

SERFF Tracking Number: PERR-125847240 State: Arkansas  
Filing Company: DaimlerChrysler Insurance Company State Tracking Number: #104054 \$100  
Company Tracking Number: DCIC-WC-AR-08-03-R  
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC  
Product Name: DCIC adoption AR 7-1-2008 LC  
Project Name/Number: DCIC adoption AR 7-1-2008 LC/DCIC-WC-AR-08-03-R

## Filing at a Glance

Company: DaimlerChrysler Insurance Company

Product Name: DCIC adoption AR 7-1-2008 LC SERFF Tr Num: PERR-125847240 State: Arkansas

TOI: 16.0 Workers Compensation

SERFF Status: Closed

State Tr Num: #104054 \$100

Sub-TOI: 16.0004 Standard WC

Co Tr Num: DCIC-WC-AR-08-03-R

State Status: Fees verified and received

Filing Type: Rate/Rule

Co Status:

Reviewer(s): Betty Montesi, Carol Stiffler

Authors: Michelle Freitag, Ines Piquet, Faviola Jimenez

Disposition Date: 10/13/2008

Date Submitted: 10/07/2008

Disposition Status: Approved

Effective Date Requested (New): 11/15/2008

Effective Date (New): 11/15/2008

Effective Date Requested (Renewal): 11/15/2008

Effective Date (Renewal):

State Filing Description:

## General Information

Project Name: DCIC adoption AR 7-1-2008 LC

Status of Filing in Domicile: Not Filed

Project Number: DCIC-WC-AR-08-03-R

Domicile Status Comments:

Reference Organization: NCCI

Reference Number: AR-2008-02

Reference Title: Arkansas—Approved Voluntary Advisory Loss Costs and Rating Values and Assigned Risk

Advisory Org. Circular: AR-2008-06

Filing Status Changed: 10/13/2008

State Status Changed: 10/13/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

On behalf of DaimlerChrysler Insurance Company ("the Company") we are submitting a rate filing for workers compensation in your state. The rates for the Company are based on the latest approved National Council on Compensation Insurance, Inc. (NCCI) loss costs contained in the Arkansas Circular # AR-2008-06 and designated Item #AR-2008-02. As a member of NCCI, the Company has elected to utilize the rules, supplementary rating information, and rating values in the basic manual of the NCCI. The Company is adopting the NCCI revised terrorism and

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catastrophe loss costs and rules as contained in Item B1407. The Company's rates for terrorism and catastrophes are shown on the enclosed rate page.

The Company proposes to implement this filing for all policies effective on or after November 15, 2008.

The rate level impact of this filing is -8.4%. The premium level impact, however, is 0.0% as the Company does not have any policies in force in the state. The Company continues to write this line only for the DaimlerChrysler Marketing Investment Division. None of the company owned dealers are located in Arkansas. This filing is being submitted at the directive of Company Management.

## Company and Contact

### Filing Contact Information

(This filing was made by a third party - perrandknightactuaryconsultants)

Faviola Jimenez , Filing Analyst doi@perrknight.com  
 881 Alma Real Drive (310) 230-9339 [Phone]  
 Pacific Palisades, CA 90272 (310) 230-8529[FAX]

### Filing Company Information

DaimlerChrysler Insurance Company	CoCode: 10499	State of Domicile: Michigan
27777 Inkster Road	Group Code:	Company Type:
CIMS 405-17-06		
Farmington Hills, MI 48334-5326	Group Name: DaimlerChrysler Group	State ID Number:
(248) 427-4155 ext. [Phone]	FEIN Number: 38-1775863	
	-----	

## Filing Fees

Fee Required?	Yes
Fee Amount:	\$100.00
Retaliatory?	No
Fee Explanation:	AR filing fee is \$100 per rate/rule submission
Per Company:	No

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COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
DaimlerChrysler Insurance Company	\$0.00	10/07/2008	

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
104054	\$100.00	10/07/2008

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Carol Stiffler	10/13/2008	10/13/2008

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## Disposition

Disposition Date: 10/13/2008  
 Effective Date (New): 11/15/2008  
 Effective Date (Renewal):  
 Status: Approved  
 Comment:

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
DaimlerChrysler Insurance Company	-8.400%	\$0	0	\$0	-8.300%	-9.500%	-8.400%

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	NAIC Loss Cost Filing Document for Workers' Compensation	Approved	Yes
Supporting Document	NAIC loss cost data entry document	Approved	Yes
Supporting Document	Filing Memo	Approved	Yes
Supporting Document	Return on Equity	Approved	Yes
Supporting Document	Letter of Authorization	Approved	Yes
Rate	Rate Page	Approved	Yes

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**Rate Information**

Rate data applies to filing.

