

SERFF Tracking Number: IATH-125281657 State: Arkansas
Filing Company: Harco National Insurance Company State Tracking Number: AR-PC-07-026067
Company Tracking Number: AR-WC-2117-R
TOI: 16.0 Workers Compensation Sub-TOI: 16.0002 Employers Liability WC
Product Name: Workers Compensation
Project Name/Number: AR Loss Cost filing/AR-WC-2117-R

Filing at a Glance

Company: Harco National Insurance Company

Product Name: Workers Compensation

TOI: 16.0 Workers Compensation

Sub-TOI: 16.0002 Employers Liability WC

Filing Type: Rate

SERFF Tr Num: IATH-125281657

SERFF Status: Closed

Co Tr Num: AR-WC-2117-R

Co Status: Submitted

Author: Katie Cook

Date Submitted: 09/12/2007

State: Arkansas

State Tr Num: AR-PC-07-026067

State Status:

Reviewer(s): Betty Montesi, Carol Stiffler, Brittany Yielding

Disposition Date: 09/13/2007

Disposition Status: Approved

Effective Date (New): 12/01/2007

Effective Date (Renewal):

Effective Date Requested (New): 12/01/2007

Effective Date Requested (Renewal): 12/01/2007

General Information

Project Name: AR Loss Cost filing

Project Number: AR-WC-2117-R

Reference Organization: NCCI

Reference Title: Approved Advisory Loss Costs

Filing Status Changed: 09/13/2007

State Status Changed: 09/13/2007

Corresponding Filing Tracking Number:

Filing Description:

Filing to adopt 2007 loss costs and seven hazard groups as outlined in AR-2007-01.

No change to our LCM.

Status of Filing in Domicile: Not Filed

Domicile Status Comments:

Reference Number: AR-2007-01

Advisory Org. Circular: AR-2007-04

Deemer Date:

Company and Contact

Filing Contact Information

Katie Cook, Compliance Analyst II

2850 West Golf Road

Rolling Meadows, IL 60008

kcook@iat-harco.com

(847) 321-4852 [Phone]

(847) 321-4810[FAX]

Filing Company Information

SERFF Tracking Number: IATH-125281657 State: Arkansas
Filing Company: Harco National Insurance Company State Tracking Number: AR-PC-07-026067
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Harco National Insurance Company
2850 West Golf Road
9th Floor
Rolling Meadows, IL 60008
(800) 448-4642 ext. [Phone]

CoCode: 26433
Group Code: 225
Group Name:
FEIN Number: 13-6108721

State of Domicile: Illinois
Company Type:
State ID Number:

SERFF Tracking Number: IATH-125281657 State: Arkansas
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Filing Fees

Fee Required? Yes
Fee Amount: \$50.00
Retaliatory? No
Fee Explanation: NOT CHANGING OUR LCM.
Per Company: No

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
93713	\$50.00	09/11/2007

<i>SERFF Tracking Number:</i>	<i>IATH-125281657</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Harco National Insurance Company</i>	<i>State Tracking Number:</i>	<i>AR-PC-07-026067</i>
<i>Company Tracking Number:</i>	<i>AR-WC-2117-R</i>		
<i>TOI:</i>	<i>16.0 Workers Compensation</i>	<i>Sub-TOI:</i>	<i>16.0002 Employers Liability WC</i>
<i>Product Name:</i>	<i>Workers Compensation</i>		
<i>Project Name/Number:</i>	<i>AR Loss Cost filing/AR-WC-2117-R</i>		

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Carol Stiffler	09/13/2007	09/13/2007

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Check is mailed separately	Note To Reviewer	Katie Cook	09/12/2007	09/12/2007

SERFF Tracking Number: IATH-125281657 State: Arkansas
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 Project Name/Number: AR Loss Cost filing/AR-WC-2117-R

Disposition

Disposition Date: 09/13/2007
 Effective Date (New): 12/01/2007
 Effective Date (Renewal):
 Status: Approved
 Comment:

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Harco National Insurance Company	2.800%	\$3,043	2	\$108,700	%	%	2.800%

SERFF Tracking Number: IATH-125281657 State: Arkansas
 Filing Company: Harco National Insurance Company State Tracking Number: AR-PC-07-026067
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 TOI: 16.0 Workers Compensation Sub-TOI: 16.0002 Employers Liability WC
 Product Name: Workers Compensation
 Project Name/Number: AR Loss Cost filing/AR-WC-2117-R

