Deductions	$4,363,522	0.287	
	Net Investment Income Earned	*$51,737,630*	*0.240*	

(A) Assume 85% of the income on tax-exempt bonds is subject to proration; that is, 15% of that income is taxed at a full corporate income tax rate of of 35%. The applicable tax rate is thus:

5.3% = [(0.85 x 0.00) + (0.15 x 0.35)].

(B) Only 30% of dividend income is subject to a full corporate income tax rate of 35%. Assume 85% of the tax exempt dividend income on stocks is subject to proration; that is, 15% of the remaining 70% of dividend income is taxed at a rate of 35%. The applicable tax rate is thus:

14.2% = [(0.30 x 0.35) + (0.70 x 0.85 x 0.00) + (0.70 x 0.15 x 0.35)].