**Filing Method:** Prior Approval  
**Rate Change Type:** Decrease  
**Overall Percentage of Last Rate Revision:** 1.800%  
**Effective Date of Last Rate Revision:** 05/01/2008  
**Filing Method of Last Filing:** Prior Approval

**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):
DaimlerChrysler Insurance Company	-8.400%	-8.400%	\$0	0	\$0	-8.300%	-9.500%

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## Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Approved	Rate Page	(11/2008)	Replacement	DCIC- AR Rate Pages.pdf

**ARKANSAS**  
**Rate Page**  
**Workers Compensation**  
**APPLICABLE TO POLICIES INCEPTING**  
*November 15, 2008 and After*

<u>Class</u> <u>Code</u>	<u>Rate</u>	<u>Minimum</u> <u>Premium</u>
8380	2.75	289
8748	0.32	34
8810	0.19	20

**Terrorism:** .....\$0.01

**Catastrophe(Other than Certified Acts of Terrorism):** .....\$0.01

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## Supporting Document Schedules

**Review Status:**

**Bypassed -Name:** Uniform Transmittal Document- Property & Casualty **Approved** 10/13/2008

**Bypass Reason:** N/A - no longer required, according to our conversation with Ms. Alexa Grissom. Please refer to General Information/Filing Description for complete information.

**Comments:**

**Review Status:**

**Satisfied -Name:** NAIC Loss Cost Filing Document for Workers' Compensation **Approved** 10/13/2008

**Comments:**

**Attachments:**

NAIC Loss Cost document.pdf  
 WC Losss Cost Filing Cover Form.pdf

**Review Status:**

**Satisfied -Name:** NAIC loss cost data entry document **Approved** 10/13/2008

**Comments:**

**Attachment:**

NAIC Loss Cost Data entry doc.pdf

**Review Status:**

**Satisfied -Name:** Filing Memo **Approved** 10/13/2008

**Comments:**

**Attachment:**

AR Filing Memo.pdf

**Review Status:**

**Satisfied -Name:** Return on Equity **Approved** 10/13/2008

**Comments:**

**Attachment:**

CW ROE\_CW (AR).pdf

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**Review Status:**

**Satisfied -Name:** Letter of Authorization Approved 10/13/2008

**Comments:**

**Attachment:**

2008 LOA.pdf

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

**CALCULATION OF COMPANY LOSS COST MULTIPLIER**

<b>This filing transmittal is part of Company Tracking #</b>	DCIC-WC-AR-08 03-R
<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	Not applicable

- Loss Cost Reference Filing** \_\_\_\_\_  **Independent Rate Filing**  
 (Advisory Org, & Reference filing #) NCCI Arkansas Item # AR-2008-02 (Circular AR-2008-06)

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

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

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

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

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

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

**3. Loss cost modification:**

**A.** The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:  
 (Check One)

- Without Modification (factor = 1.000)  
 With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) \_\_\_\_\_

**B.** Loss Cost Modification Expressed as a Factor: (See Examples Below) \_\_\_\_\_ 1.00

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

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

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

**PROJECTED EXPENSES: Compared to standard premium at company rates.**

		Selected Provisions	
<b>A.</b>	<b>Total Production Expense</b>	3.5	%
<b>B.</b>	<b>General Expense</b>	6.3	%
<b>C.</b>	<b>Taxes, Licenses &amp; Fee</b>	5.8	%
<b>D.</b>	<b>Underwriting profit &amp; contingencies*</b>	0.0	%
<b>E.</b>	<b>Other (explain)</b>		%
<b>F.</b>	<b>Total</b>	15.6	%
	<b>* Explain how investment income is taken into account</b>		

<b>5. A.</b>	<b>Expected Loss Ratio: ELR = 100% - 4F =</b>	84.4
<b>B.</b>	<b>ELR in Decimal Form =</b>	0.844