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	NAIC Loss Cost Filing Document for Workers' Compensation	Approved	Yes
Supporting Document	NAIC loss cost data entry document	Approved	Yes
Supporting Document	Calculation for Average Weekly Wages	Approved	Yes
Supporting Document	Additional Exhibits	Approved	Yes
Rate	AR Exception Page	Approved	Yes
Rate	AR Exception Page	Approved	Yes

SERFF Tracking Number: IATH-125281657 *State:* Arkansas
Filing Company: Harco National Insurance Company *State Tracking Number:* AR-PC-07-026067
Company Tracking Number: AR-WC-2117-R
TOI: 16.0 Workers Compensation *Sub-TOI:* 16.0002 Employers Liability WC
Product Name: Workers Compensation
Project Name/Number: AR Loss Cost filing/AR-WC-2117-R

Note To Reviewer

Created By:

Katie Cook on 09/12/2007 12:34 PM

Subject:

Check is mailed separately

Comments:

I have mailed the check to your department 9/12/07.

SERFF Tracking Number: IATH-125281657
 Filing Company: Harco National Insurance Company
 Company Tracking Number: AR-WC-2117-R
 TOI: 16.0 Workers Compensation
 Product Name: Workers Compensation
 Project Name/Number: AR Loss Cost filing/AR-WC-2117-R

State: Arkansas
 State Tracking Number: AR-PC-07-026067
 Sub-TOI: 16.0002 Employers Liability WC

Rate Information

Rate data applies to filing.

Filing Method: File and use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 5.000%
Effective Date of Last Rate Revision: 12/01/2006
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):
Harco National Insurance Company	2.800%	2.800%	\$3,043	2	\$108,700	%	%

SERFF Tracking Number: IATH-125281657 State: Arkansas
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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Approved	AR Exception Page	WC-E-1	Replacement	07AR-WCE1.pdf
Approved	AR Exception Page	WC-E-2	Replacement	07AR-WCE2.pdf

**HARCO NATIONAL INSURANCE COMPANY
WORKERS' COMPENSATION
EXCEPTION PAGE**

Minimum Premium Formula used by HARCO; including the average annual wage used in the formula:

[Rate * Average Annual Wage] + Expense Constant < = \$750

Where: *Average Weekly Wage = \$352
 Average Annual Wage = Average Weekly Wage * 52 weeks ÷ 100
 Expense Constant = \$200

Maximum Minimum Premium: \$750

*Expense Constant applicable in accordance with Basic Manual Rule VI-D-3.....\$200.00

Premium Discount: (See Basic NCCI Manual Appendix AA1).

The following premium discounts are applicable to Standard Premiums:

			Stock
First	5,000	-	-
Next	95,000	a	9.5%
Next	400,000	b	11.9%
Over	500,000	c	12.4%

Reference: Table 1 Type A Carriers

Managed Care Arrangement Premium Credit Program

A 2% premium credit will be applied whenever an employer utilizes a managed care arrangement.

*Denotes Change

**HARCO NATIONAL INSURANCE COMPANY
WORKERS' COMPENSATION
EXCEPTION PAGE**

PERCENTAGE PREMIUM REDUCTION

The following reduction percentages are applicable by hazard group for employers electing deductibles as designated below:

Total Losses							
Deductible Amounts	A	B	C	D	E	F	G
\$1,000	11.6%	9.4%	8.1%	6.8%	5.7%	4.0%	3.0%
1,500	14.1%	11.6%	10.1%	8.5%	7.2%	5.1%	3.9%
2,000	16.1%	13.3%	11.5%	9.9%	8.4%	6.1%	4.7%
2,500	17.9%	14.8%	12.9%	11.1%	9.4%	6.8%	5.3%
3,000	19.4%	16.1%	14.1%	12.1%	10.4%	7.6%	5.9%
3,500	20.8%	17.3%	15.3%	13.2%	11.3%	8.4%	6.5%
4,000	22.1%	18.5%	16.3%	14.1%	12.1%	9.1%	7.0%
4,500	23.3%	19.5%	17.2%	15.0%	12.9%	9.8%	7.5%
5,000	24.4%	20.5%	18.2%	15.9%	13.7%	10.4%	8.1%

