

SERFF Tracking Number: ARKS-125907314 State: Arkansas
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #106361 \$250
Company Tracking Number: PP-2008-BRLA1
TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)
Product Name: n/a
Project Name/Number: /

Filing at a Glance

Company: 00006 - INSURANCE SERVICES OFFICE, INC.

Product Name: n/a	SERFF Tr Num: ARKS-125907314	State: Arkansas
TOI: 19.0 Personal Auto	SERFF Status: Closed	State Tr Num: #106361 \$250
Sub-TOI: 19.0001 Private Passenger Auto (PPA)	Co Tr Num: PP-2008-BRLA1	State Status: Fees verified and received
Filing Type: Rate	Co Status:	Reviewer(s): Alexa Grissom, Betty Montesi
	Author:	Disposition Date: 12/01/2008
	Date Submitted: 11/17/2008	Disposition Status: Filed
Effective Date Requested (New):		Effective Date (New): 05/01/2009
Effective Date Requested (Renewal):		Effective Date (Renewal):

State Filing Description:

General Information

Project Name:	Status of Filing in Domicile:
Project Number:	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 12/01/2008	
State Status Changed: 12/01/2008	Deemer Date:
Corresponding Filing Tracking Number:	
Filing Description:	

Company and Contact

Filing Contact Information

NA NA,	NA@NA.com
NA	(123) 555-4567 [Phone]
NA, AR 00000	

SERFF Tracking Number: ARKS-125907314 State: Arkansas
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Product Name: n/a
Project Name/Number: /

Filing Company Information

00006 - INSURANCE SERVICES OFFICE, CoCode: 6 State of Domicile: Arkansas
INC.
No Address Group Code:
City, AR 99999 Group Name: Company Type:
(999) 999-9999 ext. [Phone] FEIN Number: 99-9999999 State ID Number:

SERFF Tracking Number: ARKS-125907314 State: Arkansas
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Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:
Per Company: No

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Alexa Grissom	12/01/2008	12/01/2008

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Product Name: n/a
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Disposition

Disposition Date: 12/01/2008

Effective Date (New): 05/01/2009

Effective Date (Renewal):

Status: Filed

Comment:

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Supporting Document	A-1 Private Passenger Auto Abstract	Filed	Yes
Supporting Document	APCS-Auto Premium Comparison Survey	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	ARKS-125907314		Yes

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Rate Information

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 Project Name/Number: /

Supporting Document Schedules

Unsatisfied -Name: A-1 Private Passenger Auto
 Abstract
Review Status: Filed 12/01/2008

Comments:

Unsatisfied -Name: APCS-Auto Premium Comparison
 Survey
Review Status: Filed 12/01/2008

Comments:

Unsatisfied -Name: NAIC loss cost data entry document
Review Status: Filed 12/01/2008

Comments:

Unsatisfied -Name: NAIC Loss Cost Filing Document
 for OTHER than Workers' Comp
Review Status: Filed 12/01/2008

Comments:

Unsatisfied -Name: Uniform Transmittal Document-
 Property & Casualty
Review Status: Filed 12/01/2008

Comments:

Satisfied -Name: ARKS-125907314
Review Status: 12/01/2008

Comments:

Attachments:

ARKS-125907314.pdf
 ARKS-125907314-1.pdf
 ARKS-125907314-2.pdf
 ARKS-125907314-3.pdf

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ARKS-125907314-4.pdf
ARKS-125907314-5.pdf
ARKS-125907314-6.pdf
ARKS-125907314-7.pdf
ARKS-125907314-8.pdf
ARKS-125907314-9.pdf
ARKS-125907314-10.pdf
ARKS-125907314-11.pdf

ARKS-125907314

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106361

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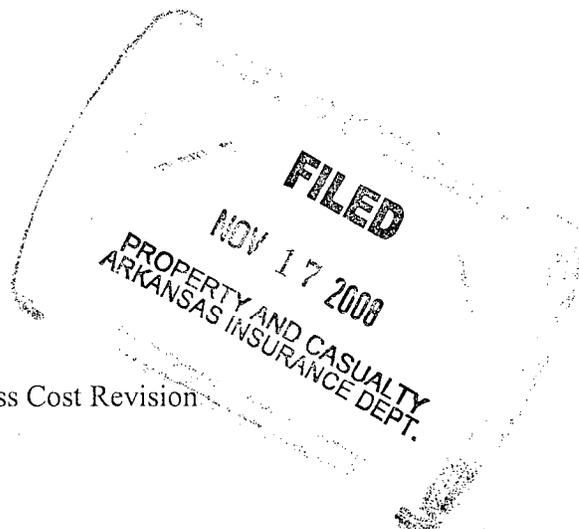
2828 E. TRINITY MILLS ROAD SUITE 150 CARROLLTON, TX 75006
TEL: (214) 390-1825 FAX: (214) 390-1975

November 12, 2008

Honorable Julie Benafield Bowman
Commissioner of Insurance
Arkansas Insurance Department
1200 West Third Street
Little Rock, Arkansas 72201-1904

Attention: William R. Lacy, Director
Property and Casualty Division

RE: Insurance Services Office, Inc.
PP-2008-BRLA1
Personal Auto Advisory Prospective Loss Cost Revision
REFERENCE FILING
State of Arkansas



Dear Mr. Lacy:

We hereby file the enclosed advisory reference document.

We propose this revision become effective in accordance with the following rule of application:

These changes are applicable to all policies written on or after May 1, 2009.

In accordance with your loss cost procedures, this effective date applies only to those insurers who have filed their Personal Auto loss cost multipliers to be automatically applicable to future ISO loss cost revisions. Any other ISO participating insurer may adopt ISO loss costs by filing its loss cost multipliers and selecting an effective date.

Please return an acknowledged copy of this cover letter for our records. An addressed, stamped envelope is enclosed for your convenience. We have also included an additional copy of this letter and envelope; we request that you return it now with a "received" stamp to confirm that you have received the filing.

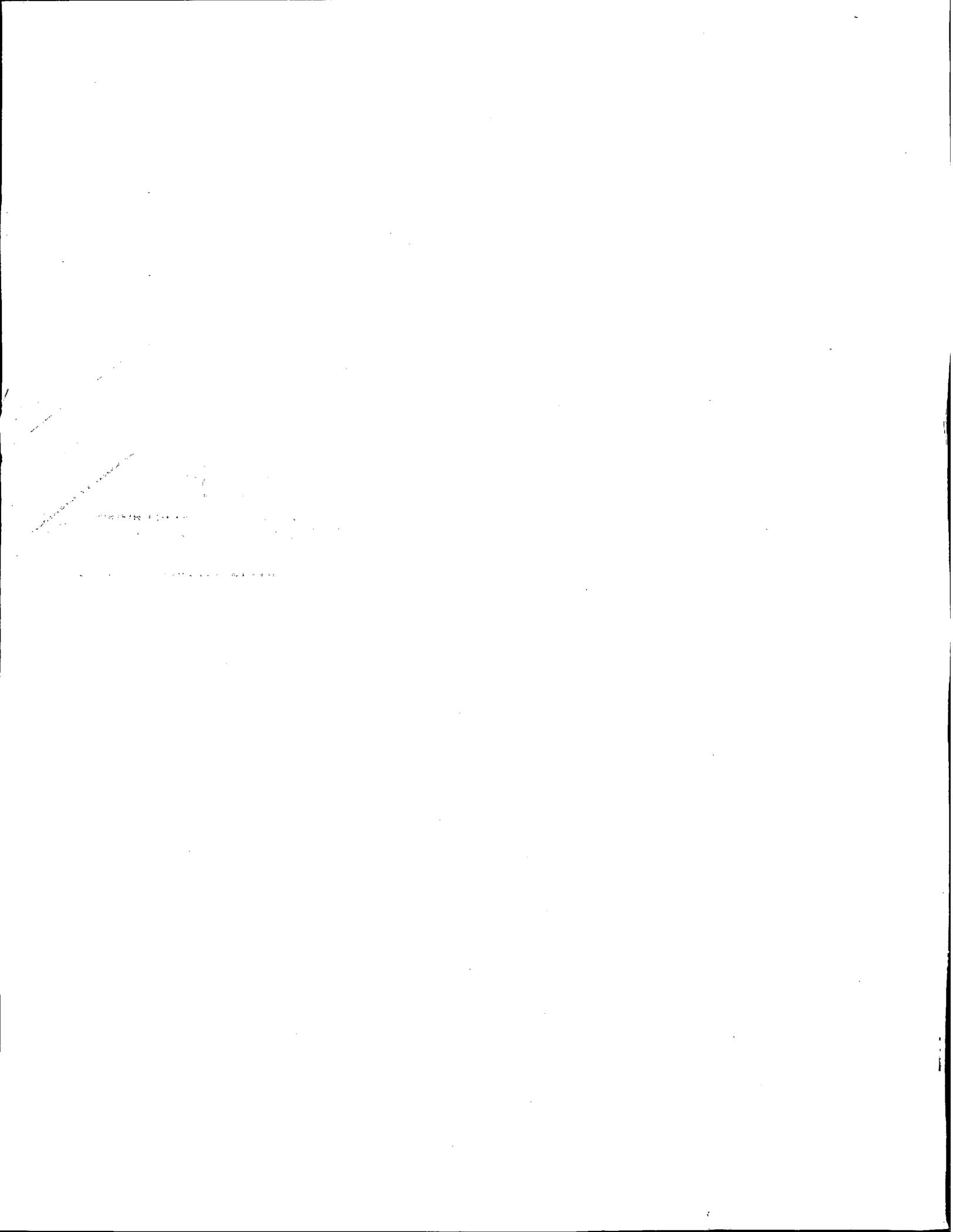
Very truly yours,

Donald J. Beckel, CPCU, ARM
Assistant Regional Manager
Government Relations

DJB:dlb
Encl.



PROPERTY AND CASUALTY DIVISION
ARKANSAS INSURANCE DEPARTMENT



Property & Casualty Transmittal Document

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

3. Group Name	Group NAIC #

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Insurance Services Office, Inc.	DE		13-3131412	

RECEIVED
NOV 17 2008

5. Company Tracking Number	PP-2008-BRLA1
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PROPERTY AND CASUALTY DIVISION
ARKANSAS INSURANCE DEPARTMENT

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

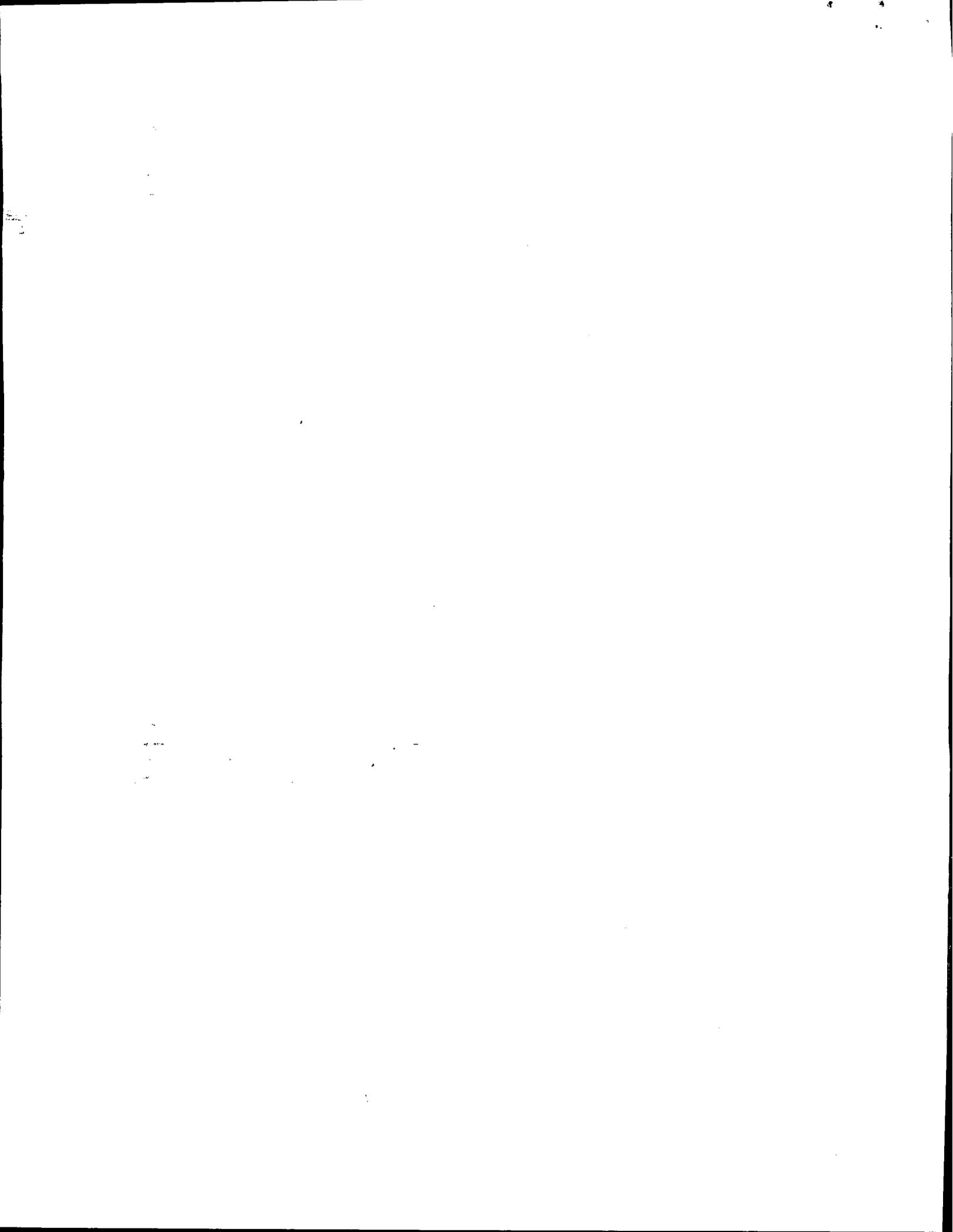
6. Name and address	Title	Telephone #s	FAX #	e-mail
Donald J. Beckel Insurance Services Office, Inc. 2828 E. Trinity Mills Rd., Ste. 150 Carrollton, TX 75006	Asst. Regional Manager	(214) 390-1825 Ext. 224	(214) 390-1975	DBECKEL@iso.com

7. Signature of authorized filer	
8. Please print name of authorized filer	Donald J. Beckel

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

9. Type of Insurance (TOI)	19.0 - Personal Auto
10. Sub-Type of Insurance (Sub-TOI)	19.0001
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12. Company Program Title (Marketing title)	Personal Auto Program
13. Filing Type	<input checked="" 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: 05/01/2009 Renewal: 05/01/2009
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	Not Applicable
17. Reference Organization # & Title	Not Applicable
18. Company's Date of Filing	11/12/08
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

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Property & Casualty Transmittal Document---

20. This filing transmittal is part of Company Tracking #	PP-2008-BRLA1
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21. Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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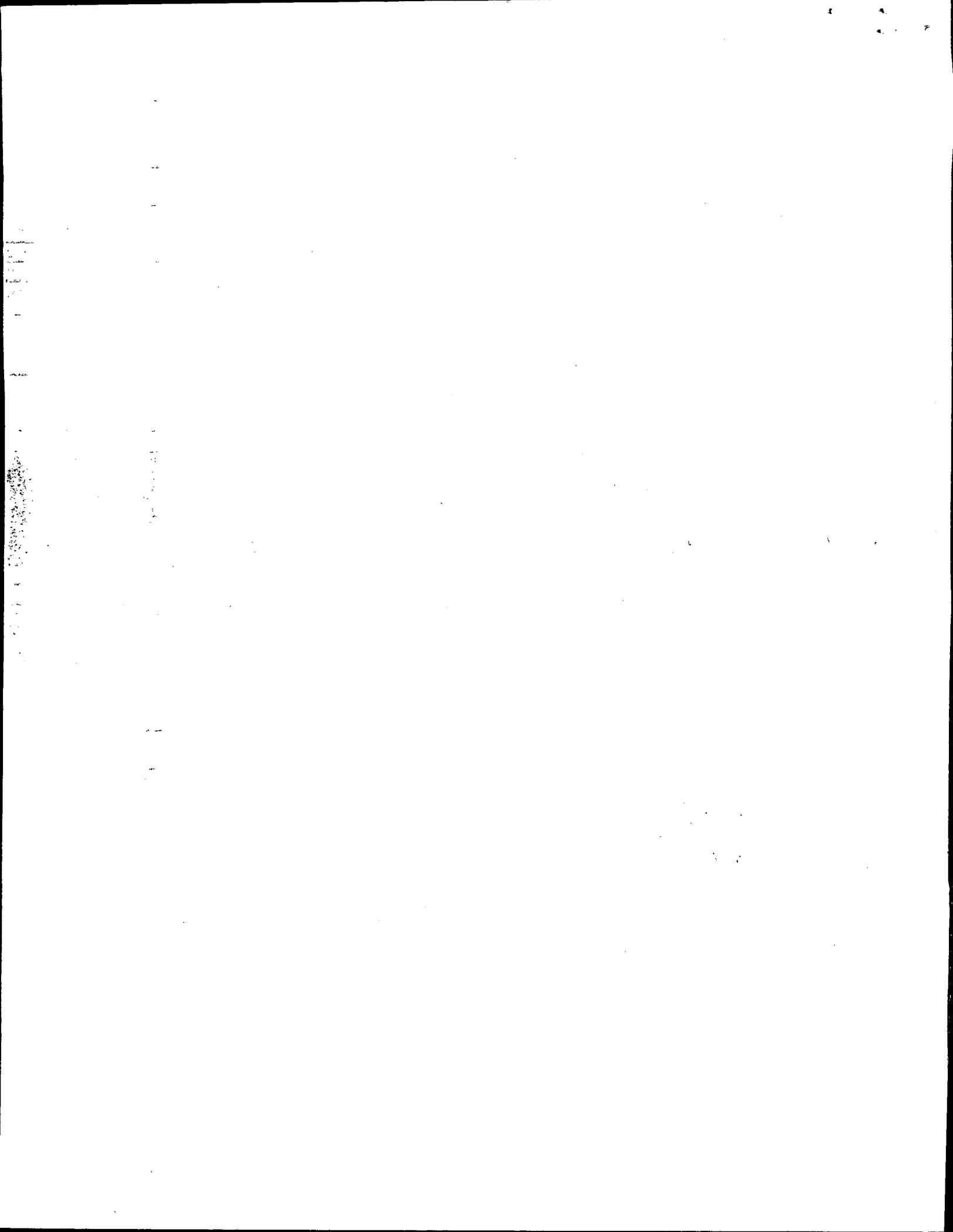
Arkansas Personal Auto Advisory Prospective Loss Cost Revision

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 #: 106361
Amount: \$ 250.00

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

***Refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)



RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

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

1.	This filing transmittal is part of Company Tracking #	PP-2008-BRLA1
-----------	---	---------------

2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	
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Rate Increase
 Rate Decrease
 Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	File and Use
-----------	---	--------------

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)
Insurance Services Office, Inc.	-10.2	-8.9%	N/A	N/A	N/A	N/A	N/A

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)	N/A	
5b.	Overall percentage rate impact for this filing	N/A	
5c.	Effect of Rate Filing – Written premium change for this program	N/A	
5d.	Effect of Rate Filing – Number of policyholders affected	N/A	

6.	Overall percentage of last rate revision	0.0
7.	Effective Date of last rate revision	05/01/2008
8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	File and Use

9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	Arkansas Personal Auto Advisory Prospective Loss Cost Revision	<input type="checkbox"/> New <input checked="" 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	

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ARKANSAS
PERSONAL AUTO INSURANCE

LOSS COST LEVEL REVISION

EXECUTIVE SUMMARY

PURPOSE

This document:

- revises advisory prospective loss costs. These loss costs represent a -8.9% statewide change from the present loss cost provisions.
- provides the analyses used to derive these advisory loss costs.

DEFINITION OF
ISO ADVISORY
PROSPECTIVE
LOSS COSTS

Advisory prospective loss costs in this document are that portion of a rate that does not include provisions for expenses (other than loss adjustment expenses) or profit, and are based on historical aggregate losses and loss adjustment expenses adjusted through development to their ultimate value and projected through trending to a future point in time.

HISTORICAL
SOURCE DATA

The data used in this review is based on voluntary market experience through 12/31/2007 of ISO reporting companies. For the liability coverages, losses are evaluated as of 3/31/2008.

LOSS COST
LEVEL CHANGES

The statewide advisory loss cost level changes are:

	<u>Indicated</u>	<u>Filed</u>
Single Limit Liability*	-12.3%	-12.3%
Bodily Injury	-20.2%	-20.2%
Property Damage	-1.5%	-1.5%
Medical Payments	-3.8%	-3.8%
Uninsured Motorists (Bodily Injury)	-24.4%	-24.4%
Uninsured Motorists (Property Damage)	+8.1%	+8.1%
Underinsured Motorists (Bodily Injury)	-18.9%	-18.9%
Liability Sub-Total	-11.9%	-11.9%
Comprehensive	-19.9%	-10.0%
Collision	-2.4%	-2.4%
Physical Damage Sub-Total	-7.8%	-4.8%
Total	-10.2%	-8.9%

Indicated and filed loss cost level changes are changes from the present loss cost provisions. Present loss cost provisions are based on staff developed loss costs contained in Filing PP-2007-BRLA2.

ARKANSAS
PERSONAL AUTO INSURANCE

LOSS COST LEVEL REVISION

EXECUTIVE SUMMARY

LOSS COST LEVEL CHANGES (Cont'd) Loss cost level changes are calculated on a total limits basis for Liability, Medical Payments, and Uninsured and Underinsured Motorists coverages, and on an all deductibles combined basis for Comprehensive and Collision coverages.

* The Single Limit Liability loss cost level change is based on the Bodily Injury and Property Damage changes.

EXPLANATION OF INDICATED CHANGES The -20.2% indication for Bodily Injury is mainly due a decrease in the annual loss trend from +3.8% to -1.1%, which led to a cumulative effect of -12.9%, an improvement of the experience of -4.6%, and a change in loss development of -3.7%.

The -24.2% indication for Uninsured Motorists Bodily Injury (on a basic limits basis) is mainly due to a decrease in the annual loss trend from +3.8% to -1.1%, which led to a cumulative effect of -16.9% and an improvement of the experience of -7.1%.

On a total limits basis, the -24.4% indication for Uninsured Motorists Bodily Injury and -18.9% indication for Underinsured Motorists Bodily Injury are mainly due to the basic limits UMBI indication and the UM and UIM pricing calculations found in Section D.

The -19.9% indication for Comprehensive is mainly due to an improvement of the experience of -22.0% and additional revenue generated by the model year and symbol rating program (which is caused by changes in age and symbol distributions, and model year and symbol trend) which has an effect of -4.9%. These changes are partially offset by a prior inadequacy of +8.6%.

INDICATED VS. FILED Indicated changes are based on standard ISO methodology.

A -10.0% selection is made for Comprehensive to temper the indicated change. An indication disparity among the two most recent years supports this selection.

INTRODUCTION OF NEW SYMBOL TABLE ISO will implement a new symbol table applicable to model years 2011 and later concurrent with the implementation of this revision. The relativities associated with the new 75-symbol table contained in ISO Filing PP-2008-R08VS were calculated by linearly interpolating off of the present 27-symbol table applicable to model years 2010 and earlier. For price ranges over \$80,000, relativities were extrapolated using Personal Vehicle Manual Rule 12. Therefore, there is no loss cost effect from introducing the new table.

ARKANSAS
PERSONAL AUTO INSURANCE

LOSS COST LEVEL REVISION

EXECUTIVE SUMMARY

DETERMINATION
OF UNINSURED AND
UNDERINSURED
MOTORISTS
LOSS COSTS

Loss costs for basic and higher limits for Uninsured Motorists (UM) and Underinsured Motorists (UIM) Coverages are developed using the current full pricing procedures as utilized in PP-2007-BRLA2. The full pricing procedures and calculations are detailed in Section D of this filing.

TREND AND
OTHER
ADJUSTMENTS

Loss Trend

The loss costs developed in this document will be used in a future period. For the historical loss costs to be valid for use in a future period, they must be multiplied by trend factors. A trend factor is a number based on the changes in claim cost and claim frequency that are expected to occur between Date X (the historical data period) and Date Y (the future period for which the loss costs will be in effect).

The historical trend factors are determined from:

- Claim cost trend is determined from the fitted claim cost curve for the latest 12 quarterly year-ended experience periods (12-point trend) through the first quarter of 2008.
- Claim frequency trend is selected based on an analysis of the claim frequency data for the latest 24 quarterly year-ended experience periods, taking into consideration the frequency fits for the latest 6, 12 and 24 points.
- Regional claim cost trends are used as the complement of credibility to the state claim cost trends where appropriate.
- The trend procedure for the Physical Damage coverages uses Collision claim cost data for \$100, \$200, \$250 and \$500 deductibles adjusted to a \$500 deductible level for claim cost trend for both Comprehensive and Collision. An adjustment to the Comprehensive trend factor is applied to produce a trend factor applicable to experience losses at a lower base deductible, which is used in the review of loss experience.
- ISO has also imposed judgment in some cases based upon discussions of external influences to support final loss trend selections. The trend factors that were evaluated are discussed in Section C.

ARKANSAS
PERSONAL AUTO INSURANCE

LOSS COST LEVEL REVISION

EXECUTIVE SUMMARY

TREND AND
OTHER
ADJUSTMENTS (Cont'd)

The annual loss trends by coverage are:

<u>Coverage</u>	<u>Trend Factor</u>
25/50 Bodily Injury	-1.1%
Property Damage	1.8%
Medical Payments	2.1%
25/50 Uninsured Motorists Bodily Injury	-1.1%
Uninsured Motorists Property Damage	1.8%
Comprehensive	1.4%
Collision	1.5%

Premium Trend

A variety of economic factors affect the cost of physical damage automobile insurance. As time goes by, the average price of new cars purchased and the cost of repairing/replacing all cars driven both tend to rise. The ISO physical damage rating structure is designed to reflect these dynamics.

As a result, premium revenue increases as newer model year cars are purchased and as the average price of new cars increases. In order to reflect the increase in revenue, ISO uses a premium trend procedure, the effect of which is to reduce the indicated loss costs for physical damage coverages.

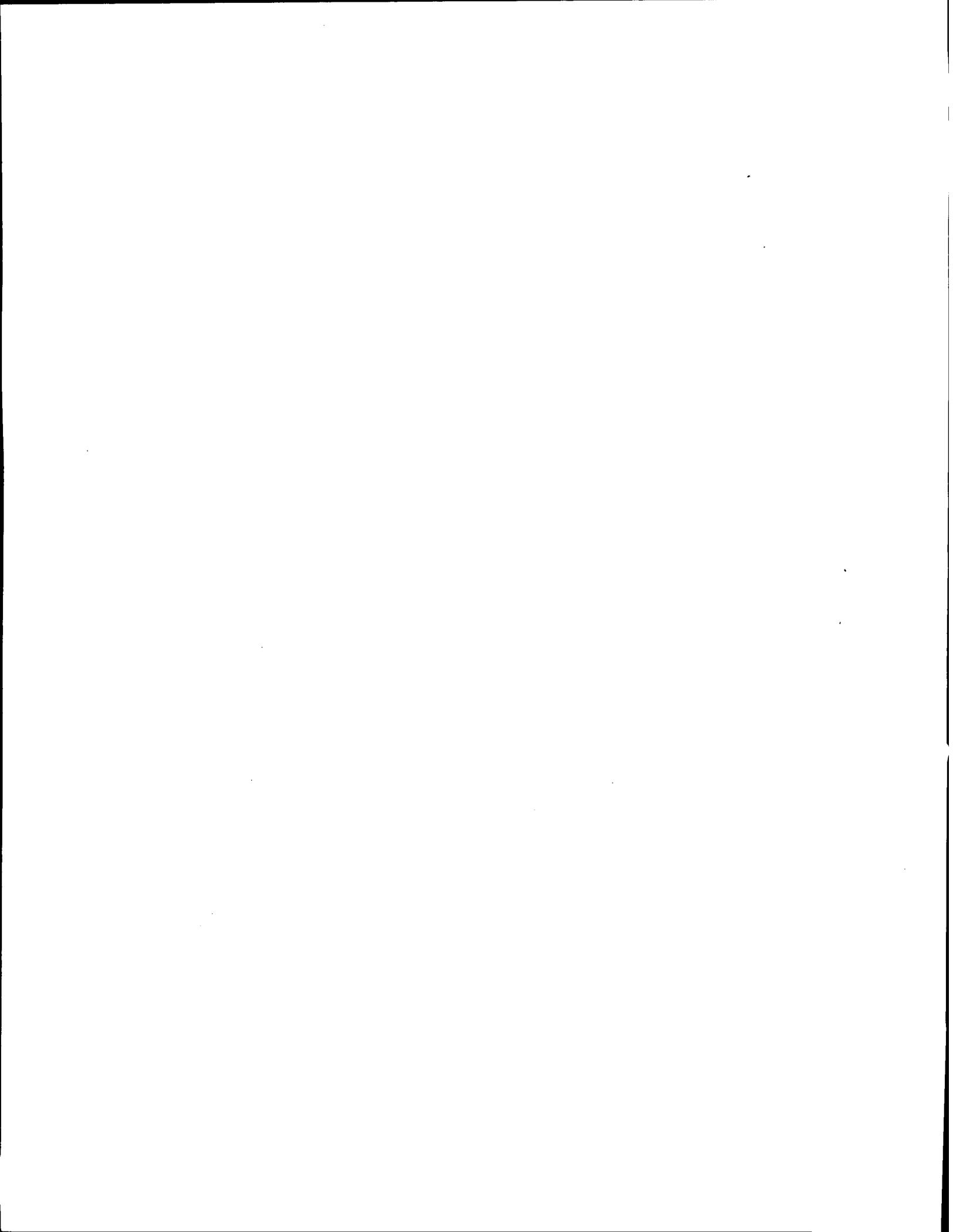
Premium trend is applied in two ways:

Model Year Trend

The costs of repair, replacement, etc. are rising from year to year, even for vehicles whose cost new does not change with a newer model year. As a result of this phenomenon, the ISO model year rating program applies higher relativities to newer model year cars. The higher relativities increase revenue, which should be reflected in the ratemaking process. Our procedures incorporate this reflection through the application of model year premium trend factors of 1.075 and 1.098 for comprehensive and collision coverages, respectively, which on an annual basis are:

Comprehensive	4.7%
Collision	6.1%

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ARKANSAS
PERSONAL AUTO INSURANCE

LOSS COST LEVEL REVISION

EXECUTIVE SUMMARY

TREND AND
OTHER
ADJUSTMENTS (Cont'd)

Symbol Trend

Overall, the average price of new cars purchased is rising each year. Under the ISO rating structure, higher relativities apply for higher valued cars. The higher relativities also increase revenue, which should be reflected in the ratemaking process. Our procedures incorporate this reflection through the application of symbol trend factors of 1.091 and 1.056 for comprehensive and collision, respectively, for year ended 12/31/2006; and 1.062 and 1.038 for comprehensive and collision, respectively, for year ended 12/31/2007. These symbol trends on an annual basis are:

Comprehensive	2.1%
Collision	1.3%

Other Adjustments

Standard actuarial procedures have been used in calculating the loss costs, including adjusting the liability losses to ultimate settlement level and, for all coverages, reflecting all loss adjustment expenses.