**NAIC LOSS COST FILING DOCUMENT—FOR WORKERS' COMPENSATION**

6.	<b>Overall Impact of Expense Constant and Minimum Premiums: (a 2.3% impact would be expressed as 1.023)</b>	1.00
7.	<b>Overall Impact of Size-of-Risk Discounts plus Expense Graduation Recognition in Retrospective Rating: (An 8.6% average discount would be expressed as 0.914)</b>	1.00
8.	<b>Company Formula Loss Cost Multiplier [3B / ((7 - 4F) X 6)]</b>	1.18
9.	<b>Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)</b>	1.18

Yes No

**10. Are you amending your minimum premium formula?**

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

**11. Are you changing your premium discount schedules?**

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

Date: 10/7/2008

Space Reserved for Insurance  
Department Use

**WORKERS' COMPENSATION  
LOSS COST FILING DOCUMENT COVER FORM**

**INSURER RATE FILING  
ADOPTION OF ADVISORY ORGANIZATION  
PROSPECTIVE LOSS COSTS**

1. INSURER NAME Daimler Chrysler Insurance Company

ADDRESS c/o Perr & Knight  
881 Alma Real Drive, Suite 205  
Pacific Palisades, CA 90272

2. PERSON RESPONSIBLE FOR FILING Faviola Jimenez

TITLE Filing Analyst TELEPHONE # 888.201.5123 x 147

3. INSURER NAIC # 10499

4. ADVISORY ORGANIZATION National Council on Compensation Insurance, Inc. (NCCI)

5A. PROPOSED RATE LEVEL CHANGE -8.4 % EFFECTIVE DATE 11/15/2008

5B. PROPOSED PREMIUM LEVEL CHANGE\* 0.0 % EFFECTIVE DATE 11/15/2008

6A. PRIOR RATE LEVEL CHANGE 1.8 % EFFECTIVE DATE 5/1/2008

6B. PRIOR PREMIUM LEVEL CHANGE\* 0.0 % EFFECTIVE DATE 5/1/2008

7. ATTACH "NAIC LOSS COST FILING DOCUMENT—WORKERS' COMPENSATION"  
(Attach this document separately for each insurer selected loss cost multiplier.)

\* The premium level change is the change in the insurer's annual collectible premium.

**NAIC LOSS COST DATA ENTRY DOCUMENT**

**1.** This filing transmittal is part of Company Tracking # DCIC-WC-AR-08-03-R

**2.** If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number NCCI/ Item # AR-2008-02 - Circular Number AR-2008-06

		Company Name	Company NAIC Number
<b>3.</b>	<b>A.</b>	Daimlerchrysler Insurance Company	<b>B.</b> 10499

		Product Coding Matrix Line of Business (i.e., Type of Insurance)	Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
<b>4.</b>	<b>A.</b>	16.0 Workers Compensation	<b>B.</b> 16.0004 Standard WC

**5.**

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Workers Compensaton	-8.4%	-8.4%	0.844	1.00	1.18	n/a	1.18
<b>TOTAL OVERALL EFFECT</b>	-8.40%	-8.40%					

**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
2003	0	-5.9%	7/1/2003	0	0	0	1.318
2006	0	-12.1%	8/1/2006	0	0	0	-1.549
2007	0	1.8%	5/1/2008	0	0	0	0.689

**7.**

Expense Constants	Selected Provisions
A. Total Production Expense	3.5%
B. General Expense	6.3%
C. Taxes, License & Fees	5.8%
D. Underwriting Profit & Contingencies	0.0%
E. Other (explain)	
<b>F. TOTAL</b>	<b>15.6%</b>

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

**9.** 0.0% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_

**10.** -9.5% Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable): \_\_\_\_\_

PC RLC

**DAIMLERCHRYSLER INSURANCE COMPANY  
WORKERS COMPENSATION**

**ARKANSAS**

*FILING MEMORANDUM*

On behalf of DaimlerChrysler Insurance Company ("the Company") we are submitting a rate filing for workers compensation in your state. The rates for the Company are based on the latest approved National Council on Compensation Insurance, Inc. (NCCI) loss costs contained in the Arkansas Circular # AR-2008-06 and designated Item #AR-2008-02. As a member of NCCI, the Company has elected to utilize the rules, supplementary rating information, and rating values in the basic manual of the NCCI. The Company is adopting the NCCI revised terrorism and catastrophe loss costs and rules as contained in Item B1407. The Company's rates for terrorism and catastrophes are shown on the enclosed rate page.

The Company proposes to implement this filing for all policies effective on or after November 15, 2008.