Medical Losses Only							
Deductible Amounts	A	B	C	D	E	F	G
\$1,000	11.3%	9.2%	7.9%	6.6%	5.5%	3.8%	2.9%
1,500	13.4%	11.0%	9.5%	8.1%	6.8%	4.8%	3.6%
2,000	15.2%	12.5%	10.8%	9.2%	7.8%	5.5%	4.2%
2,500	16.6%	13.7%	12.0%	10.1%	8.7%	6.2%	4.8%
3,000	17.9%	14.8%	12.9%	11.0%	9.4%	6.8%	5.3%
3,500	19.0%	15.8%	13.8%	11.8%	10.1%	7.4%	5.7%
4,000	19.9%	16.6%	14.6%	12.6%	10.7%	7.9%	6.2%
4,500	20.8%	17.4%	15.3%	13.2%	11.4%	8.4%	6.5%
5,000	21.7%	18.2%	15.9%	13.8%	11.9%	8.8%	6.8%

Indemnity Losses Only							
Deductible Amounts	A	B	C	D	E	F	G
\$1,000	2.5%	2.1%	1.9%	1.7%	1.6%	1.3%	1.0%
1,500	3.5%	2.9%	2.6%	2.4%	2.2%	1.8%	1.4%
2,000	4.3%	3.6%	3.3%	3.0%	2.7%	2.3%	1.7%
2,500	5.0%	4.2%	3.9%	3.6%	3.2%	2.8%	2.1%
3,000	5.7%	4.9%	4.5%	4.2%	3.7%	3.1%	2.4%
3,500	6.4%	5.4%	5.0%	4.7%	4.2%	3.6%	2.7%
4,000	6.9%	5.9%	5.5%	5.1%	4.5%	3.9%	3.0%
4,500	7.5%	6.4%	5.9%	5.5%	4.9%	4.2%	3.3%
5,000	8.1%	6.8%	6.3%	5.9%	5.3%	4.5%	3.6%

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Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-Property & Casualty **Review Status:** Approved 09/13/2007

Comments:

Attachment:

industry_rates_PCtransDoc_intelligent.pdf

Satisfied -Name: NAIC Loss Cost Filing Document for Workers' Compensation **Review Status:** Approved 09/13/2007

Comments:

Attachment:

AR_RF-WC-P1.pdf

Satisfied -Name: NAIC loss cost data entry document **Review Status:** Approved 09/13/2007

Comments:

Attachment:

AR_RF-1-P2.pdf

Satisfied -Name: Calculation for Average Weekly Wages **Review Status:** Approved 09/13/2007

Comments:

Attachment:

ARMINPREM_0500.pdf

Satisfied -Name: Additional Exhibits **Review Status:** Approved 09/13/2007

Comments:

Attached are Exhibits of Investment Earnings/Losses Form, as well as a breakout of CW and State Losses and another LCM sheet which shows how our LCM was calculated.

SERFF Tracking Number: IATH-125281657 *State:* Arkansas
Filing Company: Harco National Insurance Company *State Tracking Number:* AR-PC-07-026067
Company Tracking Number: AR-WC-2117-R
TOI: 16.0 Workers Compensation *Sub-TOI:* 16.0002 Employers Liability WC
Product Name: Workers Compensation
Project Name/Number: AR Loss Cost filing/AR-WC-2117-R

Attachment:
AR WC Exh.pdf

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <table style="width: 100%; border: none;"> <tr> <td style="width: 60%; border: none;">New Business</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">Renewal Business</td> <td style="border: none;"></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes	New Business		Renewal Business	
New Business					
Renewal Business					

3. Group Name	Group NAIC #

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #

5. Company Tracking Number	
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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

7. Signature of authorized filer	
8. Please print name of authorized filer	

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

9. Type of Insurance (TOI)	
10. Sub-Type of Insurance (Sub-TOI)	
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12. Company Program Title (Marketing title)	
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: <input style="width: 100px;" type="text"/> Renewal: <input style="width: 100px;" type="text"/>
15. Reference Filing?	<input type="checkbox"/> Yes <input type="checkbox"/> No
16. Reference Organization (if applicable)	
17. Reference Organization # & Title	
18. Company's Date of Filing	
19. Status of filing in domicile	<input 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 #

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

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

Check #:
Amount:

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.)