SIZE OF ISO
DATABASE

The market share of all insurers included in the ISO database in this state as measured by Annual Statement Statutory Page 14 written premium for the year ending 12/31/2007 is:

Liability (ASLOB 19.2)	Physical Damage (ASLOB 21.1)
20.0%	19.8%

TEN LARGEST
COMPANIES IN
ISO DATABASE

LIABILITY

1. Nationwide Group
2. Hartford Insurance Group
3. USAA Group
4. Safeco Insurance Companies
5. GEICO
6. Travelers Insurance Company
7. Great Plains Mutual
8. American International Group
9. Cornerstone National Insurance Co.
10. Liberty Mutual Insurance Cos.

PHYSICAL DAMAGE

1. Nationwide Group
2. USAA Group
3. Hartford Insurance Group
4. Safeco Insurance Companies
5. Travelers Insurance Company
6. GEICO
7. Great Plains Mutual
8. State Auto Insurance Companies
9. American International Group
10. Liberty Mutual Insurance Cos.

Insurers are listed in descending order based on the percent of statewide earned exposures in the ISO database for the year ending 12/31/2007.

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ARKANSAS
PERSONAL AUTO INSURANCE

LOSS COST LEVEL REVISION

EXECUTIVE SUMMARY

SYSTEMS
IMPACT

This document also contains other revisions that may affect company policy writing systems. These include:

- Shift in base model year from 2008 to 2009.
- Introduction of a new symbol table, with separate symbols for Comprehensive and Collision coverages, effective for the 2011 Model Year.

PRIOR ISO
REVISIONS

The latest loss cost revisions in the state of Arkansas are:

<u>Filing Designation</u>	PP-2007-BRLA2	PP-2007-BRLA1	PP-2006-BRLA1
<u>Dates</u>			
Filed	12/13/2007	01/13/2007	01/13/2006
Effective*	05/01/2008	07/01/2007	08/01/2006
<u>Implemented Changes</u>			
S/L Liability	+ 0.4%	+10.2%	- 2.6%
Bodily Injury	- 7.4%	+15.0%	- 1.2%
Property Damage	+13.6%	- 8.3%	- 4.3%
Medical Payments	- 3.3%	- 12.5%	+ 9.7%
UM BI	+ 4.0%	+14.4%	+ 3.2%
UM PD	+11.0%	- 7.1%	+ 7.8%
UIM BI	- 5.2%	+49.9%	- 2.4%
Sub-Total	+ 0.7%	+ 7.2%	- 1.4%
Comprehensive	+10.0%	+ 2.6%	- 14.2%
Collision	- 5.2%	- 1.8%	- 10.9%
Sub-Total	- 0.9%	- 0.6%	- 11.9%
Total	0.0%	+ 4.0%	- 6.0%

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ARKANSAS
PERSONAL AUTO INSURANCE

LOSS COST LEVEL REVISION

EXECUTIVE SUMMARY

INSURER
DECISION

We encourage each insurer to decide independently whether the judgments made and the procedures or data used by Insurance Services Office, Inc. (ISO) in developing the loss costs contained herein are appropriate for its use. We have included within this document the information upon which ISO relied in order to enable companies to make such independent judgments.

The data underlying the enclosed material comes from companies reporting to Insurance Services Office, Inc. Therefore, the ISO experience permits the establishment of a much broader statistical ratemaking base than could be employed by using any individual insurer's data. A broader data base enhances the validity of ratemaking analysis derived therefrom. At the same time, however, an individual company may benefit from a comparison of its own experience to the aggregate ISO experience, and may reach valid conclusions with respect to the manner in which its own costs can be expected to differ from ISO's projections based on the aggregate data.

Some calculations included in this document involve areas of ISO staff judgment. Each insurer should carefully review and evaluate its own experience in order to determine whether the ISO selected loss costs are appropriate for its use.

The material has been developed exclusively by the staff of Insurance Services Office, Inc.

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ARKANSAS
PERSONAL AUTO INSURANCE

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Model Year and Symbol Relativities C-65-68

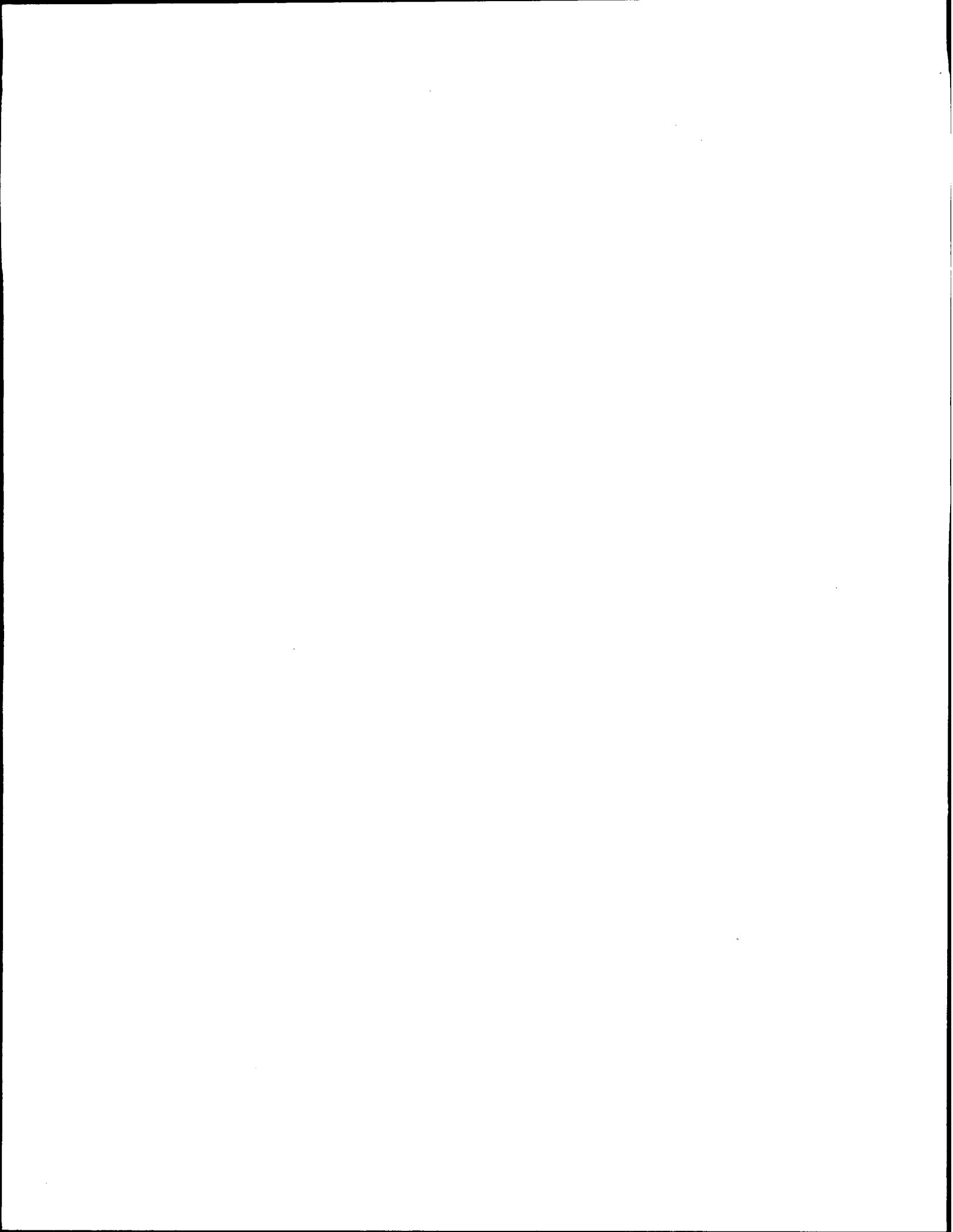
SECTION D – DETERMINATION OF UNINSURED/UNDERINSURED MOTORISTS LOSS COSTS.... D-2-62

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ARKANSAS
PERSONAL AUTO INSURANCE

SECTION A – SCOPE OF REVISION

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Uninsured/Underinsured Motorists Loss Costs	A-9-13



ARKANSAS
PERSONAL AUTO INSURANCE

TABLE A1

STATEWIDE LOSS COST LEVEL CHANGES (A)

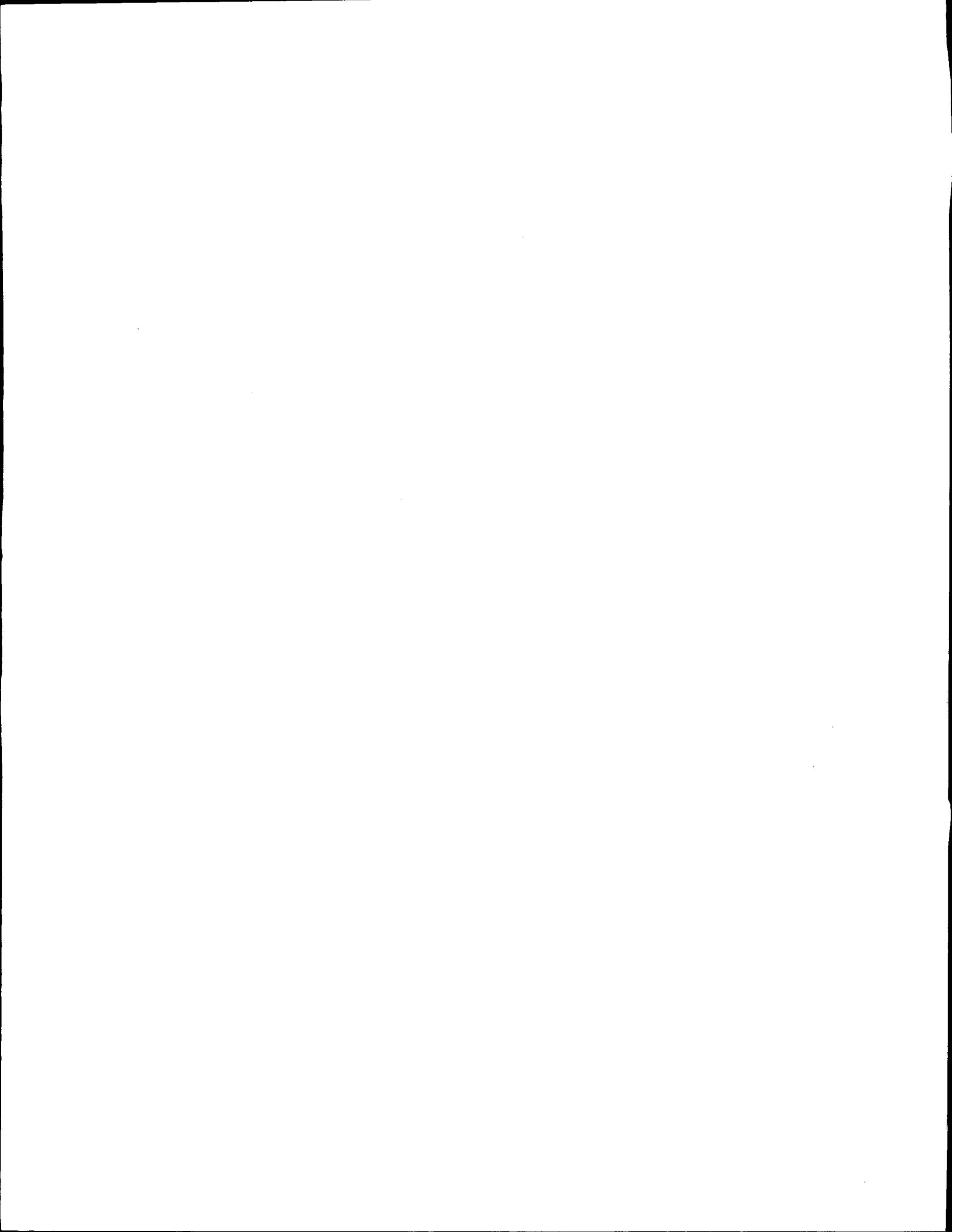
Coverages	Aggregate Loss Costs at Current Level (B)	Loss Cost Level Changes (C)
PERSONAL AUTO POLICY		
<u>Liability:</u>		
Single Limit Liability	\$ 5,222,993	- 12.3%
Bodily Injury	42,936,179	- 20.2%
Property Damage	36,085,137	- 1.5%
Medical Payments	5,519,491	- 3.8%
Uninsured Motorists (Bodily Injury)	4,942,981	- 24.4%
Uninsured Motorists (Property Damage)	3,211,715	+ 8.1%
Underinsured Motorists (Bodily Injury)	8,855,476	- 18.9%
Sub-Total	\$106,773,972	- 11.9%
<u>Physical Damage:</u>		
Comprehensive	\$ 23,738,288	- 10.0%
Collision	52,990,284	- 2.4%
Sub-Total	\$ 76,728,572	- 4.8%
GRAND TOTAL	\$183,502,544	- 8.9%

(A) The trend effective date is 5/1/2009.

(B) Year ended 12/31/2007 Aggregate Loss Costs at ISO staff developed loss costs contained in Filing PP-2007-BRLA2.

(C) Loss cost level changes are calculated on a total limits basis for Liability, Medical Payments, Uninsured and Underinsured Motorists coverages, on a basic limits basis for Uninsured Motorists Property Damage coverage, and on an all deductibles combined basis for Comprehensive and Collision coverages.

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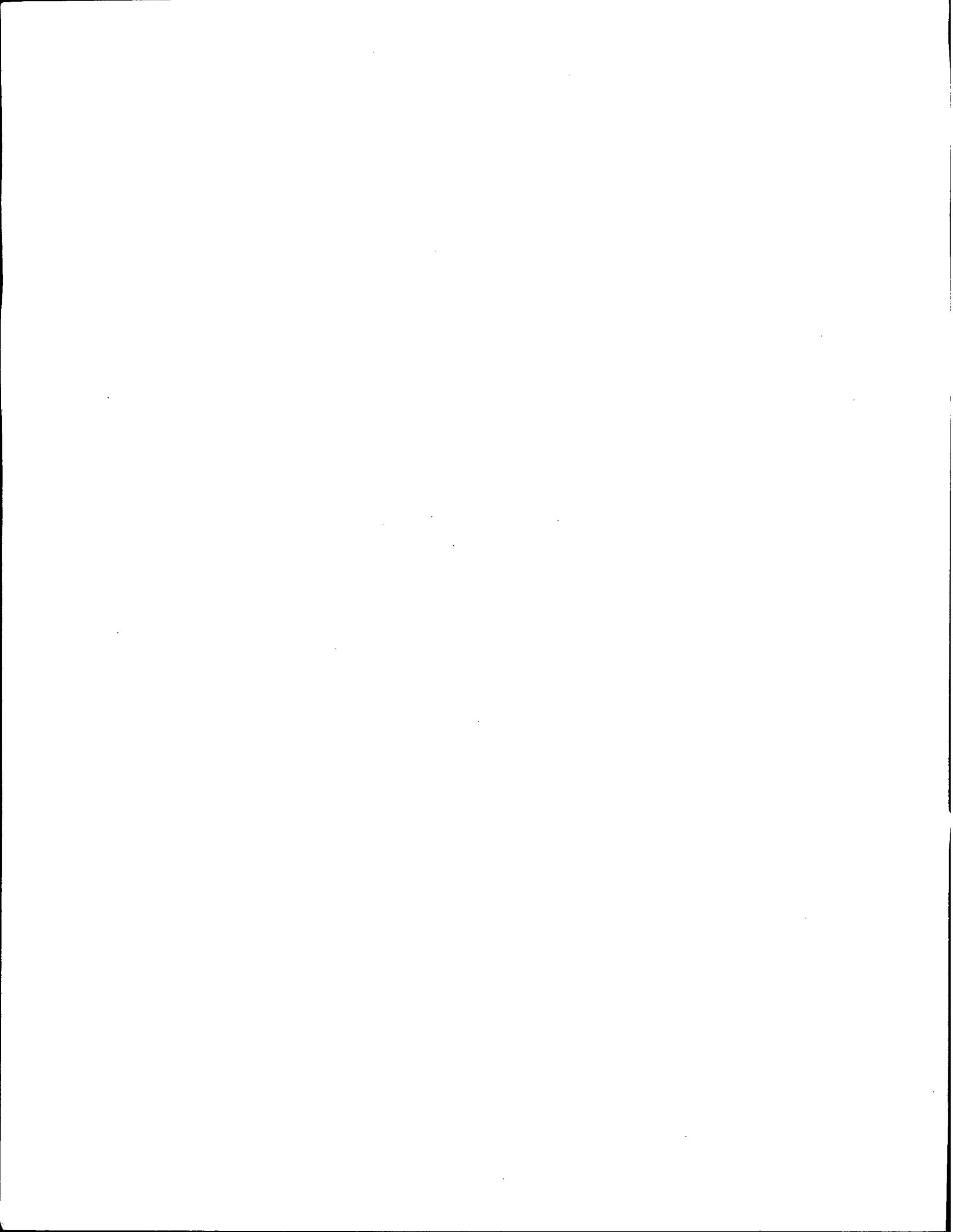


ARKANSAS
PERSONAL AUTO INSURANCE
TABLE A2-1
TERRITORY LOSS COST LEVEL CHANGES

Territory Code	Liability			Physical Damage		
	Single Limit	B.I.	P.D.	Med Pay	Comprehensive	Collision
21	-14.0%	-21.6%	0.0%	0.0%	-13.4%	- 3.5%
22	- 9.7%	-16.8%	- 1.2%	- 6.2%	- 9.3%	- 1.4%
23	-13.5%	-22.7%	- 4.6%	0.0%	+ 0.1%	- 4.9%
24	-12.3%	-20.3%	- 0.7%	- 7.1%	- 7.6%	- 2.2%
25	-16.5%	-22.8%	- 4.8%	- 5.9%	- 4.1%	- 5.7%
26	-10.9%	-19.4%	+ 2.7%	0.0%	- 6.8%	- 2.6%
27	-12.5%	-19.6%	- 3.1%	0.0%	-11.9%	- 1.8%
28	-10.6%	-17.1%	+ 1.0%	0.0%	-12.4%	- 0.6%
29	-13.8%	-21.5%	- 4.2%	- 9.1%	- 9.8%	- 2.7%
30	- 8.1%	-17.6%	+ 3.9%	0.0%	-17.9%	- 3.7%
31	-14.0%	-22.8%	- 5.1%	- 7.7%	-16.0%	- 4.4%
32	-10.5%	-18.2%	+ 1.0%	- 7.7%	- 5.1%	+ 1.3%
33	- 7.7%	-15.8%	+ 3.5%	0.0%	-12.4%	+ 2.3%
Statewide	-12.3%	-20.2%	- 1.5%	- 3.8%	-10.0%	- 2.4%

NOTE: Loss cost level changes are calculated on a total limits basis for Liability and on an all deductibles combined basis for Physical Damage.

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ARKANSAS
PERSONAL AUTO INSURANCE

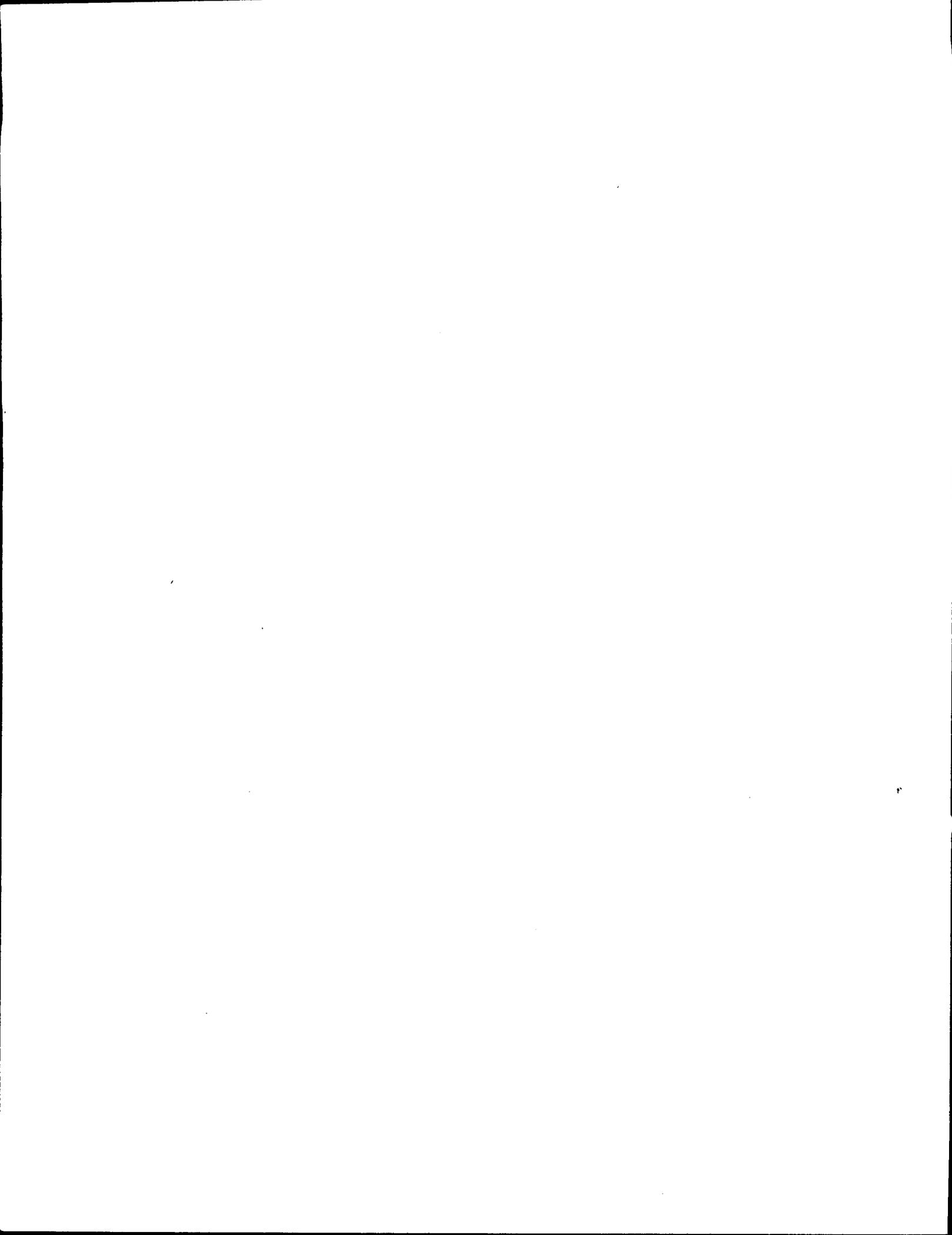
TABLE A2-2

TERRITORY LOSS COST LEVEL CHANGES

Territory		Uninsured Motorists		Underinsured Motorists
<u>Tier</u>	<u>Territory</u>	<u>Bodily Injury</u>	<u>Property Damage</u>	<u>Bodily Injury</u>
1	21	-10.4%	+36.18%	-21.5%
2	22, 23, 24, and 25	-25.7%	+20.74%	-19.2%
3	26, 27, 28, 29, 30, 31, 32, and 33	-24.7%	-0.73%	-18.6%
Statewide		-24.4%	+8.1%	-18.9%

NOTE: Loss cost level changes are calculated on a total limits basis for Uninsured and Underinsured Motorists Bodily Injury. Uninsured Motorists Property Damage loss cost level changes are calculated on a basic limits basis.

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ARKANSAS

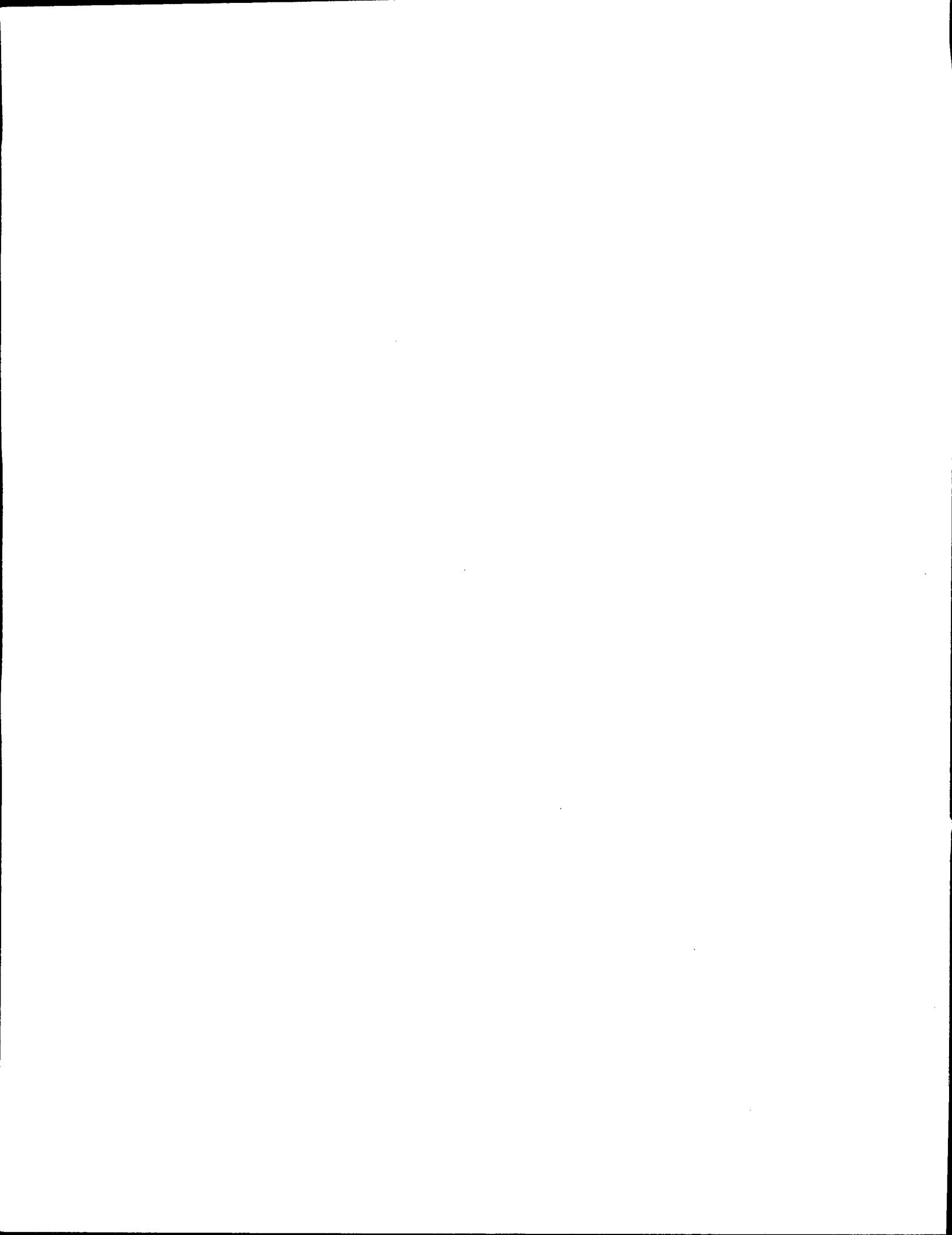
PERSONAL AUTO INSURANCE

TABLE A3

STATEWIDE LOSS COST LEVEL CHANGES BY DEDUCTIBLE

Coverage	(1) Aggregate Loss Costs at Current Level for Weighing	(2) Present Relativity	(3) Loss Cost Level Change
Full Cov. Comprehensive	\$ 582,640	1.67	- 10.0%
\$50 Ded. Comprehensive	1,259,685	1.58	- 10.0%
\$100 Ded. Comprehensive	4,905,228	1.49	- 10.0%
\$200 Ded. Comprehensive	458,690	1.33	- 10.0%
\$250 Ded. Comprehensive	5,884,805	1.26	- 10.0%
\$500 Ded. Comprehensive	9,445,020	1.00	- 10.0%
\$1,000 Ded. Comprehensive	1,202,220	0.74	- 10.0%
Sub-total	\$ 23,738,288		- 10.0%
\$100 Ded. Collision	\$ 1,243,411	1.18	- 2.4%
\$200 Ded. Collision	1,946,494	1.13	- 2.4%
\$250 Ded. Collision	9,166,840	1.11	- 2.4%
\$500 Ded. Collision	34,697,803	1.00	- 2.4%
\$1,000 Ded. Collision	5,935,736	0.83	- 2.4%
Sub-total	\$ 52,990,284		- 2.4%
Physical Damage Total	\$ 76,728,572		- 4.8%