The rate level impact of this filing is -8.4%. The premium level impact, however, is 0.0% as the Company does not have any policies in force in the state. The Company continues to write this line only for the DaimlerChrysler Marketing Investment Division. None of the company owned dealers are located in Arkansas. This filing is being submitted at the directive of Company Management.



**DaimlerChrysler Insurance Company**  
Workers Compensation - Arkansas

Index of Exhibits

- Exhibit R1: Projected After-Tax Rate of Return
- Exhibit R2: Estimated Investment Earnings on Policyholder Supplied Funds
- Exhibit R3: Premium to Surplus Ratio
- Exhibit R4: Derivation of After-Tax Target Rate of Return of Statutory Surplus
- Exhibit R5: Projected Expense Ratios
- Exhibit R5: Loss Cost Multiplier

**DaimlerChrysler Insurance Company**

Workers Compensation - Arkansas

Projected After-Tax Rate of Return

Operating Return

(1) Earned Premium	100.0%
(2) Expected Loss & Loss Adjustment Expenses	84.4%
(3) Commission & Brokerage Fees (Exhibit R5)	1.4%
(4) General & Other Acquisition Expenses (Exhibit R5)	8.4%
(5) Taxes, Licenses & Fees (Exhibit R5)	5.8%
(6) Underwriting Profit Before Federal Income Tax (1) - (2) - (3) - (4) - (5)	0.0%
(7) Federal Income Tax on Underwriting Profit = (6) x 35%	0.0%
(8) Underwriting Profit After Federal Income Tax = (6) - (7)	0.0%
(9) After-Tax Inv. Income on Policyholder Supplied Funds (Exhibit R2.1)	6.2%
(10) After-Tax Return from Insurance Operations = (8) + (9)	6.2%

Total Rate of Return

(11) Premium to Surplus Ratio (Exhibit R3)	1.25:1
(12) After-Tax Investment Income on a Dollar of Surplus (Exhibit R2.3)	4.6%
(13) Total After-Tax Rate of Return on Statutory Surplus = (10)x(11)+(12)	12.3%

**DaimlerChrysler Insurance Company**  
Workers Compensation - Arkansas

Estimated Investment Earnings on Policyholder Supplied Funds  
(\$000)

(A) Unearned Premium Reserve		
(1) Earned Premium		1,212
(2) Mean Unearned Premium Reserve		359
(3) Percentage Pre-Paid Expense		11.4%
(a) Commission and Brokerage Fees (Exhibit R5)	1.4%	
(b) 50% General & Other Acq. Expenses (Exhibit R5)	4.2%	
(c) Taxes, Licenses & Fees (Exhibit R5)	5.8%	
(4) Deduction for Federal Income Taxes Payable		7.0%
(5) Total Prepaid Expense = (A.2) x [(A.3) + (A.4)]		66
(6) Portion Subject to Investment Income = (A.2) - (A.5)		293
 (B) Delayed Remission of Premiums		
(1) Average Agents' Balance as % of Premium		13.5%
(2) Total Delayed Remission = (A.1) x (B.1)		164
 (C) Loss & LAE Reserve		
(1) Expected Loss & LAE Ratio (Exhibit R1)		84.4%
(2) Expected Loss & LAE = (A.1) x (C.1)		1,023
(3) Reserve to Incurred Ratio		147.2%
(4) Expected Loss & LAE Reserves = (C.2) x (C.3)		1,506
 (D) Policyholder Funds Subject to Investment Income = (A.6)-(B.2)+(C.4)		1,635
 (E) 2007 After Tax Rate of Return		4.6%
 (F) Investment Earnings on Policyholder Supplied Funds = (D) x (E)		75
 (G) After-Tax Investment Income on Policyholder Supplied Funds = (F)/(A.1)		6.2%

**DaimlerChrysler Insurance Company**  
Workers Compensation - Arkansas

Source Notes for Exhibit R2.1  
(\$000)