PC TD-1 pg 2 of 2

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 #	
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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			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

PC FFS-1

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 #	
-----------	--	--

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)						
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)

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

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

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

7.	Effective Date of last rate revision	
-----------	---	--

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

9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

ARKANSAS INSURANCE DEPARTMENT
WORKERS COMPENSATION INSURER RATE FILING
ADOPTION OF ADVISORY ORGANIZATION PROSPECTIVE
LOSS COSTS REFERENCE FILING ADOPTION FORM

DATE 9/12/2007

Page 1 of 2

1. INSURER NAME Harco National Insurance CompanyADDRESS 2850 W. Golf Rd--Rolling Meadows, IL 60008PERSON RESPONSIBLE FOR FILING Katie CookTITLE Senior Compliance Analyst TELEPHONE NO. 847-321-48522. INSURER NAIC NO. 26433 GROUP NO. _____3. ADVISORY ORGANIZATION NCCI4. ADVISORY ORGANIZATION REFERENCE FILING NO. AR-2007-01

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

6. A. PROPOSED RATE LEVEL CHANGE +2.8 % EFFECTIVE DATE 12/01/2007

B. PROPOSED PREMIUM LEVEL CHANGE _____ % EFFECTIVE DATE _____

7. A. PRIOR RATE LEVEL CHANGE + 5.0 % EFFECTIVE DATE 12/01/2006

B. PRIOR PREMIUM LEVEL CHANGE _____ % EFFECTIVE DATE _____

8. ATTACH "SUMMARY OF SUPPORTING INFORMATION FORM"
 (Use a separate Summary for each insurer-selected loss cost multiplier.)

9. Check **one** of the following:

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

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

RATE FILING ABSTRACT

Insurer Name Harco National Insurance Company Contact Person Katie Cook
 NAIC Number 26433 Signature _____
 Name of Advisory Organization Whose Filing You Are Referencing NCCI Telephone No. 847-321-4852
 Co. Affiliation to Advisory Organization: Member _____ Subscriber _____ Service Purchaser _____
 Reference Filing # AR-2007-01 Proposed Effective Date 12/01/2007

(1) LINE OF INSURANCE By Coverage	(2) Indicated % Rate Level Change	(3) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(4) Expected Loss Ratio	(5) Loss Cost Modification Factor	(6) Selected Loss Cost Multiplier	(7) Expense Constant (If Applicable)	(8) Co. Current Loss Cost Multiplier
Workers Compensation	+2.8%	+2.8%	79.22	1.33	1.68	\$200	1.68
TOTAL OVERALL EFFECT	+2.8	+2.8					

Y Apply Lost Cost Factors to Future Filings? (Y or N)
+2.8 Maximum Rate Increase for any Arkansas Insured (%)
 _____ Maximum Rate Decrease for any Arkansas Insured (%)

Corresponds to Question 3 on RF-2 or RF-WC

5 Year History

Rate Change History				5 Year History				Selected Provisions	
Year	Policy Count	%	Eff. Date	AR Earned Premium (000)	Incurred Losses (000)	Arkansas Loss Ratio	Countrywide Loss Ratio		
06	2	5.0	12/1/06	107,760	\$1,177	2.86	52.43	A. Total Production Expense	2.9
05		4.9	12/1/05	\$111,497	\$11,993	17.37	48.19	B. General Expense	7.3
04		-1.5	12/1/04	\$89,690	\$5,968	8.86	59.98	C. Taxes, License & Fees	2.09
03		4.9	2/1/03	\$101,458	\$69,553	82.59	80.60	D. Underwriting Profit & Contingencies	-1.73
02		4.3	1/1/02	\$114,876	\$90,764	88.44	125.29	E. Other (explain)CAT/Excess Reins.	10.15
								F. TOTAL	20.78

Harco National Insurance Company

Calculations To Determine Average Weekly Wages

Arkansas

(A) Input	(B) Input	(C) Input	(D) Input	(E) =(C-D)/B	(F) =E*100/52
Class Code	Loss Cost	Minimum Premium	Expense Const.	Min Prem Multiplier	Minimum Premium
4511	1.06	396	200	185	356
3826	1.59	494	200	185	356
3827	1.84	540	200	185	355
3830	1.77	527	200	185	355
4431	2.30	626	200	185	356
4360	1.24	429	200	185	355
5951	0.58	307	200	184	355
7422	3.69	883	200	185	356
8072	1.02	389	200	185	356
9522	2.39	642	200	185	356
9516	4.40	900	200	159	306
9410	3.07	768	200	185	356
Average Weekly Wage					352

Inputs 12

Note: Source for all inputs is the Assigned Risk rating pages. Use only Class Codes that **DO NOT** have \$750 minimum premium or any special designations eg; D, X, Ma, etc.

INVESTMENT EARNINGS/LOSSES FORM

Harco National Insurance Co.