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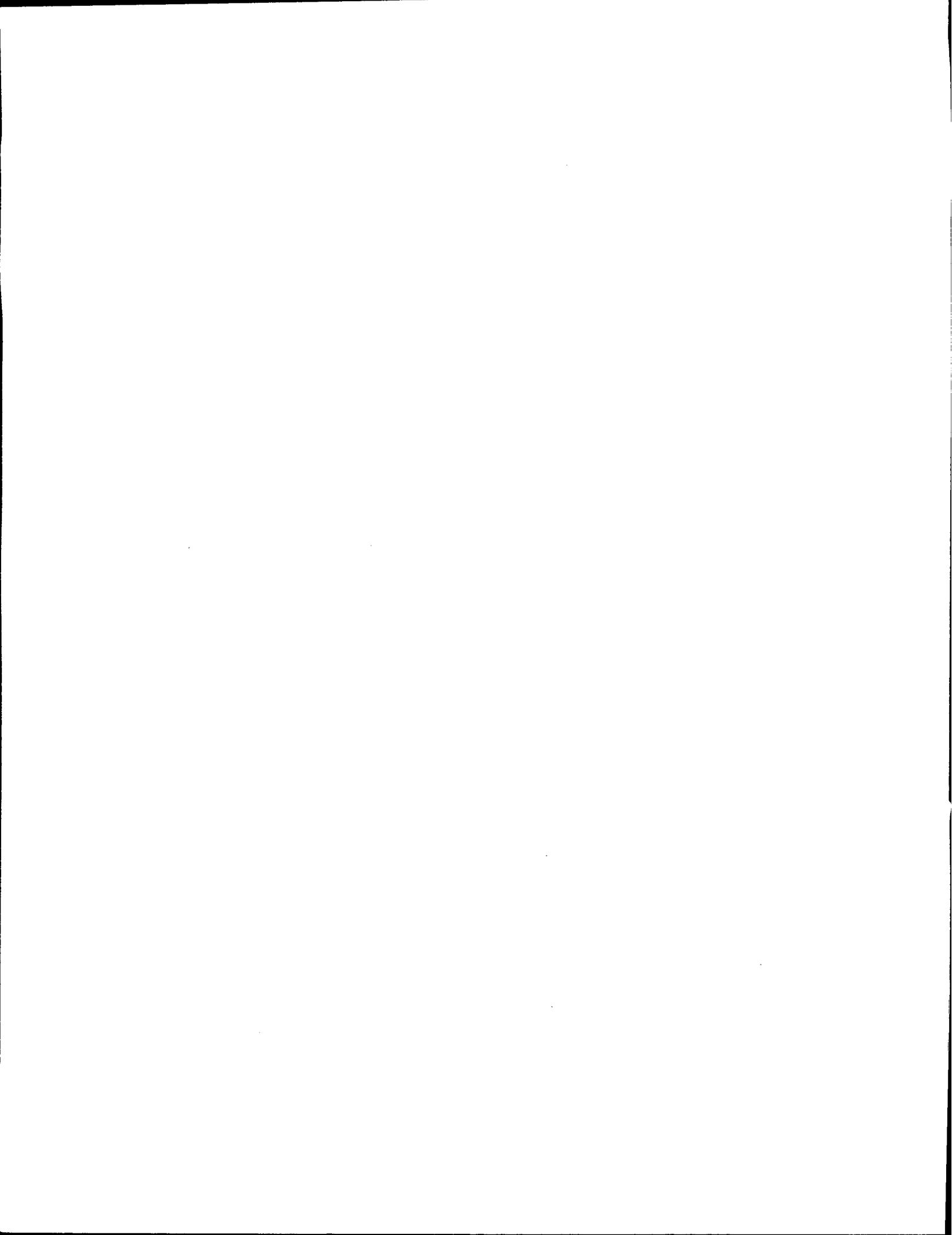
ARKANSAS
PERSONAL AUTO INSURANCE

TABLE A4-1

PRESENT AND FILED BASE CLASS LOSS COSTS BY TERRITORY

LIABILITY								
Territory Code	PRESENT				FILED			
	\$75,000 Single Limit	25/50 B.I.	\$25,000 P.D.	\$1,000 Med. Pay.	\$75,000 Single Limit (A)	25/50 B.I.	\$25,000 P.D.	\$1,000 Med. Pay.
21	\$406	\$194	\$149	\$25	\$349	\$152	\$149	\$25
22	372	155	168	16	336	129	166	15
23	319	128	151	12	276	99	144	12
24	324	143	135	14	284	114	134	13
25	351	171	125	17	293	132	119	16
26	274	124	110	13	244	100	113	13
27	232	102	98	12	203	82	95	12
28	264	123	101	12	236	102	102	12
29	218	93	96	11	188	73	92	10
30	284	119	127	11	261	98	132	11
31	286	114	136	13	246	88	129	12
32	247	110	102	13	221	90	103	12
33	272	120	114	12	251	101	118	12

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ARKANSAS
PERSONAL AUTO INSURANCE

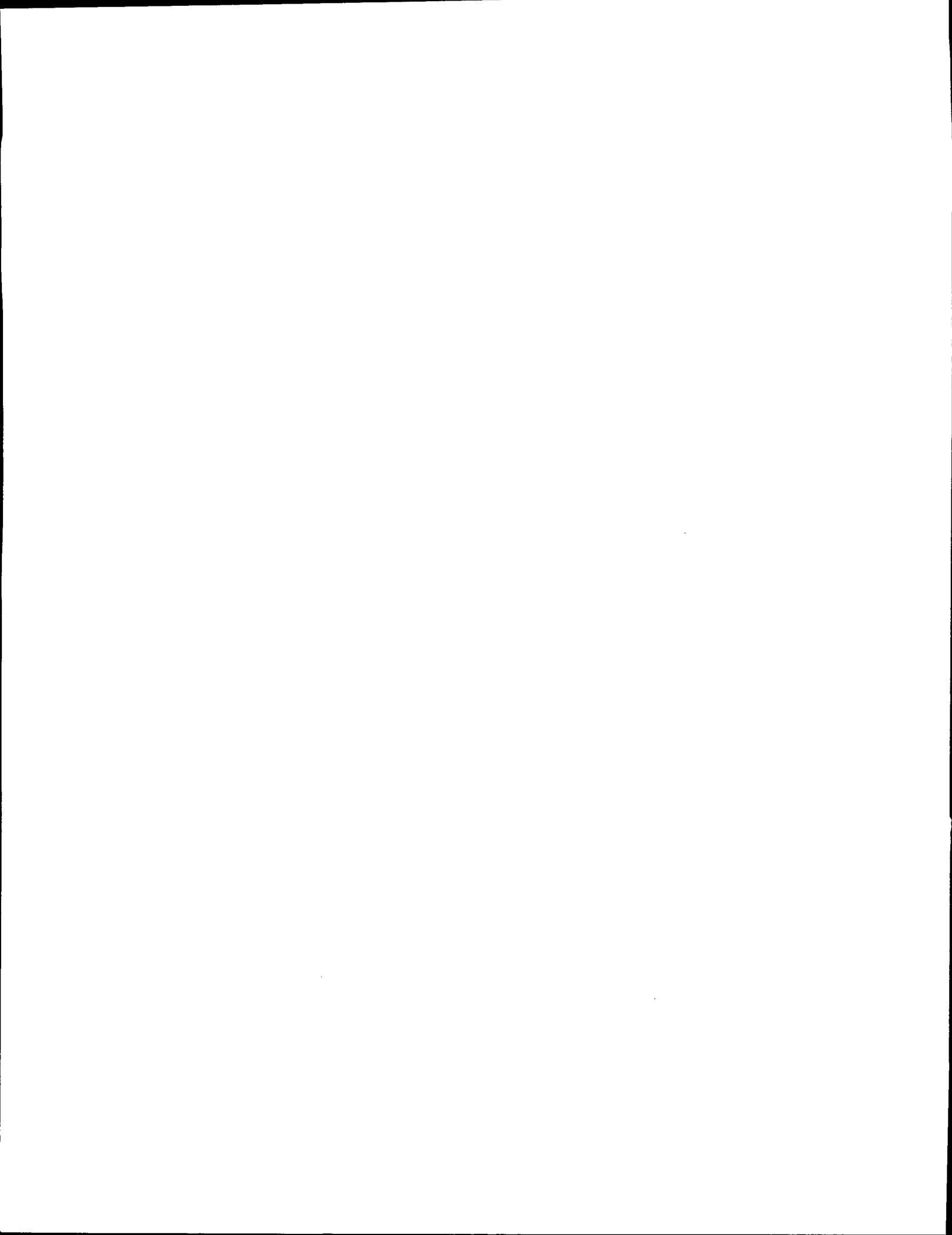
TABLE A4-2

PRESENT AND FILED BASE CLASS LOSS COSTS BY TERRITORY

Territory Code	PHYSICAL DAMAGE (A)			
	PRESENT		FILED	
	\$500 Ded. Comprehensive	\$500 Ded. Collision	\$500 Ded. Comprehensive	\$500 Ded. Collision
21	\$89	\$326	\$77	\$319
22	64	270	58	270
23	47	227	47	219
24	65	251	60	249
25	95	274	91	262
26	87	234	81	231
27	117	238	103	237
28	96	248	84	250
29	81	226	73	223
30	50	212	41	207
31	62	232	52	225
32	96	255	91	262
33	72	212	63	220

(A) Model Year 2009, Symbol 8.

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ARKANSAS
PERSONAL AUTO INSURANCE

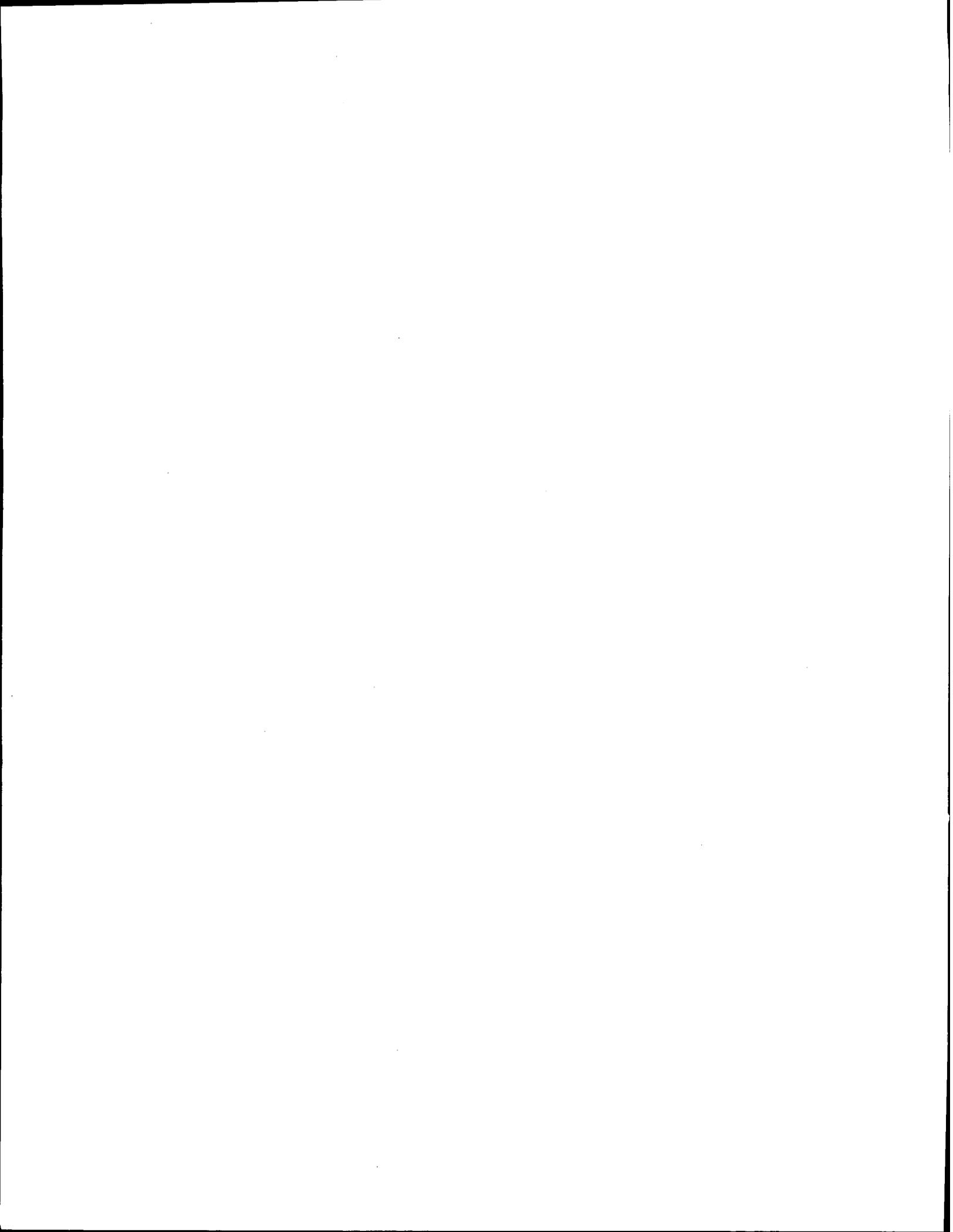
TABLE A4-3

SAMPLE DISPLAY OF MODEL YEAR LOSS COSTS FOR TERRITORY 21

<u>Model Year</u>	<u>\$500 Deductible Comprehensive (A)</u>	<u>\$500 Deductible Collision (A)</u>
2010	\$ 85	\$351
2009	81	335
2008	77	319
2007	73	300
2006	69	281
2005	66	265
2004	62	242
2003	59	223
2002	57	211
2001	54	198
2000	51	185
1999	49	175
1998	46	163
1990 - 1997	44	153

- (A) Loss costs are for base Symbol 8. (See Tables C14-1 and C14-2 for model year and symbol relativities to determine loss costs for 1989 and prior.) The above loss costs reflect a shift in the base model year from 2008 to 2009. Tables C14-1 and C14-2 display the model year and symbol relativity factors for a model year 2009, Symbol 8 base loss cost.

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ARKANSAS
PERSONAL AUTO INSURANCE
PRESENT AND FILED UNINSURED AND UNDERINSURED MOTORISTS LOSS COSTS

PVM Rule 14.A. Uninsured Motorists Coverage

BI ONLY UM COVERAGE - SPLIT LIMITS

BASIC LIMITS - Charge the loss costs per registered auto displayed below depending on whether the risk is a Single Car or a Multi-Car risk. For Multi-Car risks, apply the loss cost to each car including the first car.

	Territories	PRESENT		FILED	
		Single Car	Multi-Car Per Car	Single Car	Multi-Car Per Car
\$25,000/50,000 BI	21	\$25.78	\$20.62	\$23.11	\$18.49
	22, 23, 24, and 25	17.31	13.85	12.87	10.30
	All Remaining	12.10	9.68	9.11	7.29

INCREASED LIMITS - Add the additional loss cost increments shown below to the basic limit loss costs.

	Terr: 21				Terr: 22, 23, 24, and 25				Terr: All Remaining			
	Single Car		Multi-Car Per Car		Single Car		Multi-Car Per Car		Single Car		Multi-Car Per Car	
	Pres	Filed	Pres	Filed	Pres	Filed	Pres	Filed	Pres	Filed	Pres	Filed
\$ 50/100	\$ 8.25	\$ 7.40	\$ 6.60	\$ 5.92	\$ 5.54	\$ 4.12	\$ 4.43	\$ 3.29	\$ 3.87	\$ 2.92	\$ 3.10	\$ 2.33
100/200	17.79	15.95	14.24	12.76	11.94	8.88	9.55	7.10	8.35	6.29	6.68	5.03
100/300	18.05	16.18	14.44	12.94	12.12	9.01	9.69	7.20	8.47	6.38	6.78	5.10
250/500	30.16	27.04	24.13	21.63	20.25	15.06	16.20	12.04	14.16	10.66	11.33	8.53
300/300	31.97	28.66	25.58	22.93	21.46	15.96	17.17	12.76	15.00	11.30	12.00	9.04
500/500	37.90	33.97	30.32	27.17	25.45	18.92	20.36	15.13	17.79	13.39	14.23	10.71
500/1,000	38.15	34.20	30.52	27.36	25.62	19.05	20.49	15.24	17.91	13.48	14.33	10.78
1,000/1,000	44.08	39.52	35.27	31.61	29.60	22.01	23.68	17.60	20.69	15.58	16.55	12.46

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ARKANSAS
PERSONAL AUTO INSURANCE
PRESENT AND FILED UNINSURED AND UNDERINSURED MOTORISTS LOSS COSTS

PVM Rule 14.A. Uninsured Motorists Coverage

BI ONLY UM COVERAGE - SINGLE LIMIT

BASIC LIMITS - Charge the loss costs per registered auto displayed below depending on whether the risk is a Single Car or a Multi-Car risk. For Multi-Car risks, apply the loss cost to each car including the first car.

\$50,000 UM	Territories	PRESENT		FILED	
		Single Car	Multi-Car Per Car	Single Car	Multi-Car Per Car
	21	\$32.48	\$25.98	\$29.12	\$23.30
	22, 23, 24, and 25	21.81	17.45	16.22	12.98
	All Remaining	15.25	12.20	11.48	9.18

INCREASED LIMITS - Add the additional loss cost increments shown below to the basic limit loss costs.

	Terr: 21				Terr: 22, 23, 24, and 25				Terr: All Remaining			
	Single Car		Multi-Car Per Car		Single Car		Multi-Car Per Car		Single Car		Multi-Car Per Car	
	Pres	Filed	Pres	Filed	Pres	Filed	Pres	Filed	Pres	Filed	Pres	Filed
\$ 75,000	\$ 5.67	\$ 5.08	\$ 4.54	\$ 4.06	\$ 3.81	\$ 2.83	\$ 3.05	\$ 2.26	\$ 2.66	\$ 2.00	\$ 2.13	\$ 1.60
100,000	10.06	9.01	8.05	7.20	6.75	5.02	5.40	4.01	4.72	3.55	3.78	2.84
200,000	19.85	17.79	15.88	14.23	13.33	9.91	10.66	7.92	9.31	7.01	7.45	5.61
300,000	25.27	22.65	20.22	18.12	16.96	12.61	13.57	10.08	11.85	8.93	9.48	7.15
500,000	31.20	27.96	24.96	22.36	20.95	15.57	16.76	12.45	14.64	11.02	11.71	8.82
1,000,000	37.38	33.51	29.91	26.80	25.10	18.66	20.08	14.92	17.54	13.21	14.03	10.57

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ARKANSAS
PERSONAL AUTO INSURANCE
PRESENT AND FILED UNINSURED AND UNDERINSURED MOTORISTS LOSS COSTS

PVM Rule 14.A. Uninsured Motorists Coverage

BI & PD UM COMBINED - SPLIT LIMITS

BASIC LIMITS - Charge the loss costs per registered auto displayed below depending on whether the risk is a Single Car or a Multi-Car risk. For Multi-Car risks, apply the loss cost to each car including the first car.

	Territories	PRESENT		FILED	
		Single Car	Multi-Car Per Car	Single Car	Multi-Car Per Car
\$25,000/50,000/ 25,000 BI & PD*	21	\$45.79	\$36.63	\$50.36	\$40.29
	22, 23, 24, and 25	33.99	27.19	33.01	26.41
	All Remaining	25.82	20.66	22.73	18.19

* Property Damage Uninsured Motorists Coverage is subject to a \$200 deductible.

INCREASED LIMITS - BI UM - Add the additional loss cost increments shown below to the basic limit loss costs.

Bodily Injury	Terr: 21				Terr: 22, 23, 24, and 25				Terr: All Remaining			
	Single Car		Multi-Car Per Car		Single Car		Multi-Car Per Car		Single Car		Multi-Car Per Car	
	Present	Filed	Present	Filed	Present	Filed	Present	Filed	Present	Filed	Present	Filed
\$ 50/100	\$ 8.25	\$ 7.40	\$ 6.60	\$ 5.92	\$ 5.54	\$ 4.12	\$ 4.43	\$ 3.29	\$ 3.87	\$ 2.92	\$ 3.10	\$ 2.33
100/200	17.79	15.95	14.24	12.76	11.94	8.88	9.55	7.10	8.35	6.29	6.68	5.03
100/300	18.05	16.18	14.44	12.94	12.12	9.01	9.69	7.20	8.47	6.38	6.78	5.10
250/500	30.16	27.04	24.13	21.63	20.25	15.06	16.20	12.04	14.16	10.66	11.33	8.53
300/300	31.97	28.66	25.58	22.93	21.46	15.96	17.17	12.76	15.00	11.30	12.00	9.04
500/500	37.90	33.97	30.32	27.17	25.45	18.92	20.36	15.13	17.79	13.39	14.23	10.71
500/1,000	38.15	34.20	30.52	27.36	25.62	19.05	20.49	15.24	17.91	13.48	14.33	10.78
1,000/1,000	44.08	39.52	35.27	31.61	29.60	22.01	23.68	17.60	20.69	15.58	16.55	12.46

INCREASED LIMITS - PD UM - Add the additional loss cost increments shown below to the basic limit loss costs.

Property Damage	ALL TERRITORIES			
	Single Car		Multi-Car Per Car	
	Present	Filed	Present	Filed
50,000	\$ 0.75	\$ 0.75	\$ 0.60	\$ 0.60
100,000	1.52	1.52	1.22	1.22
200,000	2.28	2.28	1.82	1.82
300,000	3.04	3.04	2.43	2.43
500,000	3.80	3.80	3.04	3.04
1,000,000	4.57	4.57	3.66	3.66

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ARKANSAS
PERSONAL AUTO INSURANCE
PRESENT AND FILED UNINSURED AND UNDERINSURED MOTORISTS LOSS COSTS

PVM Rule 14.A. Uninsured Motorists Coverage

BI & PD UM COMBINED - SINGLE LIMIT

BASIC LIMITS - Charge the loss costs per registered auto displayed below depending on whether the risk is a Single Car or a Multi-Car risk. For Multi-Car risks, apply the loss cost to each car including the first car.

	Territories	PRESENT		FILED	
		Single Car	Multi-Car Per Car	Single Car	Multi-Car Per Car
\$75,000 BI & PD*	21	\$57.63	\$46.10	\$60.24	\$48.19
	22, 23, 24, and 25	42.09	33.67	38.90	31.12
	All Remaining	31.70	25.36	27.34	21.87

* Property Damage Uninsured Motorists Coverage is subject to a \$200 deductible.

INCREASED LIMITS - Add the additional loss cost increments shown below to the basic limit loss costs.

	Terr: 21				Terr: 22, 23, 24, and 25				Terr: All Remaining			
	Single Car		Multi-Car Per Car		Single Car		Multi-Car Per Car		Single Car		Multi-Car Per Car	
	Present	Filed	Present	Filed	Present	Filed	Present	Filed	Present	Filed	Present	Filed
\$ 100,000	\$ 4.50	\$ 4.07	\$ 3.60	\$ 3.26	\$ 3.03	\$ 2.09	\$ 2.43	\$ 1.67	\$ 2.14	\$ 1.48	\$ 1.71	\$ 1.19
200,000	14.29	12.85	11.44	10.28	9.61	6.94	7.69	5.55	6.73	4.93	5.38	3.95
300,000	19.71	17.71	15.77	14.17	13.24	9.64	10.59	7.71	9.27	6.85	7.42	5.48
500,000	25.64	23.02	20.52	18.42	17.23	12.60	13.79	10.08	12.06	8.94	9.65	7.15
1,000,000	31.82	28.57	25.46	22.86	21.38	15.69	17.11	12.55	14.96	11.13	11.97	8.91

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ARKANSAS
PERSONAL AUTO INSURANCE
PRESENT AND FILED UNINSURED AND UNDERINSURED MOTORISTS LOSS COSTS

PVM Rule 14.B. Underinsured Motorists Coverage

SPLIT LIMITS - The following loss costs apply for each auto depending on whether the risk is a single car or a multi-car risk. For Multi-Car risks, apply the loss cost to each car including the first car.

	Terr: 21				Terr: 22, 23, 24, and 25				Terr: All Remaining			
	Single Car		Multi-Car Per Car		Single Car		Multi-Car Per Car		Single Car		Multi-Car Per Car	
	Pres	Filed	Pres	Filed	Pres	Filed	Pres	Filed	Pres	Filed	Pres	Filed
\$ 25/50	\$25.70	\$20.25	\$20.56	\$16.20	\$26.38	\$21.40	\$21.10	\$17.12	\$20.45	\$16.72	\$16.36	\$13.38
50/100	43.63	34.30	34.90	27.44	44.80	36.25	35.84	29.00	34.74	28.32	27.79	22.66
100/200	68.73	53.92	54.98	43.14	70.58	56.98	56.46	45.58	54.72	44.51	43.78	35.61
100/300	69.50	54.56	55.60	43.65	71.38	57.64	57.10	46.11	55.35	45.03	44.28	36.02
250/500	108.20	84.62	86.56	67.70	111.12	89.41	88.90	71.53	86.15	69.86	68.92	55.89
300/300	114.91	89.81	91.93	71.85	118.00	94.89	94.40	75.91	91.51	74.13	73.21	59.30
500/500	136.42	106.46	109.14	85.17	140.09	112.48	112.07	89.98	108.62	87.87	86.90	70.30
500/1,000	137.19	107.06	109.75	85.65	140.88	113.11	112.70	90.49	109.23	88.37	87.38	70.70
1,000/1,000	160.37	124.90	128.30	99.92	164.69	131.97	131.75	105.58	127.68	103.10	102.14	82.48

SINGLE LIMIT - The following loss costs apply for each auto depending on whether the risk is a single car or a multi-car risk. For Multi-Car risks, apply the loss cost to each car including the first car.

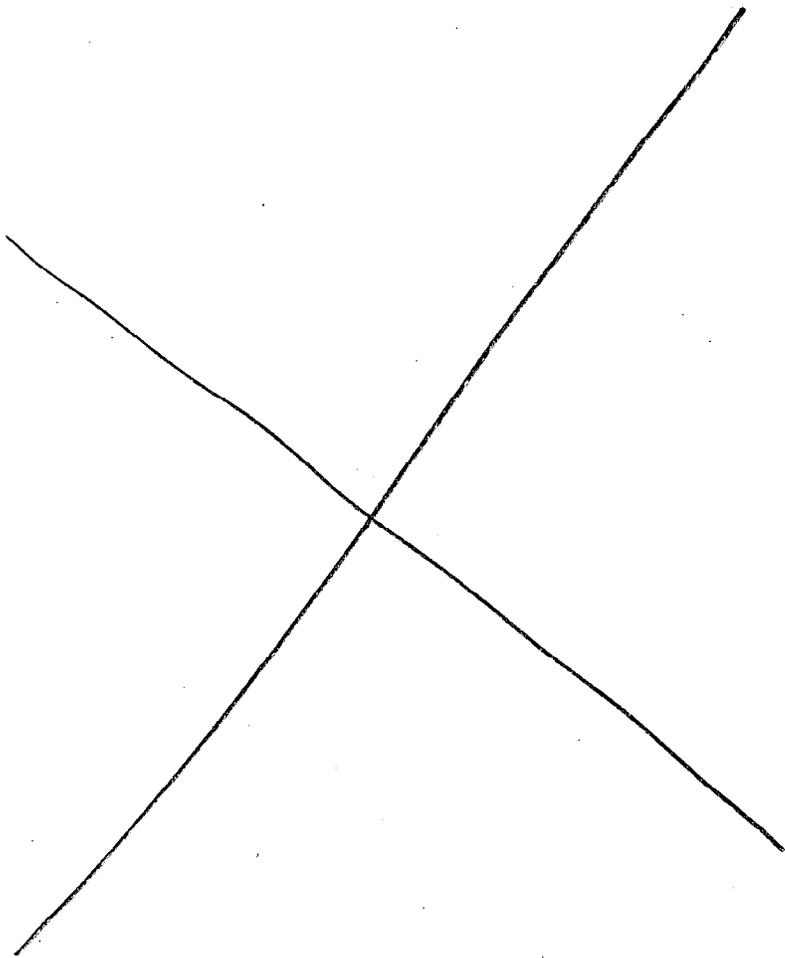
	Terr: 21				Terr: 22, 23, 24, and 25				Terr: All Remaining			
	Single Car		Multi-Car Per Car		Single Car		Multi-Car Per Car		Single Car		Multi-Car Per Car	
	Pres	Filed	Pres	Filed	Pres	Filed	Pres	Filed	Pres	Filed	Pres	Filed
\$ 50,000	\$42.81	\$33.67	\$34.25	\$26.94	\$43.97	\$35.58	\$35.18	\$28.46	\$34.09	\$27.80	\$27.27	\$22.24
75,000	56.30	44.22	45.04	35.38	57.81	46.72	46.25	37.38	44.83	36.51	35.86	29.21
100,000	67.84	53.25	54.27	42.60	69.68	56.26	55.74	45.01	54.01	43.96	43.21	35.17
200,000	96.86	75.81	77.49	60.65	99.47	80.09	79.58	64.07	77.13	62.58	61.70	50.06
300,000	114.91	89.81	91.93	71.85	118.00	94.89	94.40	75.91	91.51	74.13	73.21	59.30
500,000	136.42	106.46	109.14	85.17	140.09	112.48	112.07	89.98	108.62	87.87	86.90	70.30
1,000,000	160.37	124.90	128.30	99.92	164.69	131.97	131.75	105.58	127.68	103.10	102.14	82.48

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ARKANSAS
PERSONAL AUTO INSURANCE

SECTION B – CALCULATION OF CHANGES

Overview of ISO Actuarial Procedures	B-2
Calculation of Statewide Loss Cost Level Changes	B-3-11
Calculation of Filed Loss Costs by Territory	B-12-19



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ARKANSAS
PERSONAL AUTO INSURANCE

OVERVIEW OF ISO ACTUARIAL PROCEDURES FOR LIABILITY AND
PHYSICAL DAMAGE COVERAGES

INTRODUCTION

Personal Auto filed loss costs are determined by evaluating the adequacy of the present loss cost provisions to pay for our best estimate of losses and all loss adjustment expenses that will be incurred in the prospective (or future) period. This evaluation is done separately by coverage.

STEP 1:
DETERMINATION
OF STATEWIDE
LOSS COST
INDICATION

The first step in this process is the determination of the statewide loss cost indication. In other words, what percentage changes on average must be made to the present ISO loss costs in order to achieve adequacy for the prospective conditions? The percentage changes are presented on the exhibits labeled "Calculation of Statewide Loss Cost Level Changes."

STEP 2:
DISTRIBUTION TO
TERRITORIES

ISO then distributes the statewide loss cost indication to the individual territorial loss costs by comparing the relative loss experience by territory to the statewide average.

STEP 3:
APPLICATION OF
PERCENTAGE
CHANGES

The last step is the calculation of the ISO filed loss costs. This is achieved by applying the territory indicated changes to the present ISO loss costs. For liability, the percentage change is applied at the basic limit; for physical damage, it is applied at the base model year and symbol and base deductible. The resulting base class loss costs are displayed in Section A.

Loss costs for higher policy limits for liability are then generated using the applicable increased limits factors, which are the result of a separate actuarial analysis. Similarly, loss costs for physical damage by model year, symbol and deductible are generated by the applicable factors contained in Section C.