<u>Line</u>		
(A.1)	Earned Premium	1,212
(A.2)	(1) Calendar Year 2007 Workers' Compensation UPR 2007 IEE, Part III, Line(s) 16, Column 19	301
	(2) Calendar Year 2006 Workers' Compensation UPR 2006 IEE, Part III, Line(s) 16, Column 19	417
	(3) Mean Unearned Premium Reserve = [(1)+(2)]/2	359
(A.4)	The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. At a corporate rate of 35%, this tax equals 7% (=20% x 35%).	
(B.1)	Selected Agents' Balances	13.5%
	Company - Calendar Year 2007 Workers' Compensation Agents' Balances	16.1%
	Company - Calendar Year 2006 Workers' Compensation Agents' Balances 2006, 2007 IEEs, Part III, Line(s) 16, Column 22	11.0%
(C.3)	(1) CY 2007 Company - Countrywide Workers' Compensation Unpaid Loss & LAE 2007 IEE, Part III, Line(s) 16, Columns 13, 15, 17	2,890
	(2) CY 2006 Company - Countrywide Workers' Compensation Unpaid Loss & LAE 2006 IEE, Part III, Line(s) 16, Columns 13, 15, 17	2,801
	(3) Average Unpaid Loss & LAE = [(1)+(2)]/2	2,846
	(4) CY 2007 Company - Countrywide Workers' Compensation Incurred Loss & LAE 2007 IEE, Part III, Line(s) 16, Columns 7, 9, 11	837
	(5) Reserve to Incurred Ratio = (3) / (4)	340.0%
	(6) Prior Selected Reserve to Incurred Ratio	147.2%
	(7) Selected Reserve to Incurred Ratio	147.2%

**Notes:**

Figures are from Company's 2007 Insurance Expense Exhibit.

**DaimlerChrysler Insurance Company**  
Workers Compensation - Arkansas

Source Notes for Exhibit R2.1 (Continued)  
(\$000)

Line E

Investment Category	2007 Investment Income Earned	Tax Rate	After-Tax Portion	2007 After-Tax Investment Income	
Taxable Bonds	7,503	35.00%	65.00%	4,877	
Non-Taxable Bonds	0	5.25%	94.75%	0	
Preferred Stocks	715	35.00%	65.00%	465	
Common Stocks	0	35.00%	65.00%	0	
Common Stocks in Affiliates	0	14.18%	85.83%	0	
Cash	920	35.00%	65.00%	598	
All Other Investments	4,613	35.00%	65.00%	2,999	
Total	13,752			8,938	
Total Investment Expense	2,198	35.00%	65.00%	1,428	
Net Investment Income Earned	11,554			7,510	
Invested Assets as of 12/31/2006 2007 Annual Statement, Page 2, Line 10, Column 4				316,192	
Invested Assets as of 12/31/2007 2007 Annual Statement, Page 2, Line 10, Column 3				186,350	
Average Invested Assets				251,271	
Calendar Year	Beginning Invested Assets	Ending Invested Assets	Average Invested Assets	Net Realized Capital Gains	Net Realized Capital Gains Ratio
2005	341,281	350,661	345,971	8,230	2.4%
2006	350,661	316,192	333,427	1,075	0.3%
2007	316,192	186,350	251,271	17,931	7.1%
Total	1,008,134	853,203	930,668	27,235	2.9%
				Selected	2.5%
Tax Rate on Realized Capital Gains					35.0%
After-Tax Realized Capital Gains					1.6%
After-Tax Rate of Return					3.0%
After-Tax Total Rate of Return					4.6%

**Notes:**

Figures are from Company 2007 Annual Statement.

**DaimlerChrysler Insurance Company**  
Workers Compensation - Arkansas

Premium to Surplus Ratio  
(\$000)

	Calendar Year 2006	Calendar Year 2007
(1) Beginning Surplus As Regards Policyholders Annual Statement, Page 3, Line 35, Column 2	190,019	184,645
(2) Ending Surplus As Regards Policyholders Annual Statement, Page 3, Line 35, Column 1	184,645	76,116
(3) Average Surplus Level = [(1)+(2)]/2	187,332	130,381
(4) Net Written Premiums IEE, Part II, Line 34, Column 1	80,819	114,781
(5) Net Premium to Surplus Ratio = (4) / (3)	0.43	0.88
(6) Selected Premium to Surplus Ratio		1.25

**Notes:**

Premium and Surplus figures from Company 2007 and 2006 Annual Statements.