(Name of Company)

Workers' Compensation

This form should be completed and furnished with each property and/or casualty rate filing. You may use either total company or line of business data unless otherwise directed by this office. The source of this information is listed on the reverse side of this form. The data on this form was obtained from the company's Annual Statements and Insurance Expense Exhibits for the Line of Business for the latest three years

Unearned Premium:

(1)	Direct Arkansas: earned premium in latest calendar year	<u>\$ 107,760</u>
(2)	Mean unearned premiums:	
A.	Direct Arkansas unearned premium reserves @ 12/31 latest calendar year	<u>\$ 43,449</u>
B.	Direct Arkansas unearned premium reserves @ 12/31 penultimate calendar year	<u>\$ 42,508</u>
C.	Mean unearned premium ½ (A + B)	<u>\$ 42,979</u>
(3)	Deduction for delayed remission of premium:	
A.	Direct countrywide earned premium latest calendar year	<u>\$141,744,215</u>
B.	Direct agents' balances @ 12/31 latest calendar year	<u>\$71,432,264</u>
C.	Direct agents' balances @ 12/31 penultimate calendar year	<u>\$ 54,170,361</u>
D.	Mean agents' balance ½ (B + C)	<u>\$ 62,801,313</u>
E.	Ratio (D) ÷ (A)	<u>0.4431</u>
F.	Deduction for delayed remission of premium (1) x (E)	<u>\$ 47,748</u>
(4)	Deduction for prepaid expenses:	
A.	Net premium earned	<u>\$ 5,881,484</u>
B.	Commission and brokerage	<u>\$ -</u>
C.	50% of other acquisition cost	<u>\$ 68,500</u>
D.	50% of general expense	<u>\$ 161,500</u>
E.	Taxes, licenses and fees	<u>\$ 90,000</u>
F.	Total prepaid expenses (B) + (C) + (D) + (E)	<u>\$ 320,000</u>
G.	Ratio (F) ÷ (A)	<u>0.0544</u>
H.	Deduction for prepaid expenses (2C) x (G)	<u>\$ 2,338</u>
(5)	Net subject to investment (2C) - (3F) - (4H)	<u>\$ (7,107)</u>

Loss reserves:

(6)	Expected incurred losses (1) x (permissible loss ratio)	<u>\$ 85,362</u>
(7)	Expected mean loss reserves:	
A.	Direct Arkansas loss reserve @ 12/31 latest calendar year	<u>\$ 385,673</u>
B.	Direct Arkansas loss reserve @ 12/31 penultimate calendar year	<u>\$ 457,095</u>
C.	Mean loss reserve for the latest calendar year ½ (A + B)	<u>\$ 421,384</u>
D.	Direct Arkansas incurred losses for latest calendar year	<u>\$ 65,017</u>
E.	Ratio (C) ÷ (D)	<u>6.4811</u>

F.	Direct Arkansas loss reserve @ 12/31 penultimate calendar year	\$	457,095	
G.	Direct Arkansas loss reserve @ 12/31 antepenultimate calendar year	\$	469,127	
H.	Mean loss reserve for penultimate calendar year $\frac{1}{2}$ (F + G)	\$	463,111	
I.	Direct Arkansas incurred losses for penultimate calendar year	\$	33,759	
J.	Ratio (H) \div (I)			13.7181
K.	Average $\frac{1}{2}$ (E + J)			10.0996
L.	Expected mean loss reserves (6) x (K)	\$	862,122	
(8)	Expected mean loss and loss adjustment expense reserve:			
A.	Countrywide net loss reserves @ 12/31 latest calendar year	\$	12,813,942	
B.	Countrywide net loss reserves @ 12/31 penultimate calendar year	\$	15,608,468	
C.	Mean net loss reserve $\frac{1}{2}$ (A + B)	\$	14,211,205	
D.	Countrywide net loss adjustment expense reserve @ 12/31 latest calendar year	\$	1,768,117	
E.	Countrywide net loss adjustment expense reserve @ 12/31 penultimate calendar year	\$	2,119,409	
F.	Mean net loss adjustment expense reserve $\frac{1}{2}$ (D + E)	\$	1,943,763	
G.	Ratio 1 + (F \div C)			1.1368
H.	Expected mean loss and loss adjustment expense reserve (7L) x (G)	\$	980,060	
Total:		\$	972,953	
(9)	Total net subject to investment (5) + (8H)			
(10)	Pre-tax rate of return:			
A.	Net investment income for latest calendar year	\$	10,299,648	
B.	Assets available for investment @ 12/31 latest calendar year	\$	386,950,243	
C.	Assets available for investment @ 12/31 penultimate calendar year	\$	331,505,613	
D.	Mean assets available for investment $\frac{1}{2}$ (B + C)	\$	359,227,928	
E.	Pre-tax rate of return (A) \div (D)			0.0287
(11)	Investment earnings on total net subject to investment (9) x (10E)	\$	27,924	
(12)	A. Federal income tax on investment earnings	\$	9,773	
B.	Adjustment to line (A) due to federal income tax changes (specify)	\$	-	
C.	Net federal income tax on investment earnings (A) +/- (B)	\$	9,773	
(13)	Average rate of return as a percentage of earned premiums ((11) - (12C)) \div (1)			0.1684
(14)	Pre-tax average rate of return as a percentage of earned premiums (11) \div (1)			0.2591
(15)	Selected			0.0675