ARKANSAS
PERSONAL AUTO INSURANCE

OVERVIEW OF CALCULATION OF STATEWIDE LOSS COST LEVEL
CHANGES FOR LIABILITY AND PHYSICAL DAMAGE COVERAGES

OBJECTIVE

The objective of this procedure is to determine the indicated statewide loss cost level changes for Liability and Physical Damage coverages. This procedure answers the question: what percentage changes must be made on average to the present loss costs in order for them to be adequate to cover our best estimate of indemnity losses and all loss adjustment expenses that will be incurred in the prospective period in which the filed loss costs will be used?

DESCRIPTION

This procedure compares the weighted projected loss cost to the present loss cost provision. For Liability, the projected loss cost is the developed and trended incurred losses and loss adjustment expenses per earned exposure. For Physical Damage, the projected loss cost is the trended incurred losses and loss adjustment expenses per earned exposure. The weighted projected loss cost is the weighted average of the projected loss costs of the two years of experience. It is the trended incurred losses and loss adjustment expense per earned exposure after credibility weighting each year's projected loss cost with the trended present loss cost provision. Credibility is applied to minimize the impact of random variation in the observed losses. The weights applied to the two years of experience are determined as a function of the volume of claim experience. For Physical Damage, the present loss cost provision used in this procedure reflects both model year and symbol trend.

EXPERIENCE
BASE

The experience used in this review is the latest available as reported under the ISO Personal Automobile Statistical Plan. The data is aggregated on an accident year basis for Liability and on a calendar year basis for Physical Damage.

ARKANSAS
PERSONAL AUTO INSURANCE

TABLE B1

CALCULATION OF STATEWIDE LOSS COST LEVEL CHANGES
FOR LIABILITY COVERAGES (A)

Coverage	(1) Accident Years Ended	(2) Earned Exposures	(3) Incurred Losses & Loss Adjustment Expenses (B)	(4) Average Annual Change In Losses (Trend)	(5) Credibility
Bodily Injury	12/31/2006	338,504	\$29,545,055	- 1.1%	1.00
	12/31/2007	353,847	30,230,041	- 1.1%	1.00
Property Damage	12/31/2006	338,504	\$33,413,174	+ 1.8%	1.00
	12/31/2007	353,847	34,147,598	+ 1.8%	1.00
Medical Payments	12/31/2006	223,091	\$1,751,977	+ 2.1%	1.00
	12/31/2007	232,500	1,719,448	+ 2.1%	1.00

Coverage	(6) Projected Loss Cost	(7) Year Weights	(8) Weighted Projected Loss Cost	(9) Present Loss Cost Provision	(10) Indicated Change	(11) Filed Change
Bodily Injury	\$83.70	10%				
	82.78	90%	\$82.87	\$103.85	- 20.2%	- 20.2%
Property Damage	\$105.72	0%				
	101.52	100%	\$101.52	\$103.09	- 1.5%	- 1.5%
Medical Payments	\$8.51	50%				
	7.85	50%	\$8.18	\$8.50	- 3.8%	- 3.8%

Coverage	(12) Single Limit Indicated	(13) Loss Cost Filed
Single Limit Liability	- 12.3%	- 12.3%

(A) Experience includes 25/50 Bodily Injury, \$25,000 Property Damage, and \$1,000 Medical Payments.

(B) Incurred losses have been adjusted by the following factors:

1. Loss Development Factors:

Year Ended	B.I.	P.D.	Med Pay
12/31/2006	1.012	1.006	0.978
12/31/2007	1.060	1.043	0.892

2. Unallocated Loss Adjustment

Expense Factors:	1.110	1.130	1.110
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TABLE B2

CALCULATION OF STATEWIDE LOSS COST LEVEL CHANGES
FOR PHYSICAL DAMAGE COVERAGES (A)

Coverage	(1) Calendar Years Ended	(2) Earned Exposures	(3) Incurred Losses & Loss Adjustment Expenses (B)	(4) Average Annual Change In Losses (Trend)	(5) Credi- bility
Comprehensive	12/31/2006	261,661	\$29,344,128	+ 1.4%	1.00
	12/31/2007	267,964	23,560,431	+ 1.4%	1.00
Collision	12/31/2006	250,876	\$46,311,672	+ 1.5%	1.00
	12/31/2007	257,006	49,499,822	+ 1.5%	1.00

Coverage	(6) Projected Loss Cost	(7) Year Weights	(8) Weighted Projected Loss Cost	(9) Present Loss Cost Provision	(10) Indicated Change	(11) Filed Change
Comprehensive	\$118.31	0%				
	91.44	100%	\$91.44	\$114.12	- 19.9%	- 10.0%
Collision	\$195.49	0%				
	200.88	100%	\$200.88	\$205.77	- 2.4%	- 2.4%

(A) Experience includes Full Coverage, \$50 Deductible, \$100 Deductible, \$200 Deductible, \$250 Deductible, \$500 Deductible, and \$1,000 Deductible Comprehensive adjusted to a \$100 Deductible level, and \$100 Deductible, \$200 Deductible, \$250 Deductible, \$500 Deductible, and \$1,000 Deductible Collision adjusted to a \$500 Deductible level.

(B) Losses are adjusted from a paid to incurred basis and to include all loss adjustment expenses by a factor of 1.170.

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EXPLANATORY NOTES TO TABLES B1 AND B2

INTRODUCTION The explanations that follow clarify Tables B1 and B2, Calculation of Statewide Loss Cost Level Changes for Liability and Physical Damage Coverages.

For Liability, the experience for the latest two available accident years ending 12/31/2006 and 12/31/2007 with losses evaluated as of 3/31/2008 is displayed. For Physical Damage, the experience for the latest two available calendar years ending 12/31/2006 and 12/31/2007 are displayed.

COLUMN (2) EARNED EXPOSURES

The exposures for liability and physical damage coverages are those exposures that have been earned during the latest two available accident years ending 12/31/2006 and 12/31/2007.

COLUMN (3) INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

LIABILITY COVERAGES (TABLE B1) For Liability, the incurred losses displayed are basic limit losses including all loss adjustment expenses and developed to an ultimate settlement basis.

Incurred Losses

The indemnity losses used in this review are limited to the Financial Responsibility Limits for Bodily Injury, Property Damage, and Medical Payments losses.

Allocated Loss Adjustment Expenses

Incurred indemnity losses are combined with allocated loss adjustment expenses, which are the expenses incurred by a carrier in connection with claim settlements that can be directly allocated to a particular claim.

Unallocated Loss Adjustment Expense Factors

Unallocated loss adjustment expenses, those expenses that cannot be allocated to any one claim, are included by applying appropriate factors to the incurred losses and allocated loss adjustment expenses. The factors used in this review are based on three years of countrywide experience as shown in Tables C1-1 and C1-2.

Loss Development Factors

The incurred losses and loss adjustment expenses are developed to an ultimate settlement basis by applying loss development factors.

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EXPLANATORY NOTES TO TABLES B1 AND B2 (Cont'd)

COLUMN (3)
(Cont'd)

Application of Loss Development Factors

The loss development factors used in this review are based on statewide experience for Bodily Injury and Property Damage Liability and multistate experience for Medical Payments as shown in Tables C2-1 to C2-3.

For Physical Damage, the reported paid losses are adjusted to an incurred basis and to include all loss adjustment expenses. The factor used in this review is based on three years of countrywide experience as shown in Table C1-3.

PHYSICAL DAMAGE
COVERAGES
(TABLE B2)

All Physical Damage loss and claim experience is adjusted to a common deductible basis.

The data for Comprehensive coverage includes Full Coverage, \$50 Deductible, \$100 Deductible, \$200 Deductible, \$250 Deductible, \$500 Deductible and \$1000 Deductible Comprehensive paid losses adjusted to a \$100 level. Comprehensive paid losses for each deductible are adjusted to a \$100 deductible level separately for each Comprehensive type of loss category using factors determined separately for each Comprehensive type of loss. Since the state-specific type of loss distribution determines the overall adjustment factors, overall factors to adjust losses to a common level vary by state and year for Comprehensive coverages.

The data for Collision coverage includes \$100 Deductible, \$200 Deductible, \$250 Deductible, \$500 Deductible and \$1000 Deductible Collision paid losses adjusted to a \$500 Deductible level.

Excess Wind and Water Procedure (Comprehensive only)

To ensure stability of indicated loss costs while maintaining adequacy in the event of large, unexpected losses, an excess wind and water procedure is used in the development of Personal Auto loss costs. This procedure excludes all catastrophic losses from the experience period and employs a long-term factor to account for these losses. Hence, violent shifts in loss costs (both upward and downward), which might result from reflecting large, unexpected losses only in the year in which they occur, will be avoided.

This procedure involves first subtracting the actual excess wind and water losses from the total losses for the experience period. Then an Excess Wind and Water Factor is applied to each year of the experience period. The derivations of the Excess Wind and Water Factor and the adjusted Comprehensive losses are shown in Tables C6-1 and C6-2.

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EXPLANATORY NOTES TO TABLES B1 AND B2 (Cont'd)

COLUMN (4)

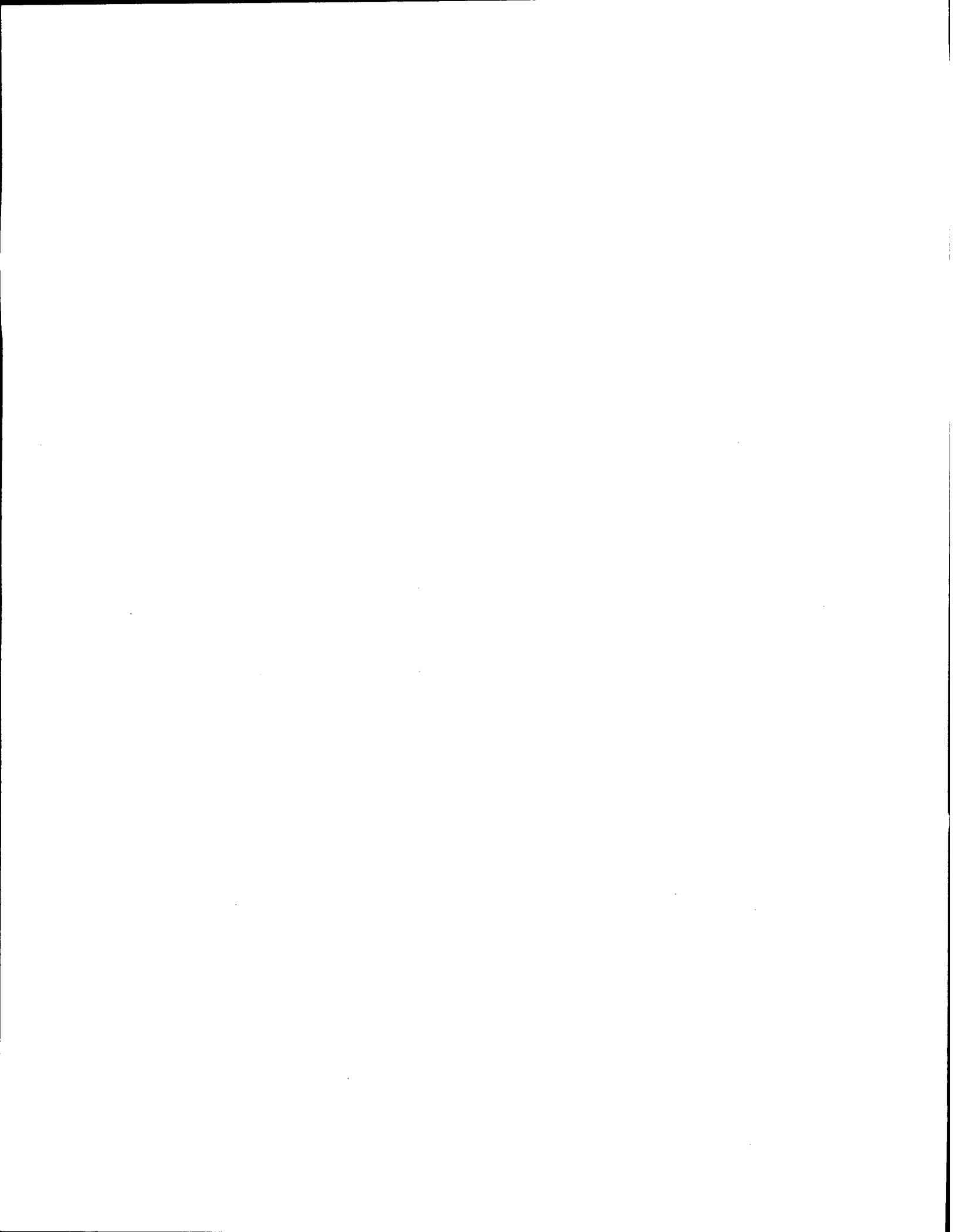
AVERAGE ANNUAL CHANGE IN LOSSES (LOSS TREND)

LIABILITY
COVERAGES
(TABLE B1)

The historic average annual change (trend) in liability losses is calculated by coverage. For Bodily Injury, Property Damage, and Medical Payments coverages, the selected average annual changes in losses are based upon the latest available average paid claim cost and paid claim frequency data. The claim cost data represents the inflationary trend in the cost of claims. The claim frequency data is used as a measure of the trend in claim occurrence. The statewide claim cost data is credibility weighted with comparable regional data utilizing the credibility standards shown in Table C10. Credibility is based on the number of claims underlying the latest year's experience appearing in the trend exhibit shown in Table C3-2. For all coverages, frequencies were selected based on more recent trend patterns. Overall average annual change in losses (trend) is then determined by coverage.

PHYSICAL
DAMAGE
COVERAGES
(TABLE B2)

The average annual change (trend) in physical damage losses is selected by coverage. For Collision, the selected average annual change in losses is based upon the latest available average paid claim cost data and paid claim frequency data for Collision. For Collision, frequencies were selected based on more recent trend patterns. For Comprehensive, the average annual change in losses is based upon the latest available average paid claim cost data for Collision. For Comprehensive, frequency trend is unpredictable over time due to catastrophes; a Comprehensive claim frequency trend of 0.0% is selected in the absence of any other information. The claim cost data represents the inflationary trend in the cost of claims. The claim frequency selection is used as a measure of the trend in claim occurrence. The statewide claim cost data is credibility weighted with comparable regional data utilizing the credibility standards shown in Table C10. Credibility is based on the number of claims underlying the latest year's experience appearing in the trend exhibit shown in Table C4-1. Overall average annual changes in losses (trend) are then determined by coverage. The Comprehensive overall annual change is then adjusted by multiplying by the trend leveraging effect set forth in Table C5.



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EXPLANATORY NOTES TO TABLES B1 AND B2 (Cont'd)

COLUMN (5)

CREDIBILITY

Coverage credibility is based on each coverage's latest two-year number of claims (see Table C10).

COLUMN (6)

PROJECTED LOSS COSTS

The projected loss cost is calculated as follows:

$$[(\{(3) \times (1.0 + (4))^n\} \div (2)) \times (5)] + [(9) \times (1.0 + (4))^N \times (1.0 - (5))]$$

where (4) is calculated in the last line of the trend summary exhibit (Table C3-1) and

n = the number of years of projection from the average date of accident to one year past the assumed effective date of this review. For the earlier year, n is equal to 3.83 and the average date of accident is 7/1/2006. For the later year, n is equal to 2.83 and the average date of accident is 7/1/2007. For both years, the assumed effective date of this review is 5/1/2009.

N = the number of years from one year past the assumed effective date of the latest revision to one year past the assumed effective date of this review. For both years, N is equal to 1.00, the assumed effective date of the latest revision is 5/1/2008, and the assumed effective date of this review is 5/1/2009.

$$\text{Bodily Injury: } [(\{\$30,230,041 \times (0.989)^{2.83}\} \div 353,847) \times 1.00] + (12/31/2007) \quad [\$103.85 \times (0.989)^{1.00} \times (1.0 - 1.00)] = \$82.78$$

Note that trend factors raised to exponential factors are rounded to three decimal places in the above calculations.

COLUMN (7)

YEAR WEIGHTS

Year weights are based on each coverage's average number of claims for the latest two years (see Table C10). Note that in the case of 0-100% weights, experience for the earlier year is displayed for informational purposes only.

COLUMN (8)

WEIGHTED PROJECTED LOSS COST

The projected loss costs are combined using the year weights displayed.

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EXPLANATORY NOTES TO TABLES B1 AND B2 (Cont'd)

COLUMN (9)

PRESENT LOSS COST PROVISION

The present loss cost provision is based on the loss costs set forth in Arkansas Personal Auto Filing, PP-2007-BRLA2.

For Physical Damage only, the present loss cost provision also reflects the following:

Effect of Model Year Rating

Due to Model Year Rating, the loss costs used to develop the statewide indicated changes are adjusted to reflect the increased revenue which will be generated by the introduction of the newer model year vehicles during the period in which the revised loss costs will be effective. This adjustment factor is called Model Year Trend. The calculation of Model Year Trend is shown in Table C8-1.

Effect of Symbol Rating

Due to reasonably anticipated changes in the average symbols, the loss costs used to develop the indicated changes are adjusted to reflect the increased revenue which will be generated by the higher average symbol relativity resulting from the introduction of higher valued, newer model year cars during the period in which loss costs will be effective. This adjustment factor is called Symbol Trend. The calculation of Symbol Trend is shown in Tables C7-1 to C7-4.

COLUMN (10)

INDICATED CHANGE

The loss cost level change is the weighted projected loss cost, Column (8), divided by the present loss cost provision, Column (9).

COLUMN (11)

FILED CHANGE

The filed changes equal the indicated changes for Single Limit Liability, Bodily Injury, Property Damage, Medical Payments, and Collision. A selection of -10.0% was made for Comprehensive to temper the indication. The indication disparity among the two most recent years supports this selection.

ARKANSAS
PERSONAL AUTO INSURANCE

OVERVIEW OF CALCULATION OF FILED LOSS COSTS BY TERRITORY FOR
LIABILITY AND PHYSICAL DAMAGE COVERAGES

OBJECTIVE

The objective of this procedure is to distribute the statewide loss cost indication by territory. In other words, what percentage changes by territory should be made in order to equitably achieve an adequate statewide prospective loss cost level? The percentage changes by territory are then applied to present base class loss costs to produce filed base class loss costs.

OVERVIEW OF
PROCEDURE

This procedure compares the individual territory experience ratios to the statewide average experience ratio. The territory experience ratio is calculated for the latest 3 years and a statewide weighted average experience ratio for the same period is calculated based on the earned car years. The territory experience ratio is then credibility weighted with the statewide average experience ratio to produce a credibility-weighted ratio. To determine the territory index to state, the credibility-weighted ratio is compared to the statewide credibility weighted average experience ratio. This index multiplied by the statewide filed change produces the filed percentage change for the individual territories and is applied to the present territory base class loss cost to produce the filed base class loss cost by territory. Filed base class loss costs by territory have been offset to reflect the change in base model year. The offsets for the change in base model year are shown on Tables C12-1 and C12-2.

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TABLE B3-1

BODILY INJURY INSURANCE LOSS COSTS

CALCULATION OF FILED LOSS COSTS BY TERRITORY

Terr.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) (9)	
	Earned Car Years Yr. Ended 12/31/2007	Pres. Avg. Loss Cost Prov.	25/50 Loss Cost 3 Yrs. Ended 12/31/2007	Exper- ience Ratio	Cred	Cred. Wtd. Ratio	Index (6) To State	25/50 Base Class Loss Cost Pres.	Filed
21	9,135	\$164.08	\$131.52	0.802	0.4	0.833	0.979	\$194	\$152
22	4,990	138.00	131.87	0.956	0.3	0.885	1.040	155	129
23	19,133	112.41	89.27	0.794	0.5	0.824	0.968	128	99
24	73,039	123.80	105.07	0.849	0.9	0.850	0.999	143	114
25	6,232	140.53	104.73	0.745	0.3	0.821	0.965	171	132
26	29,912	103.27	89.69	0.869	0.5	0.862	1.013	124	100
27	18,666	84.77	72.64	0.857	0.4	0.855	1.005	102	82
28	13,012	102.15	98.66	0.966	0.3	0.888	1.043	123	102
29	59,750	75.58	62.78	0.831	0.6	0.840	0.987	93	73
30	16,683	101.79	92.11	0.905	0.4	0.874	1.027	119	98
31	53,284	101.27	81.96	0.809	0.7	0.823	0.967	114	88
32	18,584	90.88	81.10	0.892	0.4	0.869	1.021	110	90
33	31,427	101.59	95.53	0.940	0.5	0.897	1.054	120	101
State- Wide	353,847	103.85	88.69	0.854		0.851			

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TABLE B3-2

PROPERTY DAMAGE INSURANCE LOSS COSTS

CALCULATION OF FILED LOSS COSTS BY TERRITORY

Terr.	(1) Earned Car Years Yr. Ended 12/31/2007	(2) Pres. Avg. Loss Cost Prov.	(3) \$25,000 Loss Cost 3 Yrs. Ended 12/31/2007	(4) Exper- ience Ratio	(5) Cred	(6) Cred. Wtd. Ratio	(7) Index (6) To State	(8) \$25,000 Base Class Loss Cost Pres.	(9) Filed
21	9,135	\$126.02	\$121.24	0.962	0.6	0.954	1.013	\$149	\$149
22	4,990	149.61	141.16	0.944	0.4	0.943	1.001	168	166
23	19,133	132.62	120.43	0.908	0.8	0.915	0.971	151	144
24	73,039	116.87	111.27	0.952	1.0	0.952	1.011	135	134
25	6,232	102.77	89.13	0.867	0.4	0.913	0.969	125	119
26	29,912	91.62	90.18	0.984	0.9	0.980	1.040	110	113
27	18,666	81.44	74.03	0.909	0.6	0.923	0.980	98	95
28	13,012	83.92	82.60	0.984	0.6	0.968	1.028	101	102
29	59,750	78.04	71.16	0.912	1.0	0.912	0.968	96	92
30	16,683	108.66	109.93	1.012	0.7	0.991	1.052	127	132
31	53,284	120.83	109.36	0.905	1.0	0.905	0.961	136	129
32	18,584	84.29	82.80	0.982	0.6	0.966	1.025	102	103
33	31,427	96.53	95.82	0.993	0.9	0.988	1.049	114	118
State- Wide	353,847	103.09	97.26	0.943		0.942			

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TABLE B3-3

MEDICAL PAYMENTS INSURANCE LOSS COSTS

CALCULATION OF FILED LOSS COSTS BY TERRITORY

Terr.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) (9)	
	Earned Car Years Yr. Ended 12/31/2007	Pres. Avg. Loss Cost Prov.	\$1,000 Loss Cost 3 Yrs. Ended 12/31/2007	Exper- ience Ratio	Cred	Cred. Wtd. Ratio	Index (6) To State	\$1,000 Base Class Loss Cost Pres. Filed	
21	6,258	\$ 16.14	\$ 16.61	1.029	0.3	0.952	1.040	\$ 25	\$ 25
22	3,456	10.74	10.10	0.940	0.1	0.921	1.007	16	15
23	13,949	7.85	7.11	0.906	0.3	0.915	1.000	12	12
24	48,228	9.24	8.37	0.906	0.6	0.911	0.996	14	13
25	4,131	10.96	10.09	0.921	0.2	0.919	1.004	17	16
26	20,223	8.34	8.41	1.008	0.4	0.955	1.044	13	13
27	11,446	7.83	8.03	1.026	0.3	0.951	1.039	12	12
28	7,943	7.76	7.02	0.905	0.2	0.916	1.001	12	12
29	37,147	6.95	5.83	0.839	0.5	0.879	0.961	11	10
30	11,810	7.27	6.87	0.945	0.2	0.924	1.010	11	11
31	34,970	8.74	7.61	0.871	0.5	0.895	0.978	13	12
32	12,021	8.37	7.20	0.860	0.3	0.901	0.985	13	12
33	20,918	7.82	7.65	0.978	0.4	0.943	1.031	12	12
State- Wide	232,500	8.48	7.79	0.919		0.915			

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TABLE B3-4

\$500 DEDUCTIBLE COMPREHENSIVE INSURANCE LOSS COSTS

CALCULATION OF FILED LOSS COSTS BY TERRITORY

Terr.	(1) Earned Car Years Yr. Ended 12/31/2007	(2) Pres. Avg. Loss Cost Prov.	(3) \$100 Ded. Loss Cost 3 Yrs. Ended 12/31/2007	(4) Exper- ience Ratio	(5) Cred Cred	(6) Cred. Wtd. Ratio	(7) Index (6) To State	(8) \$500 Ded. 2009 Symbol 8 Base Class Loss Cost Pres.	(9) Class 8 Loss Cost Filed
21	6,640	\$136.46	\$110.44	0.809	0.6	0.828	0.967	\$ 89	\$ 77
22	4,220	108.97	94.46	0.867	0.6	0.863	1.008	64	58
23	17,538	81.70	77.88	0.953	0.9	0.943	1.102	47	47
24	59,265	106.18	93.47	0.880	1.0	0.880	1.028	65	60
25	4,742	140.68	135.65	0.964	0.5	0.910	1.063	95	91
26	20,844	129.76	114.72	0.884	1.0	0.884	1.033	87	81
27	13,596	168.47	141.44	0.840	1.0	0.840	0.981	117	103
28	10,730	141.15	116.71	0.827	0.9	0.830	0.970	96	84
29	42,432	115.14	98.76	0.858	1.0	0.858	1.002	81	73
30	13,362	78.30	59.00	0.754	0.7	0.785	0.917	50	41
31	42,258	105.43	84.48	0.801	1.0	0.801	0.936	62	52
32	11,472	138.11	125.78	0.911	0.9	0.906	1.058	96	91
33	20,865	112.10	93.09	0.830	1.0	0.830	0.970	72	63
State- Wide	267,964	114.12	97.70	0.856		0.856			

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PERSONAL AUTO INSURANCE

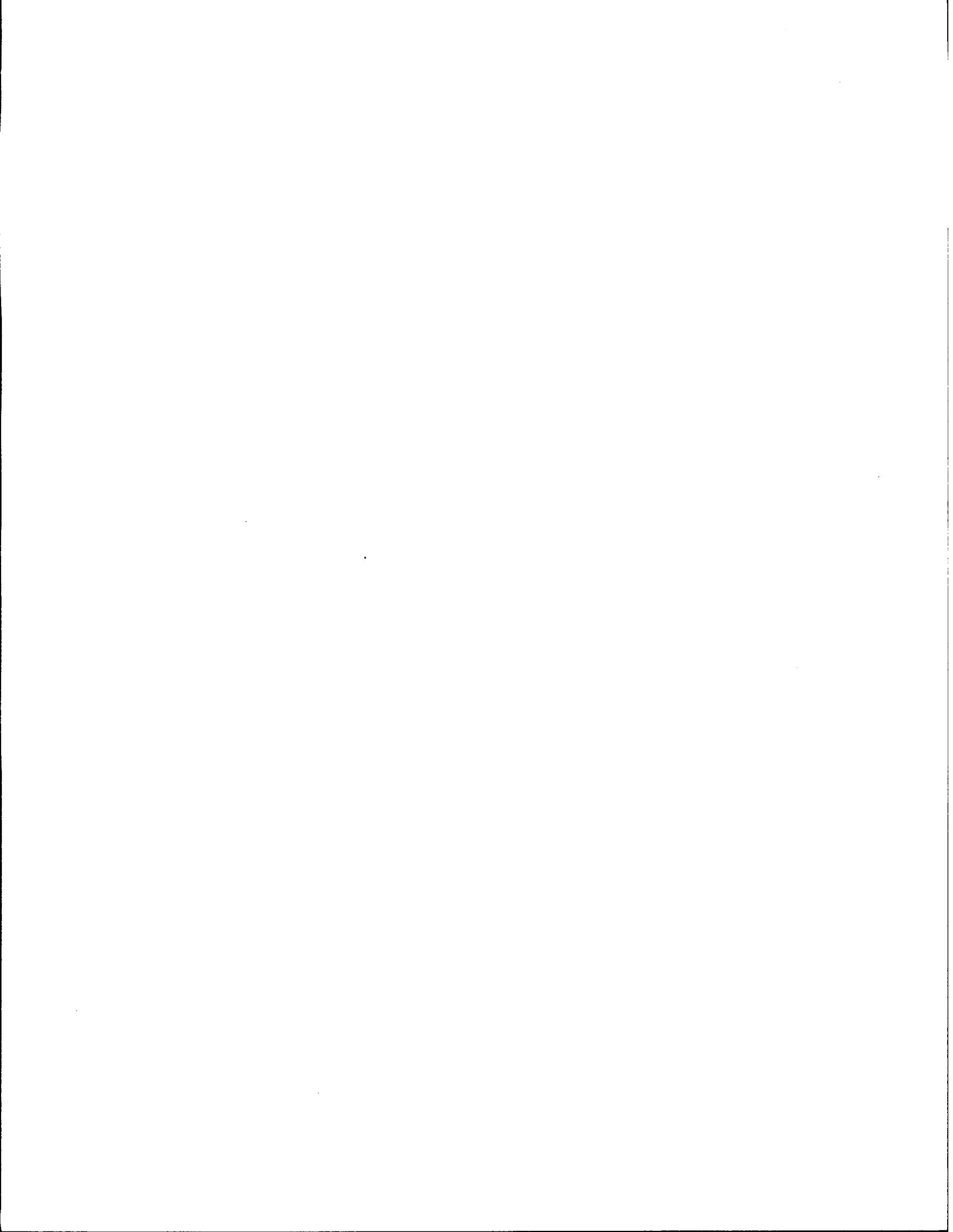
TABLE B3-5

\$500 DEDUCTIBLE COLLISION INSURANCE LOSS COSTS

CALCULATION OF FILED LOSS COSTS BY TERRITORY

Terr.	(1) Earned Car Years Yr. Ended 12/31/2007	(2) Pres. Avg. Loss Cost Prov.	(3) \$500 Ded. Loss Cost 3 Yrs. Ended 12/31/2007	(4) Exper- ience Ratio	(5) Cred	(6) Cred. Wtd. Ratio	(7) Index (6) To State	(8) \$500 Ded. 2009 Symbol 8 Base Class Loss Cost Pres.	(9) Symbol 8 Base Class Loss Cost Filed
21	6,449	\$277.33	\$249.73	0.900	0.7	0.904	0.990	\$326	\$319
22	4,131	248.57	231.33	0.931	0.5	0.922	1.010	270	270
23	17,040	212.50	188.57	0.887	0.9	0.890	0.975	227	219
24	57,383	225.22	206.02	0.915	1.0	0.915	1.002	251	249
25	4,532	227.11	192.58	0.848	0.5	0.881	0.965	274	262
26	19,516	193.25	175.93	0.910	0.9	0.910	0.997	234	231
27	12,585	192.08	177.30	0.923	0.7	0.920	1.008	238	237
28	10,109	202.89	190.41	0.938	0.7	0.931	1.020	248	250
29	40,325	178.14	162.30	0.911	1.0	0.911	0.998	226	223
30	12,891	181.46	162.32	0.895	0.7	0.900	0.986	212	207
31	41,252	215.28	193.12	0.897	1.0	0.897	0.982	232	225
32	10,773	205.96	198.35	0.963	0.7	0.948	1.038	255	262
33	20,020	181.46	174.43	0.961	0.9	0.956	1.047	212	220
State- Wide	257,006	205.77	187.92	0.913		0.913			

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ARKANSAS
PERSONAL AUTO INSURANCE

EXPLANATORY NOTES TO TABLES B3-1 TO B3-5

INTRODUCTION

The explanations that follow clarify Tables B3-1 to B3-5, Calculation of Filed Loss Costs by Territory for Liability, Medical Payments and Physical Damage coverages.