## DaimlerChrysler Insurance Company

### Workers Compensation - Arkansas

#### Derivation of After-Tax Target Rate of Return of Statutory Surplus (\$000)

#### After Tax Rate of Return on Net Worth

Year	(1) Property/ Casualty	(2) Industry Total	(3) =[(1)+(2)]/2 Average
1997	11.4%	13.9%	12.7%
1998	9.2%	13.4%	11.3%
1999	6.5%	15.2%	10.9%
2000	6.6%	14.6%	10.6%
2001	0.3%	10.4%	5.4%
2002	1.7%	10.2%	6.0%
2003	8.2%	12.6%	10.4%
2004	8.0%	13.9%	11.0%
2005	8.3%	14.9%	11.6%
2006	12.2%	15.4%	13.8%
1997-2006	7.2%	13.5%	10.3%
Avg x-2001/2	8.8%	14.2%	11.5%

(4)	Selected After-Tax Return on GAAP Equity	11.5%
(5)	2007 Statutory Surplus	76,116
(6)	2007 Net Unearned Premium Reserve	29,000
(7)	GAAP Equity in Unearned Premium Reserve	4,355
(8)	2007 GAAP Equity = (5) + (7)	80,470
(9)	GAAP to Statutory Adjustment Factor = (8) / (5)	1.06
(10)	Target After-Tax Return on Stat. Surplus = (4) x (9)	12.2%

#### **Notes:**

- (1), (2) from 2006 NAIC Profitability Analysis.  
(4) excludes 2001 and 2002 because September 11th cause them to be an outliers.  
(5) from Company 2007 Annual Statement, Page 3, Line 35, Column 1.  
(6) from Company 2007 Insurance Expense Exhibit, Line 34, Column 19.  
(7) = (6) x Company Average Commissions and Other Acquisition Costs.

**DaimlerChrysler Insurance Company**  
Workers Compensation - Arkansas

Projected Expense Ratios

Direct Basis	Company						3 Year Average	Selected
	2005		2006		2007			
	(\$000)	%	(\$000)	%	(\$000)	%	%	%
Premiums Written	984		1,673		1,095			
Premiums Earned	1,040		1,531		1,212			
Commission	13	1.3%	49	2.9%	-	0.0%	1.4%	1.4%
Other Acquisition	14	1.3%	46	3.0%	22	1.8%	2.1%	2.1%
General Expenses	35	3.4%	168	11.0%	56	4.6%	6.3%	6.3%
Taxes, Licenses, Fees	35	3.6%	41	2.5%	32	2.9%	3.0%	5.8%
Total Expenses		9.6%		19.4%		9.4%	12.8%	15.6%
Profit Load								0.0%
Total Expenses & Profit								15.6%
Permissible Loss & LAE Ratio								84.4%

**Notes:**

Expense figures are from Company 2005, 2006 and 2007 Insurance Expense Exhibits, Line 16 - Workers' Compensation Commissions and Taxes shown as a percent of written premium.

Other Acquisition & General Expense shown as a percent of earned premium.

Support for the selected profit provision is included in Exhibit R1.

**DaimlerChrysler Insurance Company**  
Workers Compensation - Arkansas

Derivation of Loss Cost Multiplier

(1)	Commission	1.4%
(2)	Other Acquisition	2.1%
(3)	General Expenses	6.3%
(4)	Taxes, Licenses, Fees	5.8%
(5)	Profit Load	0.0%
(6)	Total Expenses & Profit = (1)+(2)+(3)+(4)+(5)	15.6%
(7)	Permissible Loss & LAE Ratio = 1.0 - (6)	84.4%
(8)	Loss Cost Modification Factor	1.000
(9)	Indicated Loss Cost Multiplier = (8) / (7)	1.185
(10)	Selected Loss Cost Multiplier	1.180

# DAIMLERCHRYSLER

DaimlerChrysler  
Insurance Company

August 1, 2008

**Re: Letter of Filing Authorization  
DaimlerChrysler Insurance Company  
Rule, Rate and Form Filing**

To Whom It May Concern:

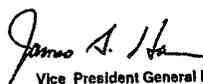
Perr&Knight, Inc. is hereby authorized to submit rate, rule, and form filings on behalf of DaimlerChrysler Insurance Company. This authorization includes providing additional information and responding to questions regarding the filings on our behalf as necessary. This authorization is deemed in be in effect until rescinded in writing.

Please direct all correspondences and inquiries related to this filing to Perr&Knight, Inc. at the following address:

State Filings Department  
Perr&Knight, Inc.  
881 Alma Real Drive, Suite 205  
Pacific Palisades, CA 90272  
Tel: (888) 201-5123  
Fax: (310) 230-1061

If you have any questions regarding this authorization, please contact me at 248-427-4223.

Sincerely,



Vice President General Manager

James Haan  
Vice President & General Manager

DaimlerChrysler Insurance Company  
CIMS: 405-13-15  
P.O. Box 9219  
Farmington Hills, MI 48333-9219  
www.dcxins.com