Name and telephone number of person responsible for completion of this form:

Katie Cook

1-800-448-4642, ext. 847-321-4852

Workers' Compensation (Excluding LAE) - Countrywide

Year	Earned Premium	Incurred Losses	IBNR Factor	Adjusted Incr Losses	Loss Ratio
2002	\$6,516,912	\$7,294,681	1.1193	\$8,165,282	125.29
2003	\$9,159,448	\$6,127,588	1.2048	\$7,382,550	80.60
2004	\$12,275,943	\$5,529,779	1.3316	\$7,363,233	59.98
2005	\$10,372,975	\$3,095,006	1.6150	\$4,998,453	48.19
2006	\$5,881,484	\$1,176,024	2.6221	\$3,083,624	52.43
Total	\$44,206,762	\$23,223,078		\$30,993,142	70.11

Workers' Compensation (Excluding LAE) - Arkansas

Year	Earned Premium	Incurred Losses	IBNR Factor	Adjusted Incr Losses	Loss Ratio
2002	\$114,876	\$90,764	1.1193	\$101,596	88.44
2003	\$101,458	\$69,553	1.2048	\$83,798	82.59
2004	\$89,690	\$5,968	1.3316	\$7,947	8.86
2005	\$111,497	\$11,993	1.6150	\$19,369	17.37
2006	\$107,760	\$1,177	2.6221	\$3,086	2.86
Total	\$525,281	\$179,455		\$215,796	41.08

***Earned Premium and Incurred Losses are from MARS Report 4 bullet 1
 ***IBNR is from Loss Development Schedules - 12/31/06

WORKERS' COMPENSATION

COUNTRYWIDE

LOSS COST MODIFICATION EXPRESSED AS A FACTOR

COMMISSIONS	1.33 (A) : INPUT
OTHER ACQUISITIONS	0.00 (B) : TABLE B
GENERAL EXPENSES	2.96 (C) : TABLE B
TAXES, LICENSES & FEES	7.31 (D) : TABLE B
CAT/EXCESS REINS. COST	2.09 (E) : TABLE B
UW PROFIT & CONT.	10.15 (F) INPUT
TOTAL	-1.73 (G) INPUT FROM ROE C16
EXPECTED LOSS RATIO (ELR)	20.78 (H) : (B) + (C) + (D) + (E) + (F) + (G)
ELR IN DECIMAL FORM	79.22 (I) : 100 * (H)
LCM	0.79 (J) : (I) / 100
Current LCM	1.68 (K) : (A) / (J)
	1.68

2002 - 2006 COUNTRYWIDE EXPERIENCE

(000's omitted)

	2002	2003	2004	2005	2006	2002-2006
EARNED PREM*	6,517	9,148	12,288	10,373	5,881	44,207
COMMISSIONS*			0	0	0	-
OTHER ACQUISITIONS*	201	310	346	316	137	1,310
GENERAL EXPENSES*	416	1,028	764	700	323	3,231
TAXES, LICENSES & FEES*	164	173	254	241	90	922

*SOURCE M.A.R.S. and 1999 - 2003 EXPENSE EXHIBIT III

2002 - 2006 COUNTRYWIDE EXPERIENCE

PERCENTAGES

	2002	2003	2004	2005	2006	2002-2006	SELECTED
EARNED PREM.	100.0	100.0	100.0	100.0	100.0	100.0	100
COMMISSIONS	-	-	-	-	-	-	-
OTHER ACQUISITIONS	3.08	3.39	2.82	3.05	2.33	2.96	2.96
GENERAL EXPENSES	6.38	11.24	6.22	6.75	5.49	7.31	7.31
TAXES, LICENSES & FEES	2.52	1.89	2.07	2.32	1.53	2.09	2.09