COLUMN (2)

PRESENT AVERAGE LOSS COST PROVISION

For liability and physical damage, the average loss cost is based on the accident year ending 12/31/2007 exposure distribution and reflects the base class loss costs as set forth in PP-2007-BRLA2.

COLUMN (3)

LOSS COST 3 YEARS ENDED 12/31/2007

The experience loss cost (losses ÷ exposures) is based on three years of experience for purposes of stability.

LIABILITY
COVERAGES
(TABLES B3-1 TO B3-3)

For Bodily Injury, Property Damage and Medical Payments this is based on the three accident years ended 12/31/2007, which have been developed to an ultimate settlement basis and include all loss adjustment expenses.

PHYSICAL DAMAGE
COVERAGES
(TABLES B3-4 AND B3-5)

If a territory's wind and water loss percentage for a given year measurably exceeds its historical normal wind and water percentage, an adjustment to the wind and water losses is necessary. The loss costs for Comprehensive are adjusted by territory by replacing actual wind and water losses incurred in the latest three years with a long-term territory wind and water provision. For Comprehensive and Collision, the loss costs are based on the three calendar years ended 12/31/2007 and include all loss adjustment expenses.

COLUMN (4)

EXPERIENCE RATIO

For each coverage, a ratio by territory is derived by dividing the three-year experience loss cost, Column (3), by the present average loss cost provision, Column (2).

COLUMN (5)

CREDIBILITY

The ratio thus calculated is assigned a credibility value on the basis of the number of claims underlying the three-year loss cost. The complement of the credibility is assigned to the statewide ratio appearing in Column (4). The number of claims for each territory is displayed in Table C9.

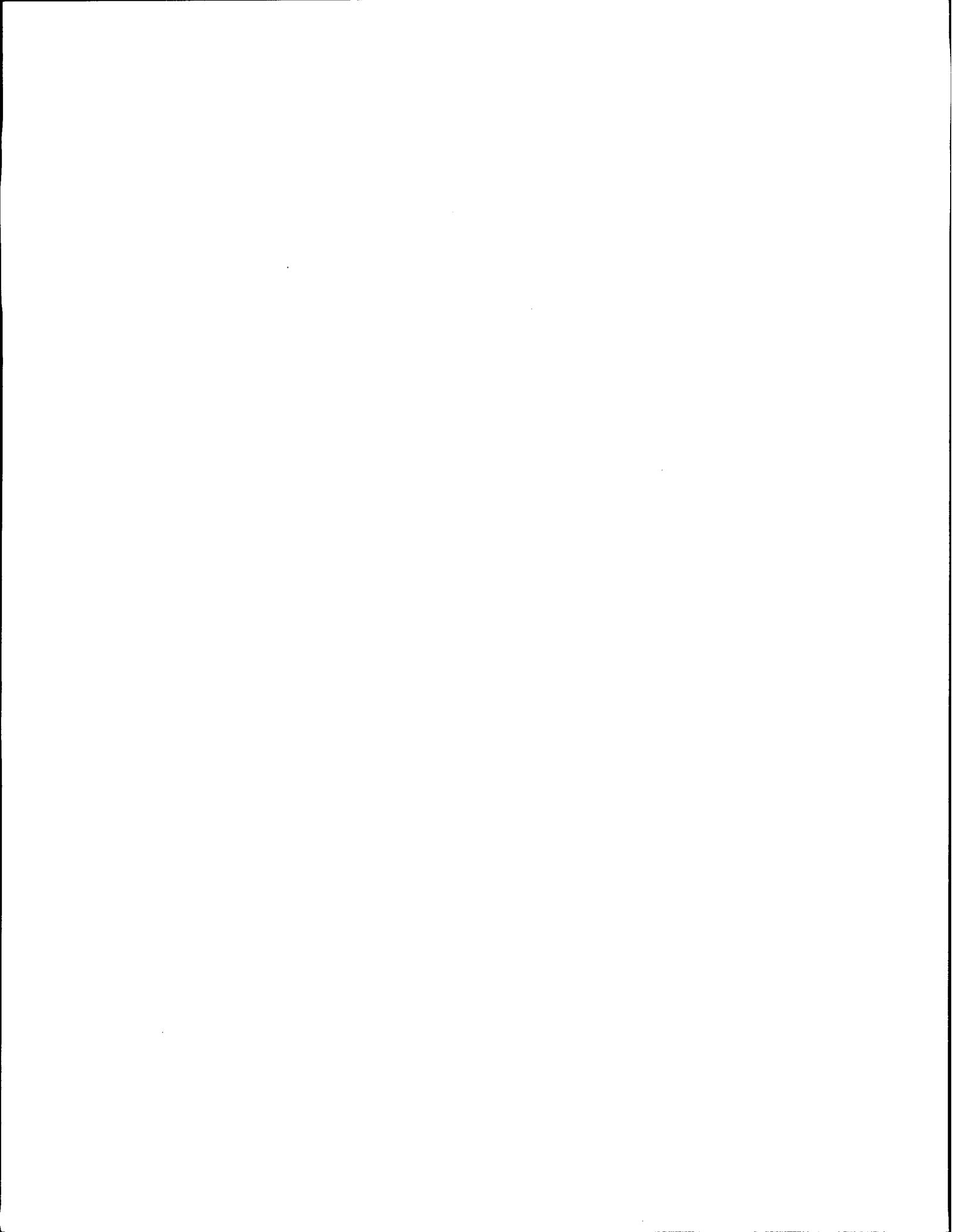
COLUMN (6)

CREDIBILITY-WEIGHTED RATIO

The credibility-weighted ratio is a weighted average of the territory ratio and the statewide ratio. The formula is as follows:

$$[\text{Terr. Col. (4)} \times \text{Terr. Col. (5)}] + [\text{SW Col. (4)} \times (1.0 - \text{Terr. Col. (5)})]$$

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ARKANSAS
PERSONAL AUTO INSURANCE

EXPLANATORY NOTES TO TABLES B3-1 TO B3-5 (Cont'd)

COLUMN (7)

INDEX TO STATE

Territory indices to state are calculated by dividing the territory's credibility weighted ratio (Column (6)) by the statewide ratio. To avoid extreme fluctuations in territory loss costs, the territory loss costs are limited by bounding the territory index to state above by 1.250 and below by .800, if applicable, such that no additional overall change in loss cost level results.

[Territory Column (6) ÷ SW Column (6)]

COLUMN (8)

PRESENT BASE CLASS LOSS COST

For Liability, the present base class loss costs are the loss costs set forth in Arkansas Personal Auto Filing PP-2007-BRLA2.

For Physical Damage, the present loss costs are based on the loss costs set forth in Arkansas Personal Auto Filing PP-2007-BRLA2 for Model Year 2009, Symbol 8 vehicles.

COLUMN (9)

FILED BASE CLASS LOSS COST

LIABILITY
COVERAGES
(TABLES B3-1 TO B3-3)

For each Liability coverage, the filed base class loss cost for a particular territory was calculated by multiplying the present base class loss cost by the statewide filed change from Table B1 and the territory index to state. Filed base class loss costs are calculated at the state's financial responsibility limit.

Bodily Injury Territory 21: $\$194 \times 0.798 \times 0.979 = \152

PHYSICAL DAMAGE
COVERAGES
(TABLES B3-4 AND B3-5)

For Physical Damage, the filed loss costs in Column (9) are Model Year 2009, Symbol 8.

They have been offset to reflect the change in base model year from 2008 to 2009. The offset factors applied are 0.999 and 1.014 for Comprehensive and Collision, respectively. (See Tables C12-1 and C12-2.)

For each Physical Damage coverage, the filed base class loss cost for a particular territory was calculated by multiplying the present base class loss cost by the statewide filed change from Table B2, the territory index to state, and the offset necessary to introduce the change in base model year on a revenue neutral basis. The resulting filed base class loss costs appear in Column (9).

Comprehensive Territory 21: $\$89 \times 0.900 \times 0.967 \times 0.999 = \77

Collision Territory 21: $\$326 \times 0.976 \times 0.990 \times 1.014 = \319

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ARKANSAS
PERSONAL AUTO INSURANCE

SECTION C – SUPPORTING MATERIAL

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ARKANSAS
PERSONAL AUTO INSURANCE

LOSS ADJUSTMENT EXPENSE FACTORS AND INCURRED TO PAID LOSS FACTORS

OBJECTIVE	The reported indemnity losses must be loaded for any loss adjustment expenses (LAE) that are not reported in statistical detail to ISO and, for the physical damage coverages, must be adjusted to an incurred basis.
LIABILITY COVERAGES	For the liability coverages, allocated loss adjustment expenses are reported in detail to ISO under the Personal Automobile Statistical Plan. Unallocated loss adjustment expenses must be loaded into the losses. A factor representing the ratio of the sum of the incurred indemnity losses plus all LAE to the sum of the incurred indemnity losses plus allocated LAE was selected based on countrywide financial data for ISO members and subscribers (see Tables C1-1 and C1-2).
PHYSICAL DAMAGE COVERAGES	<p>For the physical damage coverages, only the paid indemnity losses are reported. All loss adjustment expenses must be loaded in and the paid losses must be adjusted to an incurred basis.</p> <p>A factor representing the ratio of incurred losses plus all LAE to paid losses was selected based on countrywide financial data for industrywide agency and direct writers combined and on countrywide loss data for all Best's reporting companies (see Table C1-3).</p>

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ARKANSAS
PERSONAL AUTO INSURANCE

TABLE C1-1

LIABILITY

COUNTRYWIDE EXPERIENCE FOR UNALLOCATED LOSS ADJUSTMENT EXPENSE FACTORS

	<u>Bodily Injury Liability</u>		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
(1) Losses Incurred (A)	\$11,888,973,000	\$11,710,631,000	\$11,354,073,000
(2) Loss Adjustment Expense Incurred (A)	2,482,790,000	2,236,707,000	2,301,778,000
(3) Allocated Loss Adjustment Expense Incurred (A)	1,089,653,000	722,796,000	778,456,000
(4) Unallocated Loss Adjustment Expense Incurred (A)	1,393,137,000	1,513,911,000	1,523,322,000
(5) Losses + Allocated Expense (1) + (3)	12,978,626,000	12,433,427,000	12,132,529,000
(6) Unallocated Percentage (4) ÷ (5) x 100%	10.73%	12.18%	12.56%
(7) Three Year Average	11.8%		
(8) Selected Provision	11.0%		

(A) Based on the Insurance Expense Exhibits and supplements to the Insurance Expense Exhibits for companies that are members or subscribers of ISO for Personal Auto.

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ARKANSAS
PERSONAL AUTO INSURANCE

TABLE C1-2

LIABILITY

COUNTRYWIDE EXPERIENCE FOR UNALLOCATED LOSS ADJUSTMENT EXPENSE FACTORS

	<u>Property Damage Liability</u>		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
(1) Losses Incurred (A)	\$4,339,166,000	\$4,655,759,000	\$4,634,895,000
(2) Loss Adjustment Expense Incurred (A)	649,937,000	777,346,000	640,427,000
(3) Allocated Loss Adjustment Expense Incurred (A)	73,374,000	159,499,000	7,659,000
(4) Unallocated Loss Adjustment Expense Incurred (A)	576,563,000	617,847,000	632,768,000
(5) Losses + Allocated Expense (1) + (3)	4,412,540,000	4,815,258,000	4,642,554,000
(6) Unallocated Percentage (4) ÷ (5) x 100%	13.07%	12.83%	13.63%
(7) Three Year Average	13.2%		
(8) Selected Provision	13.0%		

(A) Based on the Insurance Expense Exhibits and supplements to the Insurance Expense Exhibits for companies that are members or subscribers of ISO for Personal Auto.

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ARKANSAS
PERSONAL AUTO INSURANCE

TABLE C1-3

PHYSICAL DAMAGE

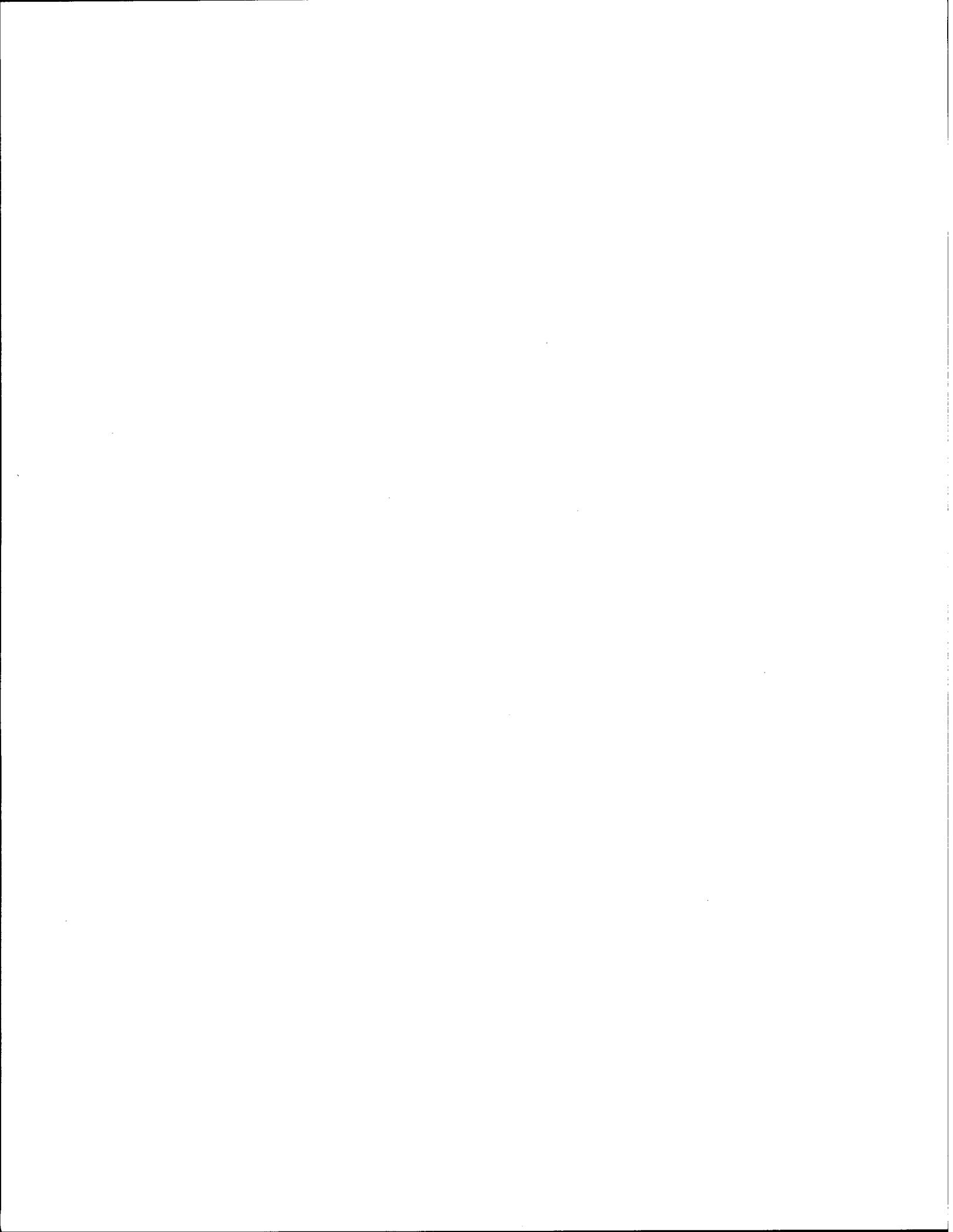
COUNTRYWIDE EXPERIENCE FOR FACTORS TO ADJUST PAID LOSSES

	<u>2004</u>	<u>2005</u>	<u>2006</u>
(1) Losses Incurred (A)	\$35,110,613,000	\$37,846,793,000	\$37,032,556,000
(2) Loss Adjustment Expense Incurred (A)	6,152,914,000	6,483,205,000	6,405,524,000
(3) Losses Incurred + Loss Adjustment Expense Incurred (1) + (2)	41,263,527,000	44,329,998,000	43,438,080,000
(4) Losses and Loss Adjustment Expense Incurred as Ratio to Losses Incurred (3) ÷ (1)	1.1752	1.1713	1.1730
(5) Losses Incurred (B)	34,833,069,000	37,448,182,000	36,628,865,000
(6) Losses Paid (B)	34,889,088,000	37,359,269,000	37,046,232,000
(7) Ratio of Losses Incurred to Losses Paid (5) ÷ (6)	0.9984	1.0024	0.9887
(8) Factor to Adjust Paid Losses to Incurred Basis (Including Loss Adjustment Expenses)(4) x (7)	1.1734	1.1741	1.1598
(9) Three Year Average ([Average (8) - 1.0] x 100%)	16.9%		
(10) Selected Provision	17.0%		

(A) Based on the industrywide Insurance Expense Exhibits for agency and direct writers combined.

(B) Based on Page 14 reports of all Best's reporting companies for Personal Automobile.

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ARKANSAS
PERSONAL AUTO INSURANCE

LOSS DEVELOPMENT

IMPORTANCE OF
APPLICATION

The application of loss development factors recognizes the important ratemaking concept that all of the losses for a particular accident year have not been finally determined at the time the experience is compiled.

APPLICATION
OF LOSS
DEVELOPMENT
FACTORS

The incurred losses and loss adjustment expenses underlying the statewide loss cost level indications are for accident years ended December 31, 2006 and December 31, 2007 and were evaluated as of March 31, 2008.

Accident year ended December 31, 2007 includes all losses and loss adjustment expenses paid on accidents occurring from January 1, 2007 to December 31, 2007 and all losses and loss adjustment expenses outstanding on those accidents as of March 31, 2008, 15 months after the inception of the accident year.

Similarly, accident year ended December 31, 2006 includes all losses paid and outstanding as of 27 months after the inception of the accident year.

Thus, the immature experience reported as of 15 or 27 months must be adjusted to an ultimate settlement basis. This adjustment is accomplished through the use of a loss development factor.

ISO's latest analysis has determined that 87 months subsequent to the beginning of the accident year for Bodily Injury Liability and 39 months subsequent to the beginning of the accident year for Property Damage and Medical Payments Liability are sufficiently close to an ultimate settlement basis. The ultimate settlement basis is 87 months subsequent to the beginning of the accident year for Uninsured Motorists Bodily Injury and 39 months subsequent to the beginning of the accident year for Uninsured Motorists Property Damage.

The loss development factors used in this revision are based on statewide experience for Bodily Injury Liability, Property Damage Liability and for Medical Payments. Statewide Property Damage Liability loss development factors are used for Uninsured Motorists Property Damage.

Statewide experience is credibility weighted with multistate experience (60%-40%) for Uninsured Motorists Bodily Injury.

The initial loss development factors displayed in Tables C2-1 to C2-4 are calculated from the loss experience shown on each table. The final loss development factors are adjusted to reflect the loss development experience of an additional insurer included in the ISO database for the determination of ISO advisory loss costs in this document. The loss experience shown in each table does not include the experience for the additional insurer.

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INSURANCE SERVICES OFFICE, INC.

Arkansas
Personal Auto Insurance
Loss Development
Bodily Injury
Table C2-1

Basic Limit Amount: 25,000/ 50,000
All Companies Reporting (A)

Voluntary Only
Non-Miscellaneous Classes

BASIC INCURRED WITH ALAE

ACCIDENT YEAR END	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS
199712	16,506,702	16,794,790	17,042,433	17,331,694	17,322,260	17,268,008	17,326,490
199812	16,863,040	17,957,992	17,832,556	17,838,263	18,156,368	17,985,135	17,963,058
199912	18,056,638	17,764,841	18,285,726	19,080,403	19,058,085	18,986,650	18,967,408
200012	19,895,376	22,674,380	23,512,204	23,692,527	23,728,543	23,661,625	23,637,702
200112	21,212,537	24,023,440	24,614,245	24,847,963	25,017,385	24,961,720	24,937,015
200212	22,555,208	24,327,337	24,804,499	25,145,975	24,992,651	24,904,410	
200312	23,682,864	25,406,493	26,285,958	25,818,483	25,758,765		
200412	24,979,093	26,716,516	26,839,271	26,763,248			
200512	27,113,503	27,706,328	27,591,926				
200612	25,819,375	26,298,641					
200712	25,737,314						

LINK RATIOS

ACCIDENT YEAR END	27:15	39:27	51:39	63:51	75:63	87:75
199712	1.017	1.015	1.017	0.999	0.997	1.003
199812	1.065	0.993	1.000	1.018	0.991	0.999
199912	0.984	1.029	1.043	0.999	0.996	0.999
200012	1.140	1.037	1.008	1.002	0.997	0.999
200112	1.133	1.025	1.009	1.007	0.998	0.999
200212	1.079	1.020	1.014	0.994	0.996	
200312	1.073	1.035	0.982	0.998		
200412	1.070	1.005	0.997			
200512	1.022	0.996				
200612	1.019					
5 YEAR AVERAGE	27:15	39:27	51:39	63:51	75:63	87:75
	1.053	1.016	1.002	1.000	0.996	1.000
INITIAL LOSS DEV FACTOR	15: 87	27: 87	39: 87	51: 87	63: 87	75: 87
	1.068	1.014	0.998	0.996	0.996	1.000
FINAL LOSS DEV FACTOR (B)	15: 87	27: 87	39: 87	51: 87	63: 87	75: 87
	1.060	1.012	0.997	0.996	0.996	1.000

(A) The loss experience shown does not include the experience for an additional insurer included in the determination of the ISO advisory loss costs in this document.
(B) Final loss development factors reflect the loss development experience of an additional insurer included in the ISO database.

INSURANCE SERVICES OFFICE, INC.

Arkansas
 Personal Auto Insurance
 Loss Development
 Property Damage
 Table C2-2

Voluntary Only
 Non-Miscellaneous Classes

Basic Limit Amount: 25,000
 All Companies Reporting (A)

BASIC INCURRED WITH ALAE

ACCIDENT YEAR END	15 MONTHS	27 MONTHS	39 MONTHS
200112	25,464,441	26,110,248	26,244,612
200212	25,896,937	26,916,588	27,110,583
200312	25,585,015	26,389,799	26,518,019
200412	26,630,722	27,472,759	27,658,561
200512	26,504,331	27,903,524	28,128,943
200612	28,333,164	29,456,214	
200712	29,012,768		

LINK RATIOS

ACCIDENT YEAR END	27:15	39:27
200112	1.025	1.005
200212	1.039	1.007
200312	1.031	1.005
200412	1.032	1.007
200512	1.053	1.008
200612	1.040	

5 YEAR AVERAGE	27:15	39:27
	1.039	1.006
INITIAL LOSS DEV FACTOR	15: 39	27: 39
	1.045	1.006

FINAL LOSS DEV FACTOR (B)	15: 39	27: 39
	1.043	1.006

(A) The loss experience shown does not include the experience for an additional insurer included in the determination of the ISO advisory loss costs in this document.
 (B) Final loss development factors reflect the loss development experience of an additional insurer included in the ISO database.

INSURANCE SERVICES OFFICE, INC.

Arkansas
 Personal Auto Insurance
 Loss Development
 Medical Payment
 Table C2-3

Voluntary Only
 Non-Miscellaneous Classes

Basic Limit Amount: 1,000
 All Companies Reporting (A)

BASIC INCURRED WITH ALAE

ACCIDENT YEAR END	15 MONTHS	27 MONTHS	39 MONTHS
200112	1,462,174	1,315,590	1,276,862
200212	1,564,302	1,400,405	1,347,144
200312	1,625,765	1,459,128	1,440,642
200412	1,835,597	1,632,371	1,600,684
200512	1,794,985	1,652,441	1,619,289
200612	1,730,895	1,616,628	
200712	1,719,927		

LINK RATIOS

ACCIDENT YEAR END	27:15	27:15	39:27
200112	0.900	0.900	0.971
200212	0.895	0.962	0.962
200312	0.898	0.987	0.987
200412	0.889	0.981	0.981
200512	0.921	0.980	0.980
200612	0.934		

5 YEAR AVERAGE	27:15	39:27
	0.907	0.976

INITIAL LOSS DEV FACTOR	15:39	27:39
	0.885	0.976

FINAL LOSS DEV FACTOR (B)	15:39	27:39
	0.892	0.978

(A) The loss experience shown does not include the experience for an additional insurer included in the determination of the ISO advisory loss costs in this document.
 (B) Final loss development factors reflect the loss development experience of an additional insurer included in the ISO database.

INSURANCE SERVICES OFFICE, INC.

Arkansas
Personal Auto Insurance
Loss Development
Uninsured Motorist Bodily Injury
Table C2-4

Basic Limit Amount: 25,000/50,000
All Companies Reporting

Voluntary Only
Non-Miscellaneous Classes

ACCIDENT YEAR END	BASIC INCURRED WITH ALAE							
	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	
199712	1,453,057	1,565,074	1,532,013	1,523,377	1,545,181	1,537,653	1,542,324	
199812	1,248,529	1,453,546	1,532,647	1,481,458	1,466,427	1,510,279	1,516,752	
199912	1,670,982	1,590,634	1,674,865	1,673,484	1,662,401	1,629,173	1,629,118	
200012	1,563,557	1,851,043	1,730,056	1,813,308	1,808,853	1,853,903	1,825,463	
200112	1,542,693	1,691,596	1,707,015	1,714,710	1,701,123	1,700,120	1,684,211	
200212	1,989,160	2,005,229	2,119,591	2,119,873	2,088,685	2,087,236		
200312	2,259,337	2,395,982	2,479,598	2,490,253	2,505,699			
200412	2,570,547	2,569,643	2,615,016	2,591,019				
200512	2,618,074	2,837,383	2,470,927					
200612	2,479,341	2,471,609						
200712	2,547,158							

LINK RATIOS

ACCIDENT YEAR END	27:15	39:27	51:39	63:51	75:63	87:75	
199712	1.077	0.979	0.994	1.014	0.995	1.003	
199812	1.164	1.054	0.967	0.990	1.030	1.004	
199912	0.952	1.053	0.999	0.993	0.980	1.000	
200012	1.184	0.935	1.048	0.998	1.025	0.985	
200112	1.097	1.009	1.005	0.992	0.999	0.991	
200212	1.008	1.057	1.000	0.985	0.999		
200312	1.060	1.035	1.004	1.006			
200412	1.000	1.018	0.991				
200512	1.084	0.871					
200612	0.997						
5 YEAR AVERAGE	27:15 1.030	39:27 0.998	51:39 1.010	63:51 0.995	75:63 1.007	87:75 0.997	
INITIAL LOSS DEV FACTOR	15: 87 1.037	27: 87 1.007	39: 87 1.009	51: 87 0.999	63: 87 1.004	75: 87 0.997	
FINAL LOSS DEV FACTOR (B)	15: 87 1.030	27: 87 1.005	39: 87 1.007	51: 87 0.999	63: 87 1.004	75: 87 0.997	

(A) The loss experience shown does not include the experience for an additional insurer included in the determination of the ISO advisory loss costs in this document.
(B) Final loss development factors reflect the loss development experience of an additional insurer included in the ISO database.

INSURANCE SERVICES OFFICE, INC.

Arkansas - Multistate(A)
 Personal Auto Insurance - Loss Development
 Uninsured Motorists Bodily Injury
 Table C2-5

Basic Limit Amount: 25,000/50,000
 All Companies Reporting (A)

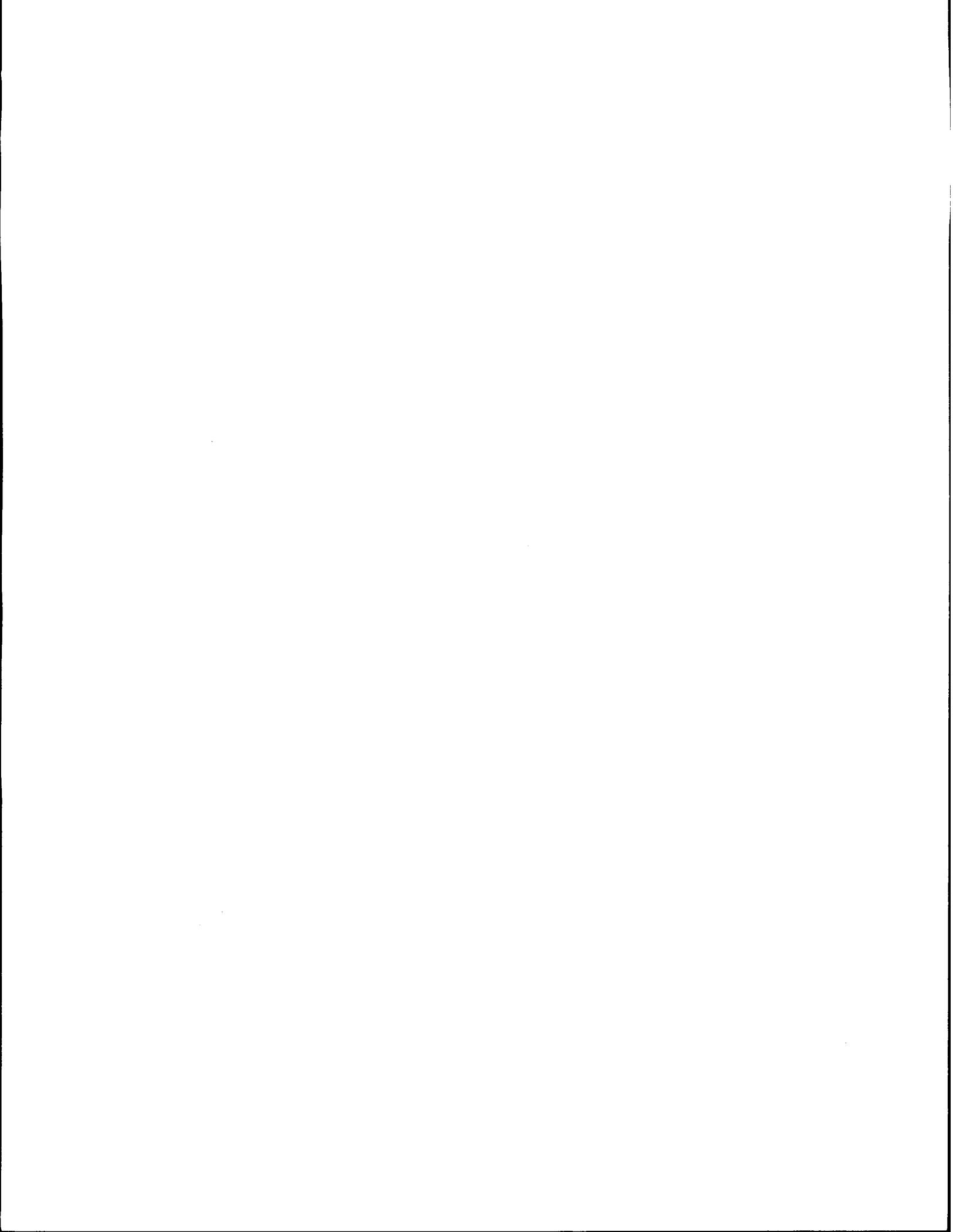
ACCIDENT YEAR END	BASIC INCURRED WITH ALAE							Voluntary Only Non-Miscellaneous Classes	
	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	75 MONTHS	87 MONTHS
199912	53,390,539	61,384,725	65,450,106	66,403,206	66,308,788	66,425,162	66,582,764	66,425,162	66,582,764
200012	56,274,858	65,297,734	67,937,479	69,353,445	68,830,766	68,666,302	68,423,866	68,666,302	68,423,866
200112	62,338,880	69,494,306	71,579,876	72,820,265	72,845,361	72,824,361	72,603,469	72,824,361	72,603,469
200212	65,502,821	72,344,887	74,923,429	76,043,129	76,250,484	75,987,275		75,987,275	
200312	64,921,416	70,686,875	73,935,859	74,026,786	73,605,656				
200412	68,917,781	73,037,160	76,052,978	75,422,189					
200512	69,030,430	73,085,016	72,980,691						
200612	71,423,960	72,874,868							
200712	70,369,586								

LINK RATIOS

ACCIDENT YEAR END	27:15	39:27	51:39	63:51	75:63	87:75
199912	1.150	1.066	1.015	0.999	1.002	1.002
200012	1.160	1.040	1.021	0.992	0.998	0.996
200112	1.115	1.030	1.017	1.000	1.000	0.997
200212	1.104	1.036	1.015	1.003	0.997	
200312	1.089	1.046	1.001	0.994		
200412	1.060	1.041	0.992			
200512	1.059	0.999				
200612	1.020					
5 YEAR AVERAGE	27:15 1.046	39:27 1.029	51:39 1.003	63:51 0.999	75:63 0.998	87:75 0.998
INITIAL LOSS DEV FACTORS	15 to 87 1.074	27 to 87 1.027	39 to 87 0.998	51 to 87 0.995	63 to 87 0.996	75 to 87 0.998
FINAL LOSS DEV FACTORS (B)	15 to 87 1.065	27 to 87 1.023	39 to 87 0.997	51 to 87 0.995	63 to 87 0.996	75 to 87 0.998

(A) Includes AK, AR, DC, GA, ID, IN, ME, MO, MT, NC, NE, NH, NM, RI, SD, TN, VA, VT, WI and WY.

(B) Selected loss development factors reflect additional experience from the ISO database not included in this circular.



ARKANSAS
PERSONAL AUTO INSURANCE

AVERAGE ANNUAL CHANGE IN LOSSES (LOSS TREND)

IMPORTANCE OF
APPLICATION

The application of average annual change in losses to historical data recognizes two important ratemaking concepts. First, loss costs are being made for use in a future period based on historical experience. Second, due to economic and social factors, cost and frequency levels continue to change from those underlying the historical data.

LOSS TREND
ANALYSIS

Trend Determination. The method of trend determination utilized by ISO in this revision makes use of the Least Squares Method fitted to the reported time series data; specifically, an exponential curve represented by the equation $Y = Ae^{Bx}$ is fitted to the claim cost and claim frequency data. The parameters A and B are calculated constants; x is the unit of time; e is the natural logarithm base with a numerical value of 2.7182818...; and Y is the fitted value on the curve.

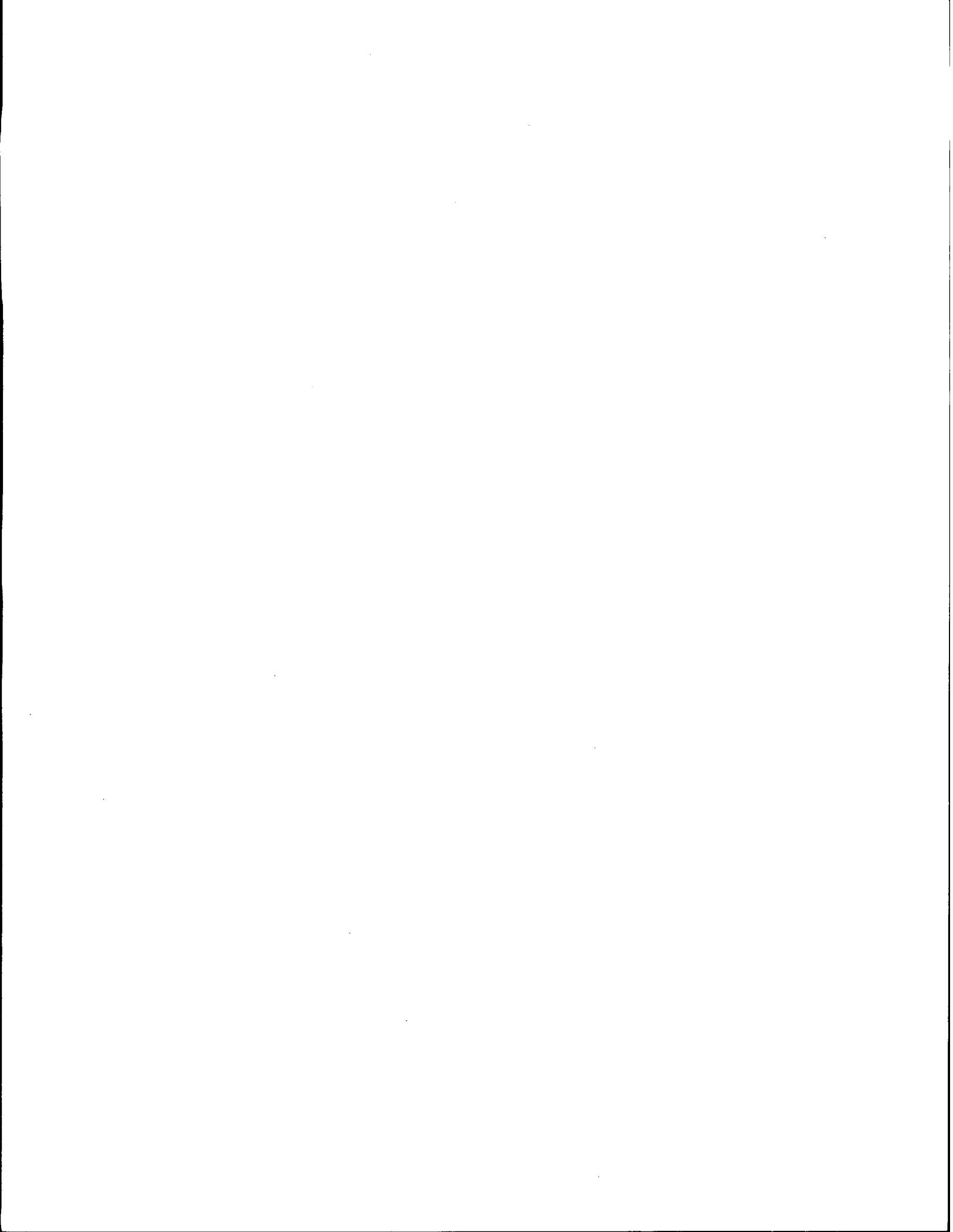
ISO uses the latest twelve-point claim cost fit in coming up with the claim cost trend factor used in the overall pure premium trend factor. However, exceptions to this procedure have been applied in some cases where the short-term experience deviates drastically from the longer-term experience. In such cases, ISO has imposed actuarial judgment to make selections on the final claim cost or pure premium trend factor used. The fitted claim frequency curves are determined from the latest 6, 12, and 24 quarterly year-ended experience periods (6, 12, and 24-point trends).

The trend projection period is the number of years from the average date of loss of the experience period to the average date of loss underlying the prospective loss costs.

Average Dates of Loss. The average date of loss of the experience period is the midpoint of each year of data. This is 7/1/2006 for accident year ending 12/31/2006 and 7/1/2007 for accident year ending 12/31/2007.

The average date of loss underlying the projected loss costs is the midpoint of the two-year period (5/1/2009 to 5/1/2011) during which a loss could occur on a policy written during the year following the assumed effective date (5/1/2009). This assumes that there will be annual revisions, that policies are written for a period of one year, and that the writing of policies is evenly distributed throughout the year. The average date of loss is thus one year past the assumed effective date, or 5/1/2010.

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ARKANSAS
PERSONAL AUTO INSURANCE

AVERAGE ANNUAL CHANGE IN LOSSES (LOSS TREND) (Cont'd)

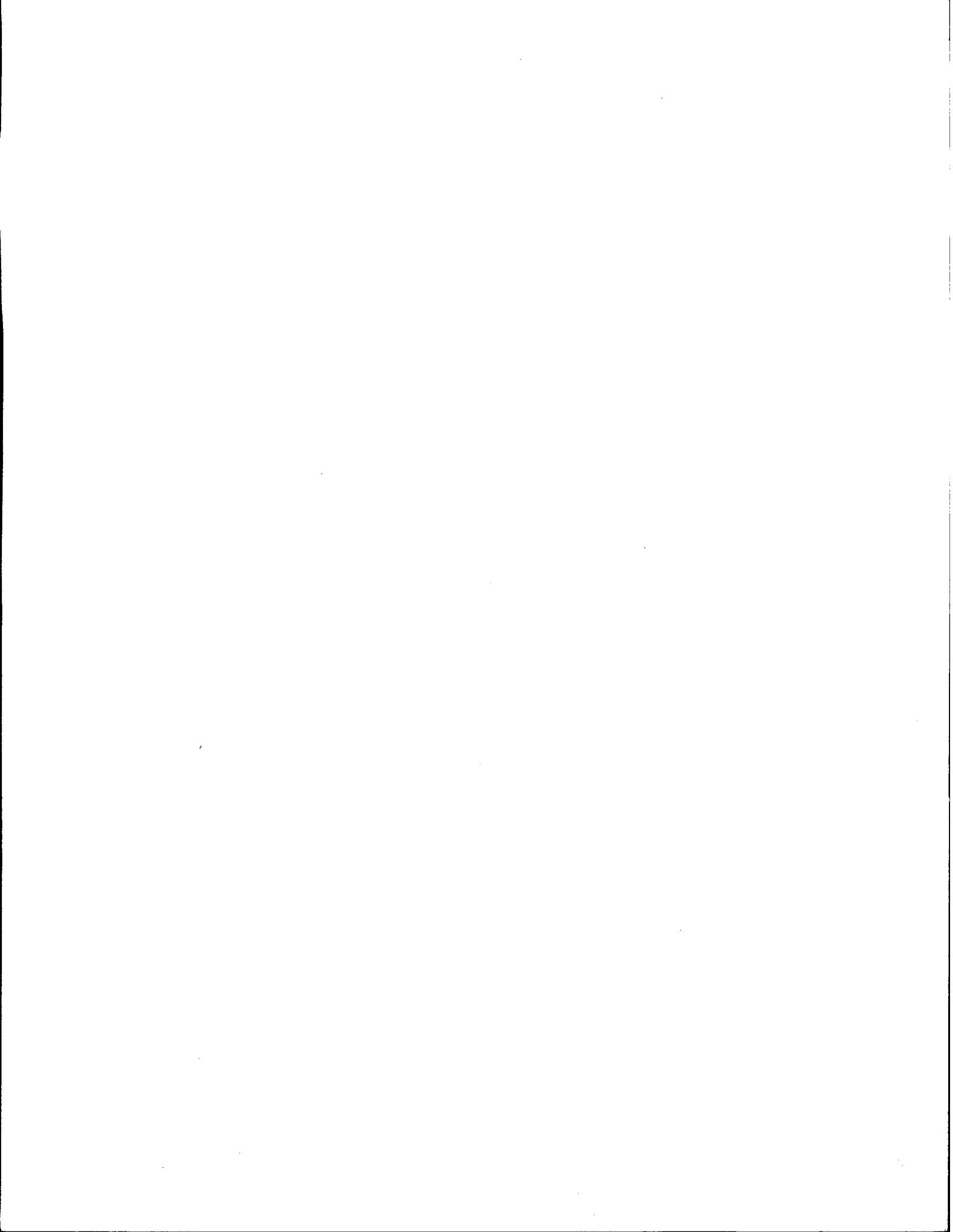
LOSS TREND
ANALYSIS (Cont'd)

Historical Data. The historical data are shown in Tables C3-2 to C3-3 for Liability and Tables C4-1 to C4-2 for Physical Damage. The statewide claim cost trend is weighted with the comparable regional data, utilizing credibility standards based on the number of claims underlying the latest year's experience. The credibility table used is found in Table C10. The result of weighting the data is the average annual change in claim costs for each coverage. Regional data are used because analysis has shown significant variation in claim cost and frequency trends in different areas of the country. The regional data are displayed on Table C3-3 for Liability coverages and Table C4-2 for Collision.

Paid Claim Frequency Data. The paid claim frequency data over the latest 24 quarterly year-ended points often does not adequately capture the most recent changes in claims activity. The 24-point period reflects factors such as the growth of vehicles equipped with air bags, increase in seat belt usage, heightened awareness of the dangers of drinking and driving, increases in speed limits, the introduction of anti-fraud initiatives, unusual weather influences, and changes in economic conditions, which have all affected the general personal automobile insurance environment. Therefore, to better account for the recent changes in claims activity, we are relying more heavily on the fits covering more recent periods in determining the claim frequency selections.

The average annual changes in paid claim frequency are selected based on an analysis of the latest 6, 12, and 24-point fits of state, regional and/or multistate data, as appropriate, so as to reflect the trend of the claims activity more accurately. Other relevant information such as changes in the nature of a coverage or specific state requirements are also considered.

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PERSONAL AUTO INSURANCE

AVERAGE ANNUAL CHANGE IN LOSSES (LOSS TREND) (Cont'd)

LOSS TREND
ANALYSIS
(Cont'd)

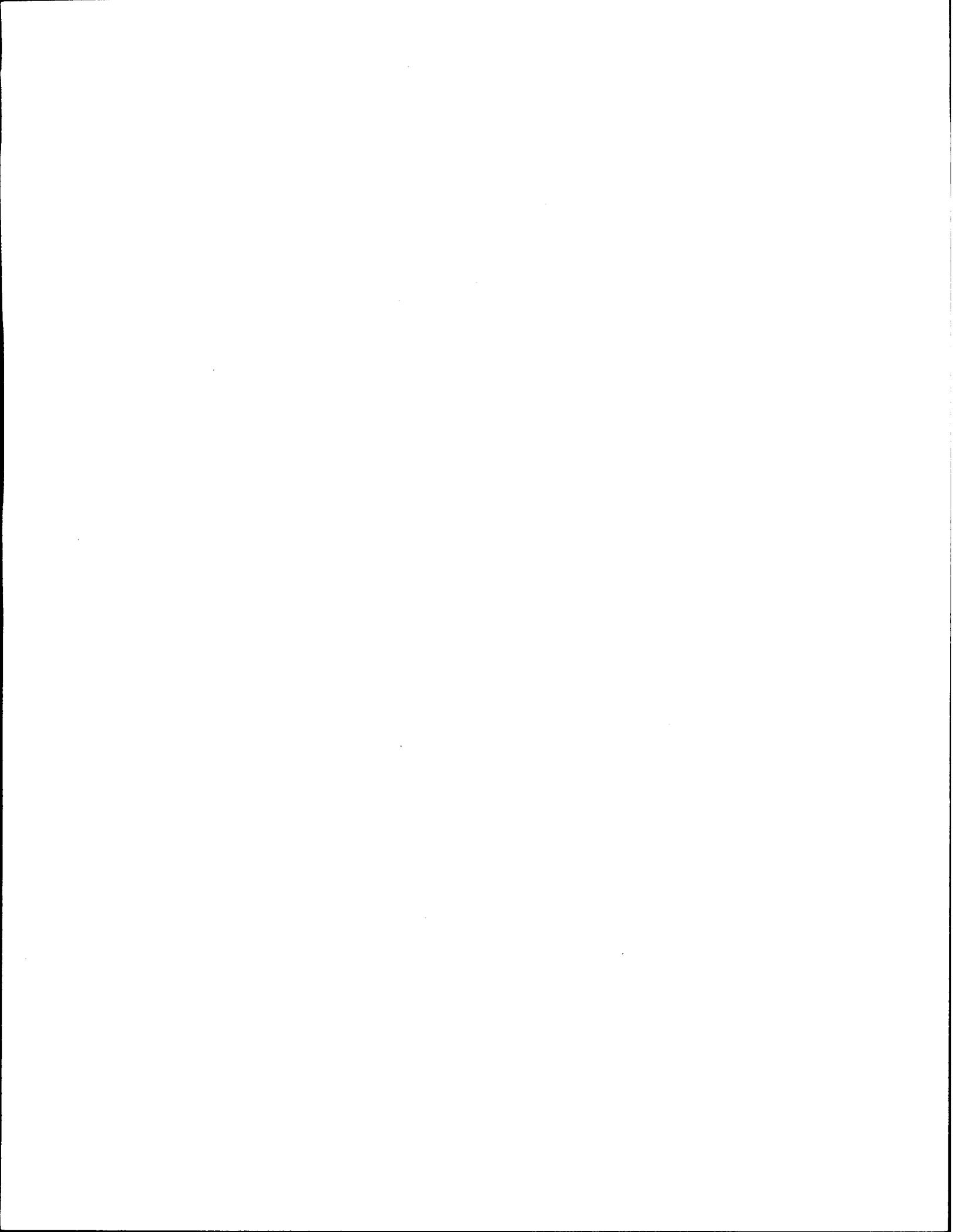
The average annual changes in claim costs, as determined by the procedure described above, are consolidated with the selected average annual changes in claim frequency to obtain the average annual changes in losses as calculated in Table C3-1.

Physical Damage. The ISO procedure for Physical Damage trend is to use Collision claim cost data for \$100, \$200, \$250, and \$500 deductibles adjusted to a \$500 deductible level for claim cost trend for both Comprehensive and Collision. Collision claim cost trend is used for Comprehensive claim cost trend because Collision trend data is unaffected by catastrophes and, like Comprehensive coverage, Collision coverage compensates insureds for damages to their vehicles.

Paid claim frequency trend for Collision is selected based on Collision claim frequency data using the procedure outlined above. A 0% trend continues to be selected for Comprehensive claim frequency.

Adjustment to Physical Damage Trend Factors for Leveraging Effect. An adjustment to trend factors based on trend data from all major deductibles adjusted to a \$500 deductible level is applied to produce trend factors applicable to experience losses at lower base deductibles, which are used in the review of loss cost experience. Table C5 includes a detailed explanation of the trend leveraging effect and an exhibit showing the derivation of the adjustment made in this filing to account for this effect.

Frequency and Pure Premium Selections. ISO continues to analyze the calculated annual pure premium trends in order to determine if they are appropriate to apply to the trend projection period. In situations where ISO determines that the historical trend data may not be fully indicative of future trends, ISO uses judgment and relies on analyses of external influences to support any final pure premium trend selections for individual states. The supplemental trend information section provides a detailed analysis.

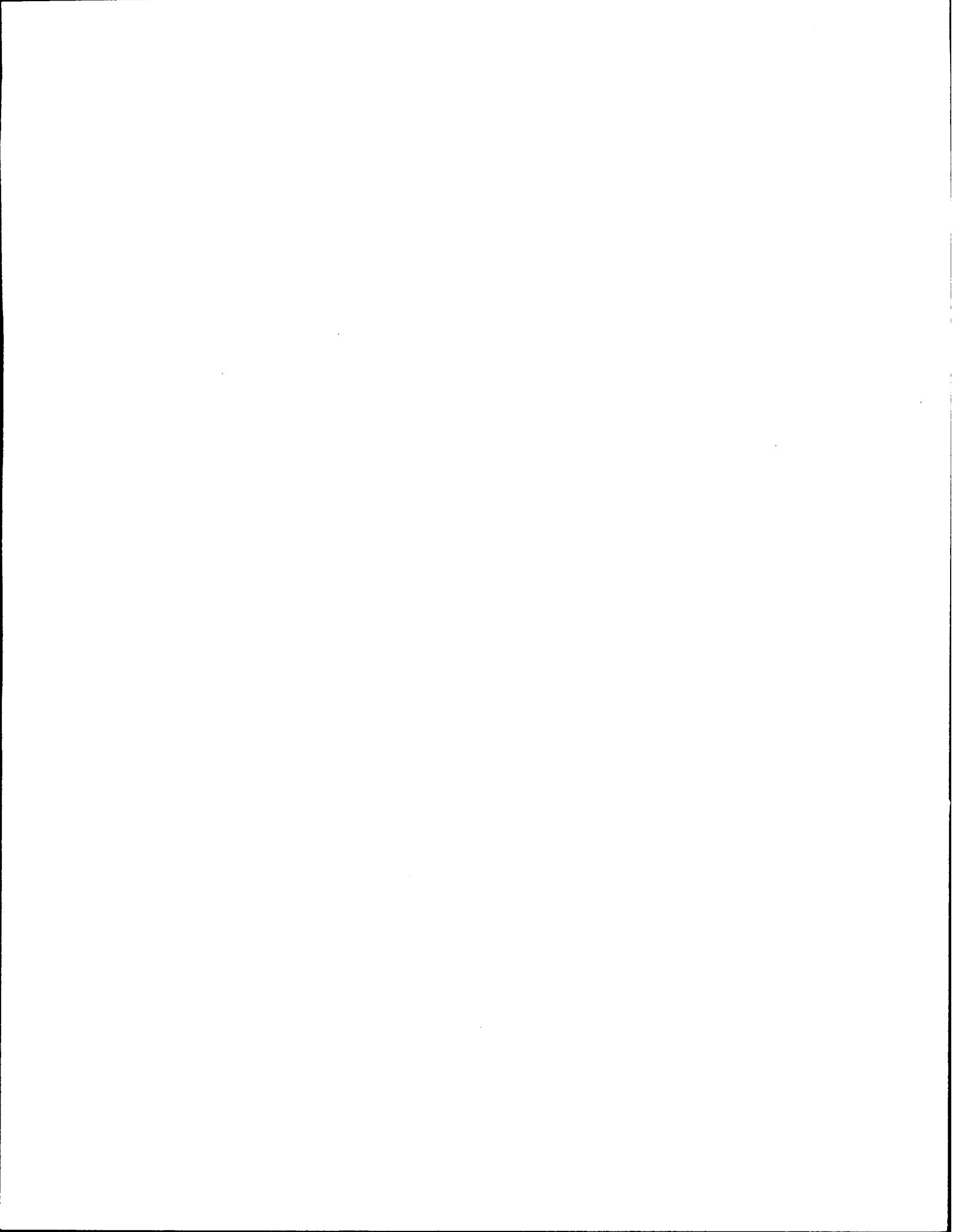


ARKANSAS
PERSONAL AUTO INSURANCE

EXPLANATORY NOTES TO TABLE C3-1

- ROW (1) The statewide average annual change in paid claim costs is based on an exponential curve of best fit for trend data through first quarter 2008. The Collision average annual change in paid claim costs is used for Comprehensive.
- ROW (2) A claim cost selection of +5.0% was made for Medical Payments to reflect a recent flattening in claim costs and the lower regional trend.
- ROW (3) The regional average annual change in paid claim costs is based on an exponential curve of best fit for trend data through first quarter 2008. States included in the regional data are listed in Tables C3-3 and C4-2.
- ROWS (4), (5) Credibility is based on the latest year number of claims (see Table C10).
- ROW (6) The weighted average annual change in paid claim costs is calculated as follows:
[(2) x (4) + (3) x ((5) - (4))]

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EXPLANATORY NOTES TO TABLE C3-1 (Cont'd)

ROW (7)

CLAIM FREQUENCIES

Bodily Injury. Arkansas Bodily Injury claim frequency data, which is 40% credible, is decreasing over nine of the last eleven points. South Regional data shows a similar pattern. Based on this, a -2.0% claim frequency trend is selected.

Property Damage. Arkansas Property Damage claim frequency data, which is 70% credible, increases over the last seven points, though the middle and long-term fits are flat. South Regional data decreases over ten of the last eleven points. As a result, a 0.0% claim frequency trend is selected.

Medical Payments. Arkansas Medical Payments claim frequency data, which is only 30% credible, fluctuates over the last twelve points. South Regional data shows decreases in the latest twelve points. Based on the regional data, a -1.0% claim frequency trend is selected.

Comprehensive. Comprehensive claim frequency trend is unpredictable over time, due to catastrophes. A Comprehensive claim frequency trend of 0.0% is selected in the absence of any other information.

Collision. Arkansas Collision claim frequency data, which is 90% credible, fluctuates over the last twelve points. Due to this, a 0.0% claim frequency trend is selected.

ROW (8)

The average annual change is the product of the selected average annual change in paid claim costs and the selected average annual change in paid claim frequencies:

$$[(1.0 + (6)) \times (1.0 + (7))] - 1.0$$

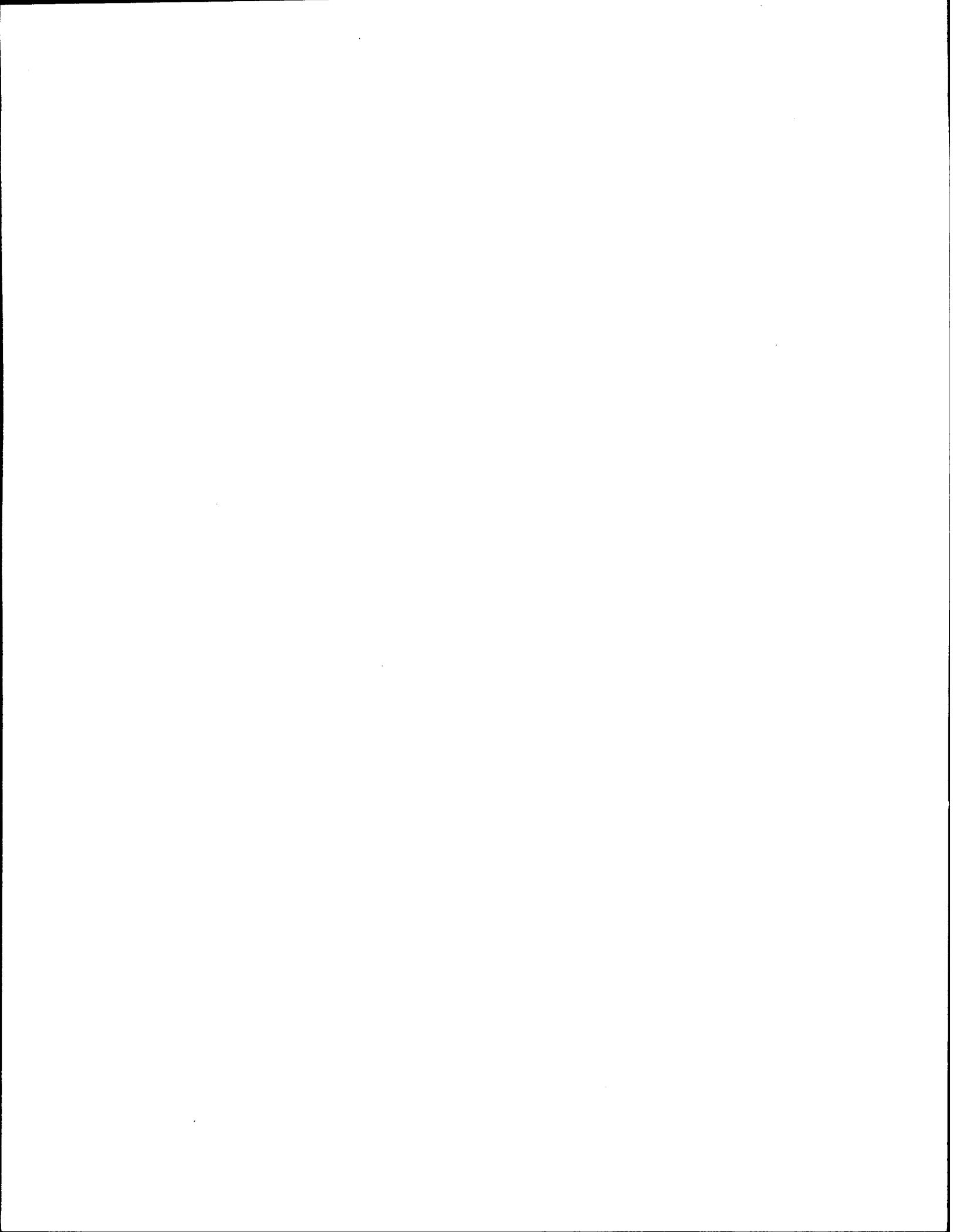
ROW (9)

A trend leveraging factor of 0.90 is applied to Comprehensive coverage (see Table C5).

ROW (10)

No selections were made for the average annual change in losses.

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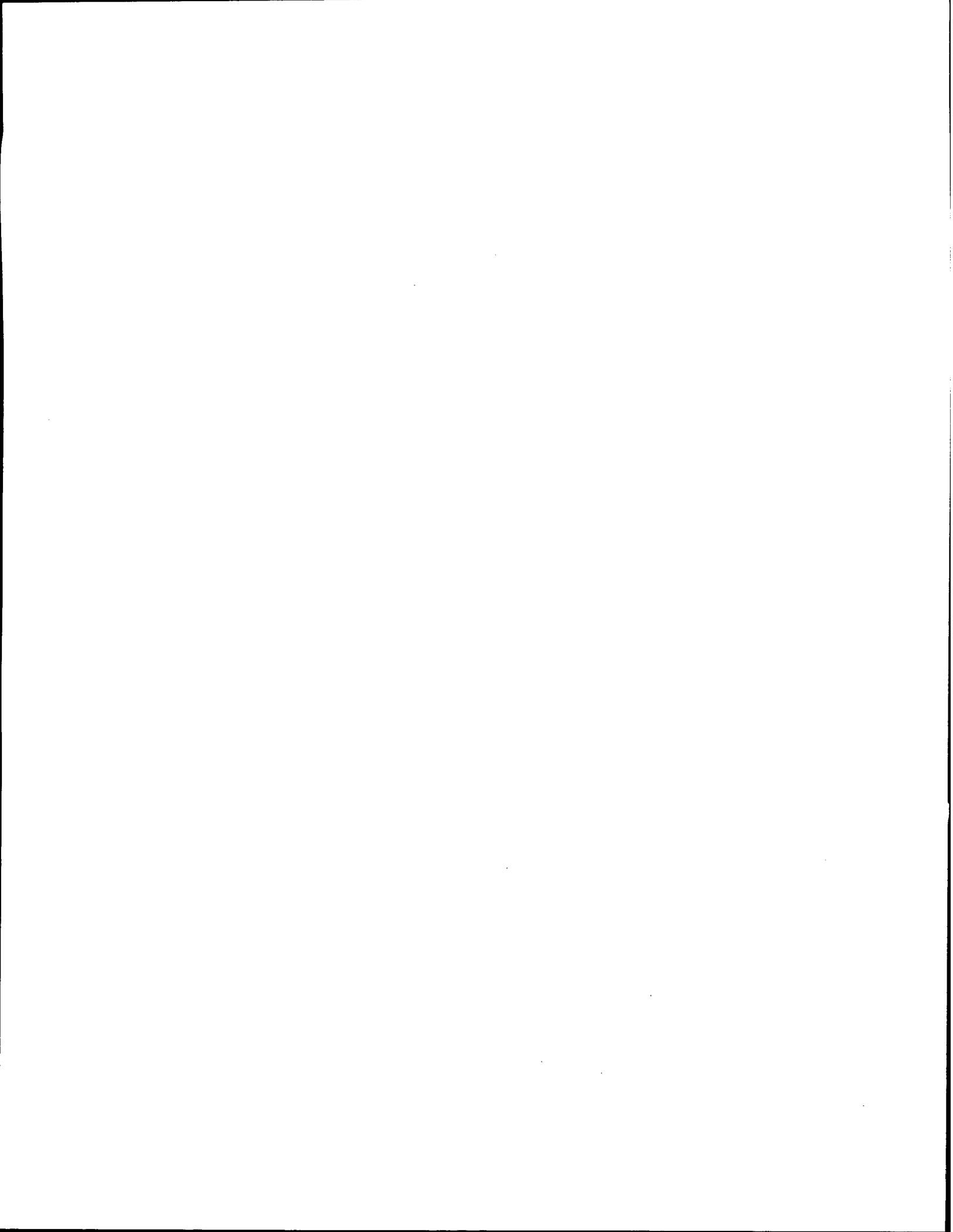
ARKANSAS
PERSONAL AUTO INSURANCE

TABLE C3-1

TREND SUMMARY

	25/50 <u>B.I.</u>	\$25,000 <u>P.D.</u>	\$1,000 <u>M.P.</u>	<u>Comp.</u>	<u>Coll.</u>
<u>CLAIM COSTS</u>					
Average Annual Change in Paid Claim Costs					
1) State (12 point fit)	+0.9%	+1.2%	+6.6%	+1.6%	+1.6%
2) Selected	+0.9%	+1.2%	+5.0%	+1.6%	+1.6%
3) Regional (12 point fit)	+0.9%	+3.2%	+2.3%	+0.4%	+0.4%
4) Credibility (State)	0.40	0.70	0.30	0.90	0.90
5) Credibility (Region)	1.00	1.00	1.00	1.00	1.00
6) Weighted Average	+0.9%	+1.8%	+3.1%	+1.5%	+1.5%
<u>CLAIM FREQUENCIES</u>					
Average Annual Change in Paid Claim Frequencies					
7) Selected	-2.0%	0.0%	-1.0%	0.0%	0.0%
<u>LOSSES</u>					
Average Annual Change in Losses					
8) Average Annual Change	-1.1%	+1.8%	+2.1%	+1.5%	+1.5%
9) Trend Leveraging	N/A	N/A	N/A	+1.4%	N/A
10) Final Selected	-1.1%	+1.8%	+2.1%	+1.4%	+1.5%

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ARKANSAS
PERSONAL AUTOMOBILE LIABILITY TREND DATA
TABLE 3-2
AVERAGE PAID CLAIM COST

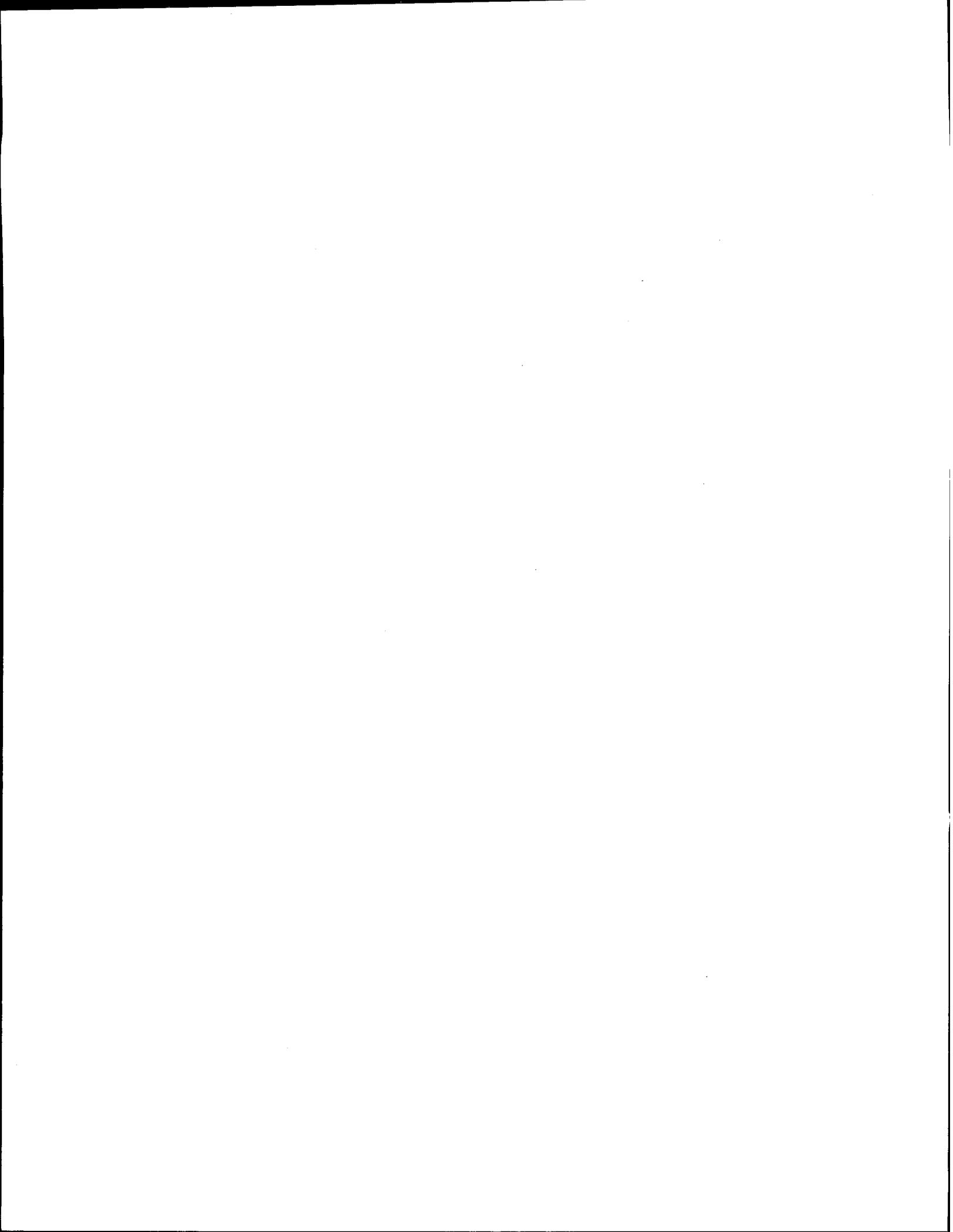
Year Ended	\$ 25,000 Bodily Injury	Total Limits Bodily Injury	\$ 25,000 Property Damage	\$ 1,000 Medical Payments
06/30/2005	5,737	8,004	2,443	901
09/30/2005	5,624	7,951	2,474	894
12/31/2005	5,938	8,348	2,475	907
03/31/2006	6,095	8,407	2,484	962
06/30/2006	6,191	8,186	2,502	1,024
09/30/2006	6,140	7,767	2,566	1,057
12/31/2006	6,063	7,871	2,644	1,039
03/31/2007	5,790	7,300	2,634	1,022
06/30/2007	5,659	7,300	2,628	1,033
09/30/2007	5,915	7,670	2,560	1,060
12/31/2007	5,881	7,343	2,502	1,064
03/31/2008	6,193	8,120	2,461	1,041
03/31/2008 Claims	1,897	1,897	5,900	1,134
Average Annual 6 PT: Change 12 PT:	+2.3%	+2.6%	-6.0%	+1.8%
	+0.9%	-3.0%	+1.2%	+6.6%

AVERAGE PAID CLAIM FREQUENCY
(Claim Frequency Per 100 Cars)

Year Ended	Bodily Injury	Property Damage	Medical Payments
06/30/2002	1.1429	3.1910	0.4555
09/30/2002	1.1035	3.1755	0.4447
12/31/2002	1.0862	3.1650	0.4247
03/31/2003	1.0584	3.0628	0.4359
06/30/2003	1.0133	3.0611	0.4410
09/30/2003	1.0069	3.0153	0.4084
12/31/2003	0.9990	2.9930	0.3998
03/31/2004	1.0605	3.0791	0.4162
06/30/2004	1.0895	3.0979	0.4338
09/30/2004	1.1349	3.1046	0.4929
12/31/2004	1.2009	3.1143	0.5461
03/31/2005	1.1729	3.0964	0.6029
06/30/2005	1.1865	3.1016	0.6604
09/30/2005	1.1760	3.0653	0.7105
12/31/2005	1.1408	2.9839	0.7357
03/31/2006	1.1271	2.9365	0.7099
06/30/2006	1.1155	2.8678	0.6562
09/30/2006	1.1209	2.9081	0.5987
12/31/2006	1.1057	2.9682	0.5905
03/31/2007	1.1173	2.9791	0.5968
06/30/2007	1.0996	2.9906	0.5981
09/30/2007	1.0392	2.9911	0.5978
12/31/2007	1.0072	3.0075	0.5846
03/31/2008	0.9868	3.0690	0.5899
03/31/2008 Claims	1,897	5,900	1,134
Average Annual 6 PT: Change 12 PT: 24 PT:	-10.2%	+2.3%	-0.8%
	-5.7%	-0.1%	-7.5%
	-0.2%	-1.0%	+8.7%

The Personal Automobile liability share of all insurers included in the ISO trend database in Arkansas is 10.1%.

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ARKANSAS
SOUTH REGION
PERSONAL AUTOMOBILE LIABILITY TREND DATA
TABLE C3-3

AVERAGE PAID CLAIM COST

Year Ended	\$ 25,000 Bodily Injury	\$ 25,000 Property Damage	\$ 1,000 Medical Payments
06/30/2005	6,233	2,366	929
09/30/2005	6,272	2,391	940
12/31/2005	6,364	2,432	946
03/31/2006	6,418	2,469	967
06/30/2006	6,420	2,499	977
09/30/2006	6,448	2,523	977
12/31/2006	6,455	2,543	980
03/31/2007	6,380	2,547	963
06/30/2007	6,385	2,557	965
09/30/2007	6,403	2,565	979
12/31/2007	6,431	2,570	990
03/31/2008	6,492	2,584	1,013
03/31/2008 Claims	38,444	195,314	15,998
Average Annual 6 PT: Change 12 PT:	+0.6%	+1.3%	+3.1%
	+0.9%	+3.2%	+2.3%

AVERAGE PAID CLAIM COST

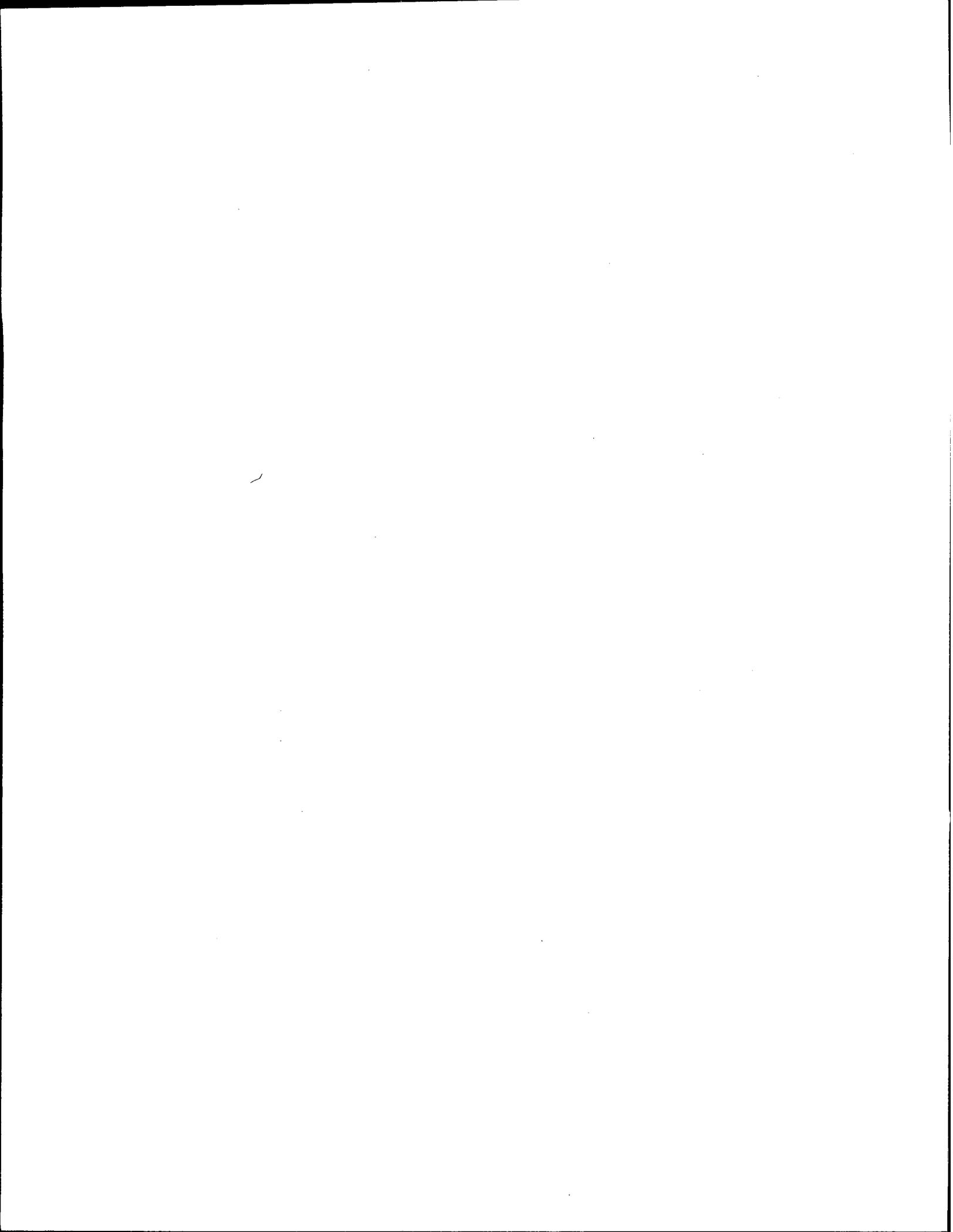
Year Ended	Total Limits Bodily Injury	Total Limits Property Damage	Total Limits Medical Payments
06/30/2005	9,045	2,381	2,265
09/30/2005	9,110	2,408	2,239
12/31/2005	9,217	2,450	2,266
03/31/2006	9,215	2,487	2,314
06/30/2006	9,248	2,519	2,325
09/30/2006	9,357	2,545	2,315
12/31/2006	9,478	2,565	2,293
03/31/2007	9,417	2,570	2,299
06/30/2007	9,494	2,579	2,331
09/30/2007	9,472	2,588	2,383
12/31/2007	9,410	2,591	2,423
03/31/2008	9,488	2,607	2,445
03/31/2008 Claims	38,444	195,314	15,998
Average Annual 6 PT: Change 12 PT:	0.0%	+1.3%	+5.9%
	+1.7%	+3.3%	+2.7%

Bodily Injury includes Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.

Property Damage includes Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee.

Medical Payments includes Alabama, Georgia, Louisiana, Mississippi, North Carolina, and Tennessee.

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SOUTH REGION

PERSONAL AUTOMOBILE LIABILITY TREND DATA
TABLE C3-3(Cont'd)

AVERAGE PAID CLAIM FREQUENCY
(Claim Frequency Per 100 Cars)

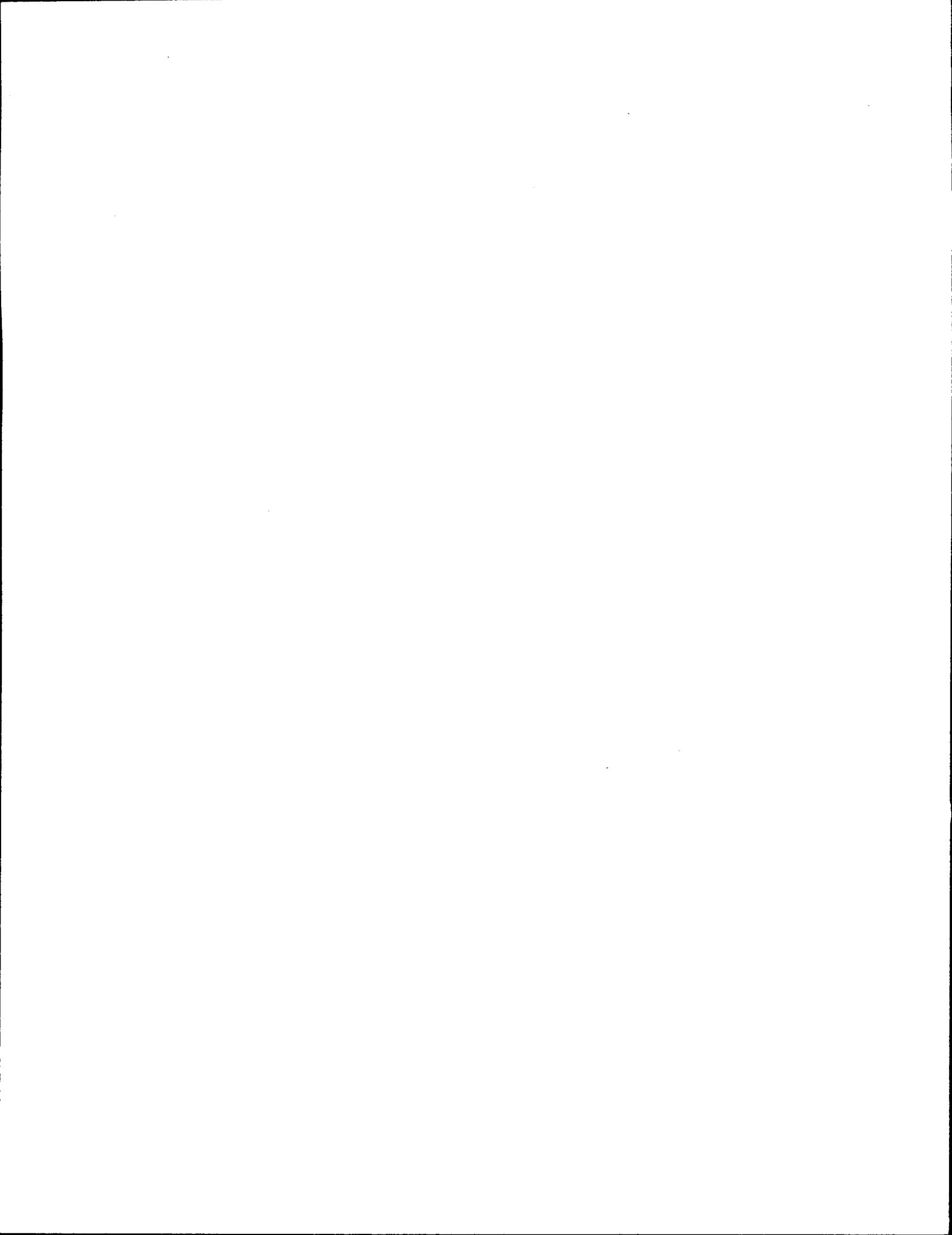
Year Ended	Bodily Injury	Property Damage	Medical Payments
06/30/2002	1.2131	3.8923	0.6988
09/30/2002	1.2185	3.9322	0.7045
12/31/2002	1.2134	3.8954	0.7026
03/31/2003	1.2141	3.8391	0.6903
06/30/2003	1.2134	3.7714	0.6783
09/30/2003	1.2013	3.7542	0.6641
12/31/2003	1.2115	3.7409	0.6355
03/31/2004	1.2204	3.7485	0.6367
06/30/2004	1.2247	3.7568	0.6401
09/30/2004	1.2429	3.7113	0.6458
12/31/2004	1.2440	3.6951	0.6703
03/31/2005	1.2430	3.6858	0.6707
06/30/2005	1.2476	3.6908	0.6636
09/30/2005	1.2373	3.6529	0.6588
12/31/2005	1.2114	3.5797	0.6426
03/31/2006	1.1785	3.5263	0.6271
06/30/2006	1.1550	3.4630	0.6249
09/30/2006	1.1349	3.4409	0.6156
12/31/2006	1.1335	3.4598	0.6135
03/31/2007	1.1347	3.4538	0.6088
06/30/2007	1.1252	3.4488	0.5972
09/30/2007	1.1161	3.4389	0.5846
12/31/2007	1.1023	3.4374	0.5782
03/31/2008	1.0991	3.4260	0.5759
03/31/2008 Claims	38,444	195,314	15,998
Average Annual 6 PT: Change	-2.8%	-0.8%	-5.5%
12 PT:	-4.5%	-2.4%	-5.1%
24 PT:	-1.8%	-2.5%	-3.1%

Bodily Injury includes Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.

Property Damage includes Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.

Medical Payments includes Alabama, Georgia, Louisiana, Mississippi, North Carolina, and Tennessee.

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ARKANSAS
PERSONAL AUTOMOBILE PHYSICAL DAMAGE TREND DATA
TABLE C4-1
AVERAGE PAID CLAIM COST

Year Ended	\$500 Deductible Collision
06/30/2005	3,004
09/30/2005	3,034
12/31/2005	3,074
03/31/2006	3,129
06/30/2006	3,109
09/30/2006	3,096
12/31/2006	3,144
03/31/2007	3,109
06/30/2007	3,133
09/30/2007	3,144
12/31/2007	3,126
03/31/2008	3,204
03/31/2008 Claims	9,340
Average Annual 6 PT: Change 12 PT:	+1.3% +1.6%

AVERAGE PAID CLAIM FREQUENCY
(Claim Frequency per 100 Cars)

Year Ended	\$500 Deductible Collision
06/30/2002	5.1086
09/30/2002	5.2060
12/31/2002	5.1975
03/31/2003	5.2862
06/30/2003	5.2877
09/30/2003	5.2348
12/31/2003	5.1438
03/31/2004	5.0281
06/30/2004	4.9976
09/30/2004	5.0350
12/31/2004	5.1106
03/31/2005	5.1731
06/30/2005	5.2361
09/30/2005	5.1762
12/31/2005	5.1136
03/31/2006	5.0441
06/30/2006	4.9765
09/30/2006	4.9341
12/31/2006	4.9567
03/31/2007	5.0764
06/30/2007	5.0934
09/30/2007	5.1774
12/31/2007	5.2043
03/31/2008	5.2006
03/31/2008 Claims	9,340
Average Annual 6 PT: Change 12 PT: 24 PT:	+3.9% +0.2% -0.3%

The trend experience reflects a mix of coverages adjusted to a common deductible level.

The market share of all insurers included in the ISO physical damage trend database in Arkansas is 14.2%.

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ARKANSAS
SOUTH REGION
PERSONAL AUTOMOBILE PHYSICAL DAMAGE TREND DATA
TABLE C4-2
AVERAGE PAID CLAIM COST

Year Ended	\$500 Deductible Collision
06/30/2005	2,855
09/30/2005	2,855
12/31/2005	2,883
03/31/2006	2,899
06/30/2006	2,914
09/30/2006	2,917
12/31/2006	2,921
03/31/2007	2,921
06/30/2007	2,914
09/30/2007	2,904
12/31/2007	2,885
03/31/2008	2,878
03/31/2008 Claims	272,947
Average Annual 6 PT: Change 12 PT:	-1.3% +0.4%

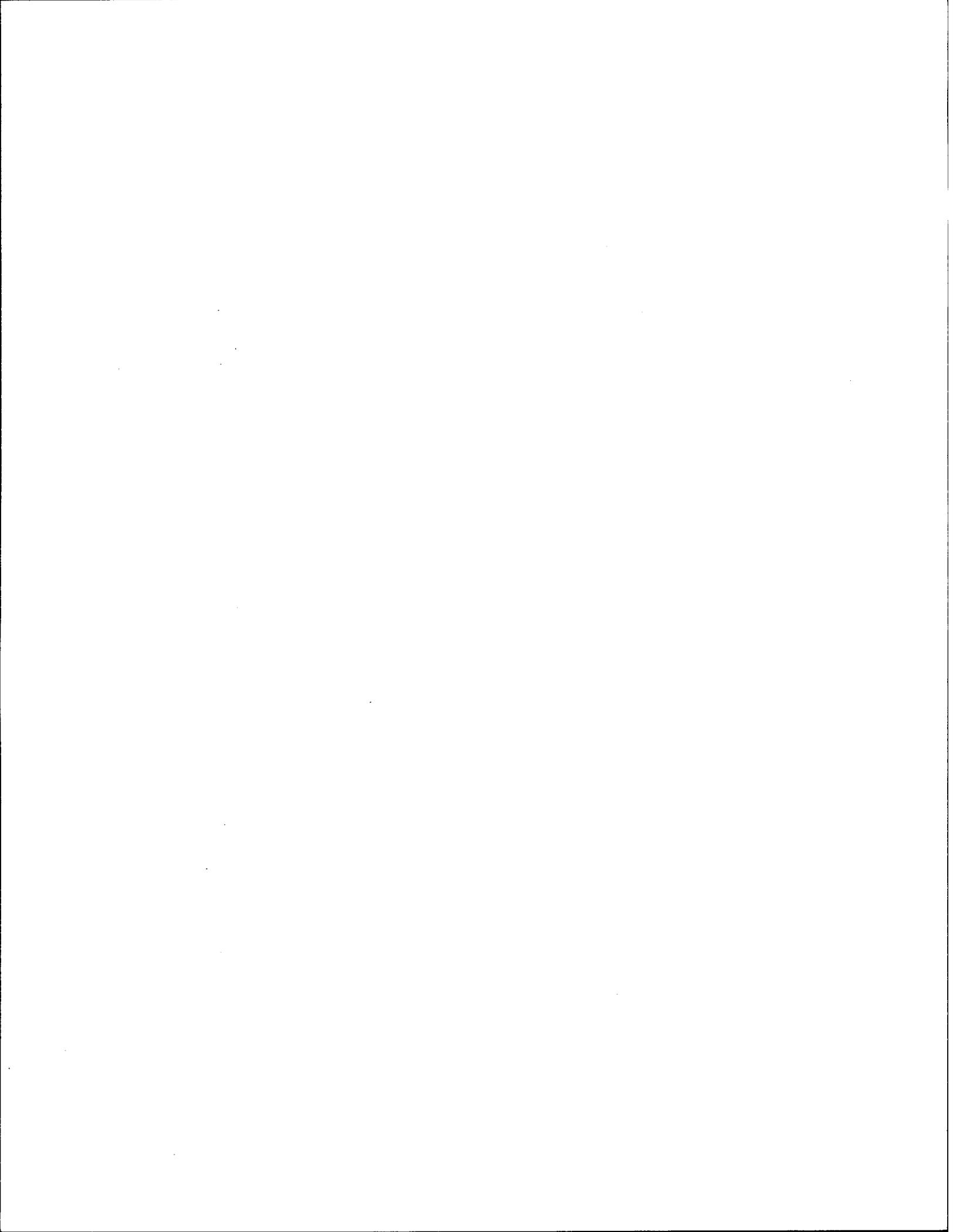
AVERAGE PAID CLAIM FREQUENCY
(Claim Frequency per 100 Cars)

Year Ended	\$500 Deductible Collision
06/30/2002	4.9103
09/30/2002	4.9652
12/31/2002	4.9572
03/31/2003	4.9389
06/30/2003	4.9352
09/30/2003	4.9355
12/31/2003	4.9029
03/31/2004	4.9134
06/30/2004	4.9179
09/30/2004	4.8736
12/31/2004	4.8759
03/31/2005	4.8584
06/30/2005	4.8590
09/30/2005	4.8544
12/31/2005	4.8264
03/31/2006	4.8338
06/30/2006	4.8077
09/30/2006	4.7908
12/31/2006	4.8183
03/31/2007	4.8437
06/30/2007	4.8711
09/30/2007	4.8866
12/31/2007	4.9037
03/31/2008	4.8653
03/31/2008 Claims	272,947
Average Annual 6 PT: Change 12 PT: 24 PT:	+1.0% +0.4% -0.4%

The trend experience reflects a mix of coverages adjusted to a common deductible level.

South Region includes Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.

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PERSONAL AUTO INSURANCE

ADJUSTMENT TO PHYSICAL DAMAGE TREND FACTORS FOR LEVERAGING EFFECT

This filing includes an adjustment for the "leveraging" effect on trend at excess layers. This refers to the phenomenon that, other factors being equal, the pure premium trends for claims excess of a higher deductible will be higher than trends for claims excess of a lower deductible, or "ground-up" claims.

The following typical examples illustrate this effect. Consider a Collision claim of \$100 net of a \$500 deductible. If claims excess of a \$500 deductible are, for this hypothetical example, assumed to trend at the annual rate of 5.0%, then the value of this claim will be \$105 one year later. This claim on a \$200 deductible policy however will be a \$400 claim today and a \$405 claim one year from today. On a \$200 deductible level, this claim will experience an annual trend of only 1.3%. ($= (405/400) - 1$). The effect of claims excess of higher deductibles experience higher rates of trend than claims at lower deductibles is termed the leveraging effect of the higher deductible. Another example shows that the effect varies greatly depending on the size of the claim. Consider a \$5000 Collision claim on a \$500 deductible policy, with a 5.0% annual loss trend on such claims, leading to a claim of \$5250 a year later. On a \$200 deductible policy, such a claim would be a \$5300 this year, and \$5550 a year later. Therefore on a \$200 deductible level, the annual loss trend is +4.7% ($= (5550/5300) - 1$). The method described below gauges the overall effect on the trend factors based on the distribution of Collision claims by size.

As described, our trend procedure estimates annual trend factors based on experience under Collision policies of various deductibles adjusted to a \$500 deductible level. In some states these trend factors are applied to Collision experience losses that have been adjusted to a \$200 deductible level for the review of statewide experience (Table B2). The leveraging effect and the resulting trend factor applicable to the \$200 deductible Collision losses have been estimated in the following manner.

For both countrywide data and for a sample of states, \$200 deductible Collision claim-size data was fit to a lognormal model. Pure premiums excess of \$200 and \$500 deductibles were calculated based on accepted actuarial formulas, for the model claim-size distribution both initially and after one year's inflation. Comparison of these pure premiums yields the relative annual trend at the \$200 and \$500 Collision deductible levels. Further details on model fits, formulas, and a sample worksheet are in the section "Technical Details on Estimation of Trend Leveraging Effects" and "Sample Determination of Trend Leveraging Effect" (Table C5).

The leveraging effect was very consistent across the countrywide and various state data sampled, and was very similar regardless of the initial trend selection. As in the countrywide example shown in Table C5, the model shows that the appropriate adjustment to the \$500 deductible trend factor is approximately 0.90. This same approach was applied to \$100 deductible Collision claim-size countrywide data, and very similar trend leveraging effects were observed. Finally, the effects were confirmed based on actual countrywide Collision trend data by comparing pure premium trend fits for (i) \$200 deductible trend data and (ii) \$200 deductible trend data adjusted to a \$500 deductible level. Leveraging effects close to those predicted by the claim-size model were observed.

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TECHNICAL DETAILS ON ESTIMATION OF TREND LEVERAGING EFFECT

ISO has examined \$200 deductible Collision claim size data for accident year-ended 12/31/2000 evaluated as of 3/31/2001. For a sample of states and multistate data, this claim size data was fit to a lognormal distribution by percentile matching. Countrywide claim size data and estimates for parameters of the lognormal model are shown in Table C5. In reviewing data by state, ISO found that Collision claim size distributions did not differ significantly among states sampled.

Assume there is a "true" average annual loss change of $r\%$ applicable to Collision claims at a \$200 deductible level; that is,

$$\frac{PP_{200}'}{PP_{200}} = 1 + r$$

where PP_{200} = pure premium on a \$200 deductible level, and PP_{200}' = pure premium on a \$200 deductible level one year later.

Losses excess of a \$300 deductible on the underlying \$200 deductible Collision claim size distribution are equivalent to Collision claims on a \$500 deductible level.

Pure premium excess of this additional \$300 deductible is given by:

$$p (E[X] - E[X;d]); \quad d = 300$$

which we denote PP_{500} (pure premium at \$500 deductible level).

Here: X = claim-size of underlying \$200 deductible distribution

$$E[X;d] = \text{limited expected value} = \int_0^d (1 - F(X))dX$$

$F(X)$ = cumulative claim frequency distribution

p = (ground-up) claim frequency

Then the pure premium excess of deductible $d = \$300$ after one year given underlying average annual loss change of $r\%$ is given by:

$$PP_{500}' = p (1 + r) (E[X] - E[X;d/(1 + r)])$$

(see Hogg, R.V. & Klugman, S.A. (1984). *Loss Distributions*, 190. Wiley, New York.)

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PERSONAL AUTO INSURANCE

TECHNICAL DETAILS ON ESTIMATION OF TREND LEVERAGING EFFECT

The average annual loss trend for Collision claims excess of a \$500 deductible is then:

$$\frac{PP_{500}'}{PP_{500}} = \frac{(1+r)(E[X] - E[X;d/(1+r)])}{E[X] - E[X;d]} \quad \text{with } d = 300.$$

It can be shown that this ratio is always at least as large as $1 + r$ for positive r , which is the leveraging effect at layers excess of a deductible d .

Given annual trend at a \$500 deductible level, this formula is then used to determine the annual trend at a \$200 deductible level. Estimates for parameters are substituted using formulas for limited expected value of the lognormal distributions (see Hogg, R.V. & Klugman, S.A. (1984). *Loss Distributions*, 229-230). The annual trend factors at \$500 and \$200 deductible levels for Collision were estimated in this manner.

Results for states sampled and all initial \$500 deductible annual trends were very similar, as shown below (r_{200} and r_{500} are the annual trend factors at \$200 and \$500 deductible levels respectively).

State	Year = X			Year = X + 1		
	\$200 Ded.	\$500 Ded.	r_{200}/r_{500}	\$200 Ded.	\$500 Ded.	r_{200}/r_{500}
Countrywide	2.74%	3.00%	0.91	4.56%	5.00%	0.91
State A	2.62%	3.00%	0.87	4.45%	5.00%	0.89
State B	2.73%	3.00%	0.91	4.55%	5.00%	0.91
State C	2.62%	3.00%	0.87	4.33%	5.00%	0.87

The leveraging effect on trend factors from a \$500 deductible level to a \$200 deductible level was also estimated based on \$100 deductible Collision claim size data (instead of the \$200 deductible Collision claim size data used above). Using the same approach described above with suitable modifications to formulas, very similar leveraging effects were observed. This effect is analyzed based on \$100 deductible data because Comprehensive experience losses are adjusted to a \$100 deductible level for the statewide experience review (Table B2). Since Collision claim cost trends are being used for Comprehensive, the same leverage adjustment applicable to Collision was also deemed applicable to the trend factors used for Comprehensive.

Based on the above analysis, ISO has selected an adjustment factor of 0.90 to adjust \$500 deductible annual loss trends to the \$100 or \$200 deductible level used in statewide experience reviews. In states where Comprehensive or Collision experience review data is at a \$500 deductible level, no adjustment factor is applied.

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PERSONAL AUTO INSURANCE
TABLE C5
SAMPLE DETERMINATION OF TREND LEVERAGING EFFECT

Collision \$200 Deductible

Accident Year-Ended 12/31/2000 Evaluated as of 3/31/2001 Countrywide Claim Data

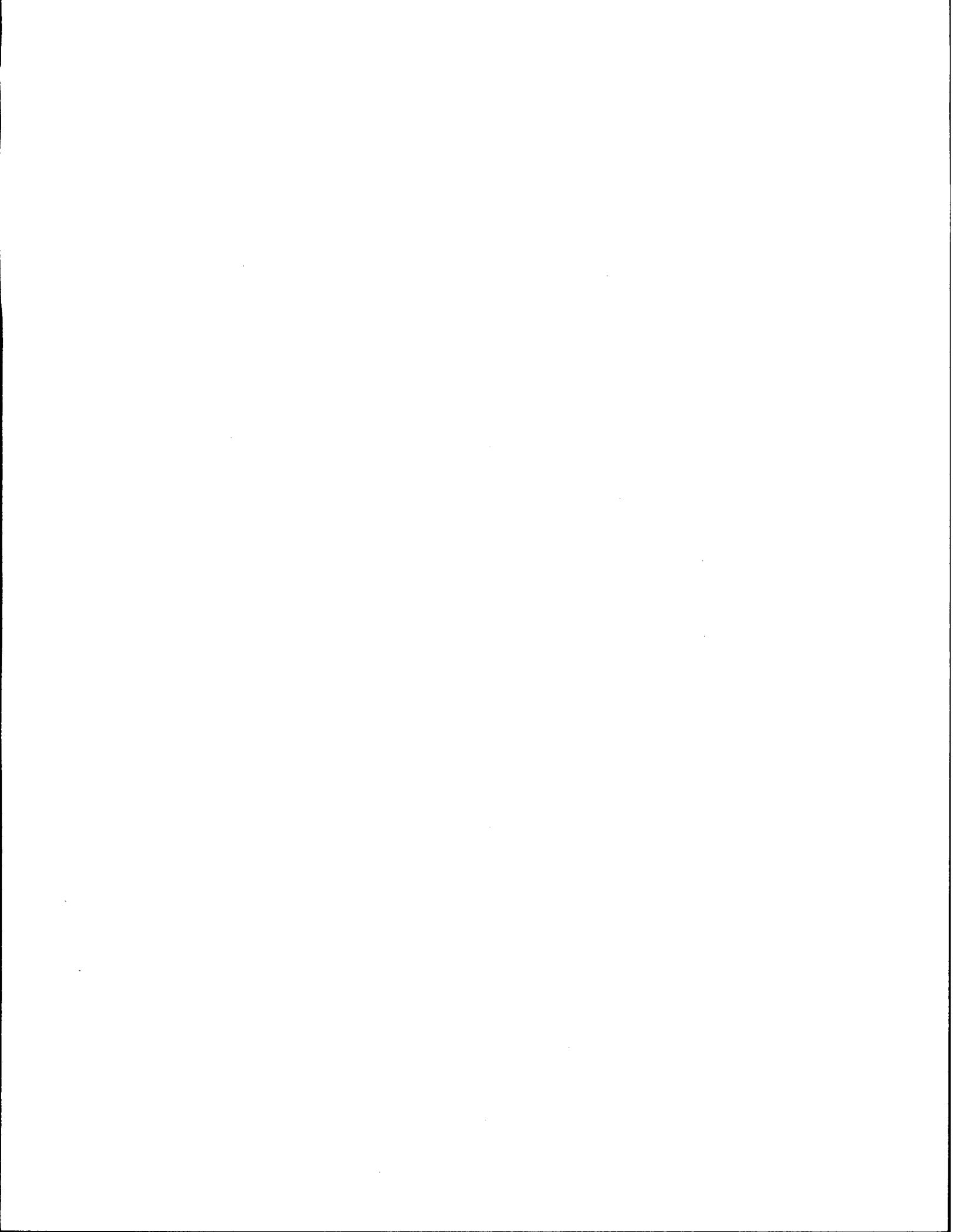
(I) Claim Range*	(II) Cumulative Claim Count	(III) Cumulative Frequency Distribution**	(IV) Lognormal Fit of (III)#
100	2,664	0.013	0.007
200	7,624	0.038	0.035
300	15,091	0.074	0.074
400	23,147	0.114	0.117
500	32,125	0.158	0.162
700	49,702	0.245	0.248
900	65,987	0.325	0.325
1,000	75,376	0.372	0.360
1,100	79,612	0.393	0.393
1,300	91,603	0.452	0.452
1,500	102,149	0.504	0.504
2,000	122,632	0.605	0.606
3,000	149,458	0.737	0.738
4,000	165,280	0.815	0.815
5,000	175,557	0.866	0.864
Total Claims	202,806		

* - Upper bound of claim size

** - (II) / Total Claims

- Fit is based on parameters μ and σ as shown in (1) and (2). Formula for Lognormal Distribution per Hogg & Klugman, *Loss Distributions*, page 229

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TABLE C5 (Cont'd)
SAMPLE DETERMINATION OF TREND LEVERAGING EFFECT

{1}	μ (Lognormal Parameter)		7.30325
{2}	σ (Lognormal Parameter)		1.10377
{3}	d (Excess Deductible[\$200 to \$500])	\$	300.00
{4}	$\sigma^2/2$		0.609
{5}	$E(X) = e^{(1) + (4)}$	##	\$ 2730.53
{6}	σ^2		1.218
{7}	$\ln d$		5.704
{8}	$\Phi^{-1}[(\ln d - \mu - \sigma^2)/\sigma]$		0.005
{9}	$\Phi^{-1}[(\ln d - \mu)/\sigma]$		0.074
{10}	{3} x (1.0 - {9})	\$	277.80
{11}	$E(X;d) = (5) \times (8) + (10) @$	\$	291.45 p
{12}	Pure Premium in Excess of \$500 before inflation @@ [(5) - (11)]	\$	2439.08 p

{0'}	Annual trend at \$200 Deductible Level=r %		4.56%
{1'}	μ (Lognormal Parameter)		7.30325
{2'}	σ (Lognormal Parameter)		1.104
{3'}	$d' = d/(1+r)$ (Excess Deductible)	\$	286.92
{4'}	$\sigma^2/2$		0.609
{5'}	$E(X) = e^{(1') + (4')}$	##	\$ 2730.53
{6'}	σ^2		1.219
{7'}	$\ln d'$		5.659
{8'}	$\Phi^{-1}[(\ln d' - \mu - \sigma^2)/\sigma]$		0.005
{9'}	$\Phi^{-1}[(\ln d' - \mu)/\sigma]$		0.068
{10'}	{3'} x (1.0 - {9'})		267.41
{11'}	$E(X;d') = (5') \times (8') + (10') @$	\$	281.06
{12'}	Pure Premium in Excess of \$500 after inflation @@ [(5') - (11')] x (1.0 +	\$	2561.17 p
{13'}	Annual Trend at \$500 Deductible level [(12')/(12)]		5.00%

The Final Trend Leveraging Effect is [(0')/(13')] 0.91

The Final Selected Leveraging Factor is 0.90

- The Expected Value of a \$200 Deductible Claim
@ - Limited Expected Value censored at deductible d or d'
@@ - p = "ground-up" claim frequency



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SUPPLEMENTAL TREND INFORMATION

OVERVIEW

As shown in Table C3-1, ISO selects trend factors to project losses to a prospective level corresponding to the future rating period. In addition to the evaluation of historical claim cost and claim frequency data, ISO uses judgment and relies on analyses of external influences to support any final pure premium trend selections for individual states.

PERSONAL AUTO
TREND ANALYSIS

Multistate ISO Claim Cost and Frequency Annual Percent Changes, 1st Quarter 2008

	12 pt. Claim Cost	12 pt. Frequency
Bodily Injury (25/50)	+1.7%	-5.6%
Property Damage (T/L)	+3.2%	-2.2%
Medical Payments (T/L)	+3.5%	-5.5%
\$500 Deductible Collision	+0.8%	+1.2%

Observed Trends in Claim Cost and Frequency

In the past few years several changes in the automobile insurance claims environment have affected claim cost and frequency trends:

The following factors have served to reduce the frequency and/or severity of claims:

- The requirement that passenger cars be equipped with front seat airbags
- Increased seat belt usage
- Stricter drunk driving laws
- The reduction of the number of miles driven each year
- The introduction of graduated licensing programs
- Electronic Stability Control

Figure 1. Percent, National Seat Belt Usage

1998	68%	2003	79%
1999	67%	2004	80%
2000	71%	2005	82%
2001	73%	2006	81%
2002	75%	2007	82%

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PERSONAL AUTO INSURANCE

SUPPLEMENTAL TREND INFORMATION

PERSONAL AUTO
TREND ANALYSIS
(Cont'd)

Figure 2. Alcohol Related

Year	Total Fatalities	Alcohol Related Fatalities	% of Total Fatalities	Fatalities Annual % Change	Alcohol Related Annual % Change
2002	43,005	13,472	31.8%	1.92%	1.37%
2003	42,884	13,096	30.5%	-0.28%	-2.79%
2004	42,836	13,099	30.6%	-0.11%	0.02%
2005	43,510	13,582	31.2%	1.57%	3.69%
2006	42,708	13,491	31.6%	-1.84%	-0.67%
2007	41,059	12,998	31.7%	-3.86%	-3.65%

Figure 3. Average Annual Growth, Miles Driven

	Arkansas	Countrywide
Dec-06	0.45%	1.51%
Mar-07	0.47%	0.64%
Jun-07	1.01%	0.45%
Sep-07	2.50%	0.90%
Dec-07	2.32%	0.24%
Mar-08	1.85%	-0.08%
Jun-08	0.85%	-1.03%

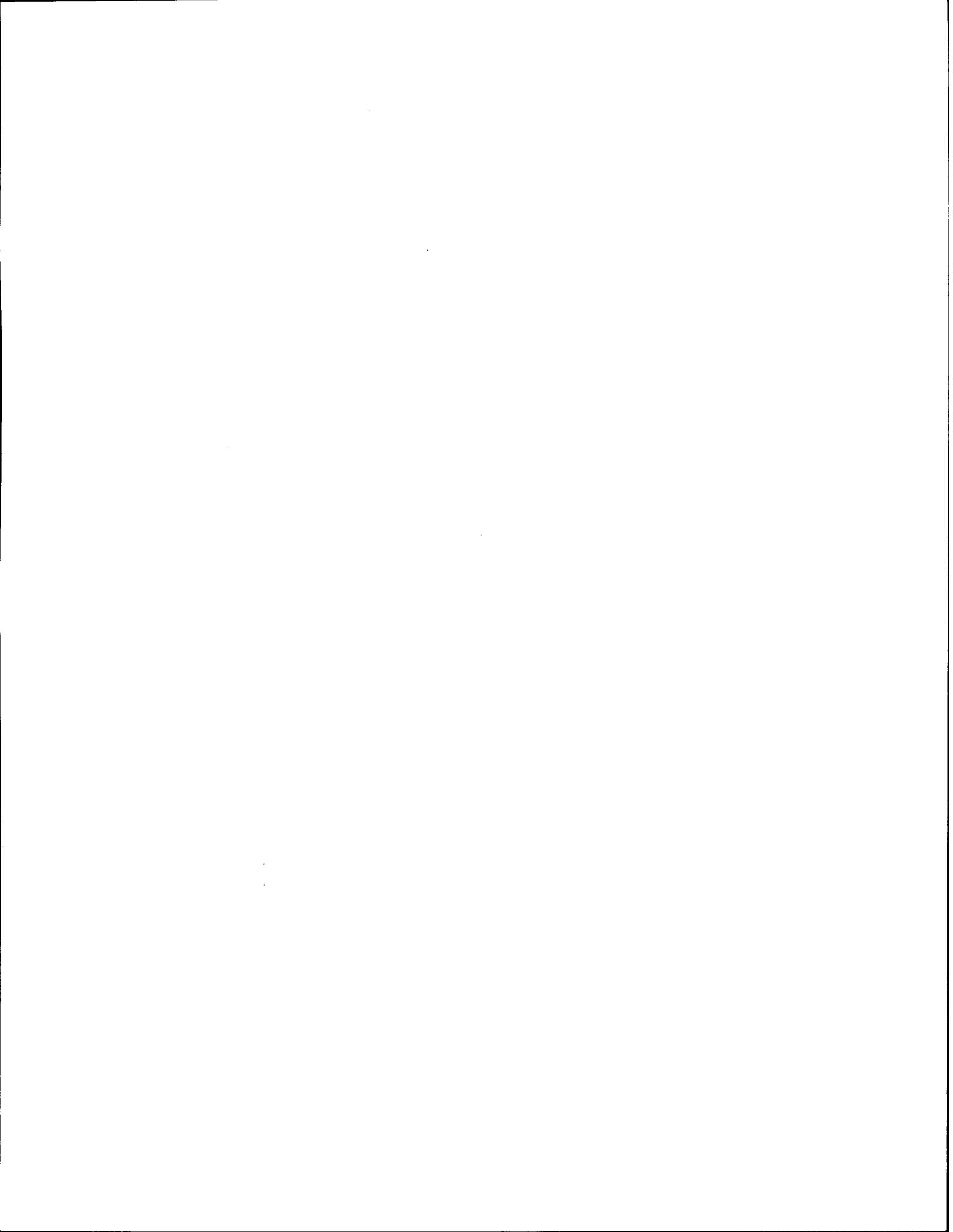
The following factors have served to increase the frequency and/or severity of claims:

- Rise in medical costs and auto bodywork
- Increased cell phone usage while driving
- Soaring jury awards

Figure 4. Trends in Medical Care Costs and Auto Bodywork

	CPI – Medical Care Annual Rate of Change	CPI – Hospital & Other Related Services Annual Rate of Change	CPI - Auto Bodywork Annual Rate of Change
Sep-06	4.2%	7.3%	3.8%
Dec-06	3.6%	6.1%	3.4%
Mar-07	4.0%	5.8%	3.4%
Jun-07	4.0%	5.8%	3.1%
Sep-07	4.6%	6.8%	2.6%
Dec-07	5.2%	8.1%	3.5%
Mar-08	4.6%	7.9%	2.3%
Jun-08	3.5%	6.8%	2.9%

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SUPPLEMENTAL TREND INFORMATION

PERSONAL AUTO
TREND ANALYSIS
(Cont'd)

Figure 5. Percent, Annual Change in Sales

	Cars	Light Trucks
2005	2.2%	-0.9%
2006	1.5%	-6.0%
2007	-2.4%	-2.4%
2008 P	-3.2%	-14.0%
P - projection		

The following factors may impact the frequency and/or severity of claims in the future:

- Growth of vehicles equipped with side airbags
- Growth of graduated licensing programs
- Increased use of red light and speeding cameras
- Advanced and widespread anti-theft technology
- Pay as you drive auto insurance programs

Growth of Vehicles Equipped with Side Airbags

In order to comply with the statutory requirement that all cars, SUVs, and pickups be equipped with head protecting side airbags by the 2010 model year, more automobile manufacturers are including side and head protection airbags in new passenger vehicles. Of the 2006 passenger vehicle models produced, 70% offered head-protecting side airbags (39% standard equipment, 31% optional equipment), and an even larger number of 2007 models offered this feature (51% standard equipment, 26% optional equipment).

Growth of Graduated Driver Licensing (GDL) Programs

Having realized the dangers of teenage driving, many states have implemented GDL programs in the past few years. By restricting vehicle use of young drivers, many states have shown a reduction in crashes among 16 and 17 year-old drivers. ISO believes that as more states implement GDL programs and states with less restrictive GDL programs switch to more effective programs, the crash rate for teenagers will decrease, resulting in an overall decline in claim frequency.

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PERSONAL AUTO INSURANCE

SUPPLEMENTAL TREND INFORMATION

PERSONAL AUTO
TREND ANALYSIS
(Cont'd)

Increased Use of Red Light and Speeding Cameras

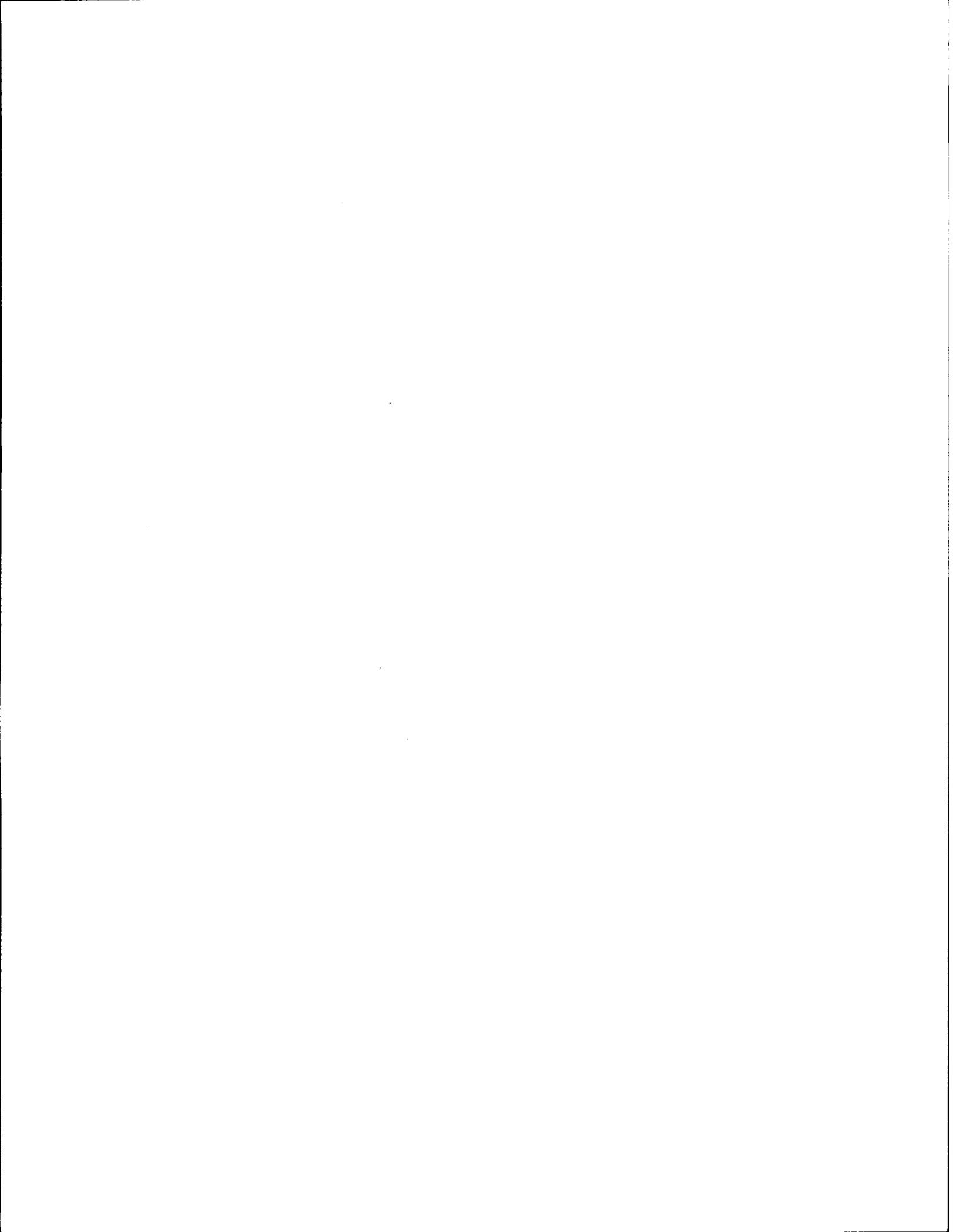
Running red lights and excessive speeding are the two most frequent causes of accidents. In the past few years, at least 95 U.S. cities have installed red light cameras at busy intersections and streets where drivers are known to exceed the speed limit. Studies have shown that red light cameras reduced injury crashes 25% to 30% at these intersections. ISO believes that as more of these devices are installed, the result will be an overall decline in claim frequency.

CONCLUSION REGARDING
CLAIM COST AND CLAIM
FREQUENCY TRENDS

The increased use of airbags and seatbelts, stricter drunk driving laws and the decrease in miles driven have all driven Bodily Injury claim costs and frequencies down in recent years. ISO believes that the benefit of some of these factors may level off in the near future. Furthermore, other variables have had the opposite effect. Increased cell phone usage while driving and the increased presence of DVD players and navigational aids increase driver distraction. These factors have tempered the decline in claim costs and frequencies. Additionally, ISO believes that the increases in medical and hospital costs, as evidenced by the CPI data, will continue to have an impact on Bodily Injury claim costs in the near future. These increases are already being observed in the more recent Medical Payments trend experience. For Medical Payments, ISO believes that present trends are indicative, for the most part, of future trends because these types of claims settle much more quickly than Bodily Injury claims (since they are first party coverages). The Medical Care index and the Hospital & Other Related Services indices continue to increase at a high rate.

While certain factors such as increased awareness of the impact of drinking and driving, safer vehicles, safer roads and the decrease in the number of miles driven can serve to lower Property Damage and Collision claim costs and frequencies, other factors such as the rise in auto bodywork, increased cell phone usage and other driver distractions as well as an increase in collisions with animals have all increased claim costs and frequencies. In addition, the replacement of deployed airbags also serves to increase claim costs. As a result, ISO expects Property Damage and Collision costs to continue to increase, but at a slowed rate.

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EXCESS WIND AND WATER PROCEDURE

OBJECTIVE

Because wind and water can cause large and unexpected losses, a "catastrophe" or excess wind and water procedure is incorporated in the development of Personal Auto loss costs. The purpose of this procedure is to avoid shifts in loss costs (both upward and downward) that will result from reflecting large, unexpected losses only in the year in which they occur.

DESCRIPTION OF
EXCESS WIND AND
WATER FACTOR
METHODOLOGY
(TABLE C6-1)

The excess wind and water procedure makes two adjustments to reported losses. First, it removes the excess wind and water or catastrophic losses that actually occurred in a given year. Then, it replaces these losses with an expected excess wind and water loss provision, by application of the statewide excess wind and water factor, calculated in Table C6-1. This statewide excess wind and water factor is based on the state's long-term history of excess wind and water losses and, therefore, is not subject to the type of yearly variation inherent in actual wind and water losses. The methodology for calculating the excess wind and water factor is described below.

Statewide excess wind and water losses by year are calculated by determining a "normal" wind and water to total minus wind and water ratio which represents the long-term expected non-catastrophic wind and water to total minus wind and water ratio for the state. All losses above the "normal" ratio are defined as excess wind and water losses.

The "normal" wind and water to total minus wind and water ratio (Table C6-1, line 11) is determined by first capping the wind and water to total minus wind and water ratios for extreme wind and water years at 5 times the state's median wind and water to total minus wind and water ratio*. The capped wind and water to total minus wind and water ratios are shown in Column (5) of Table C6-1.

An excess wind and water to total minus wind and water ratio for a given year is composed of two parts: (1) a capped excess wind and water to total minus wind and water ratio and (2) an "excess wind and water to total minus wind and water ratio above the cap".

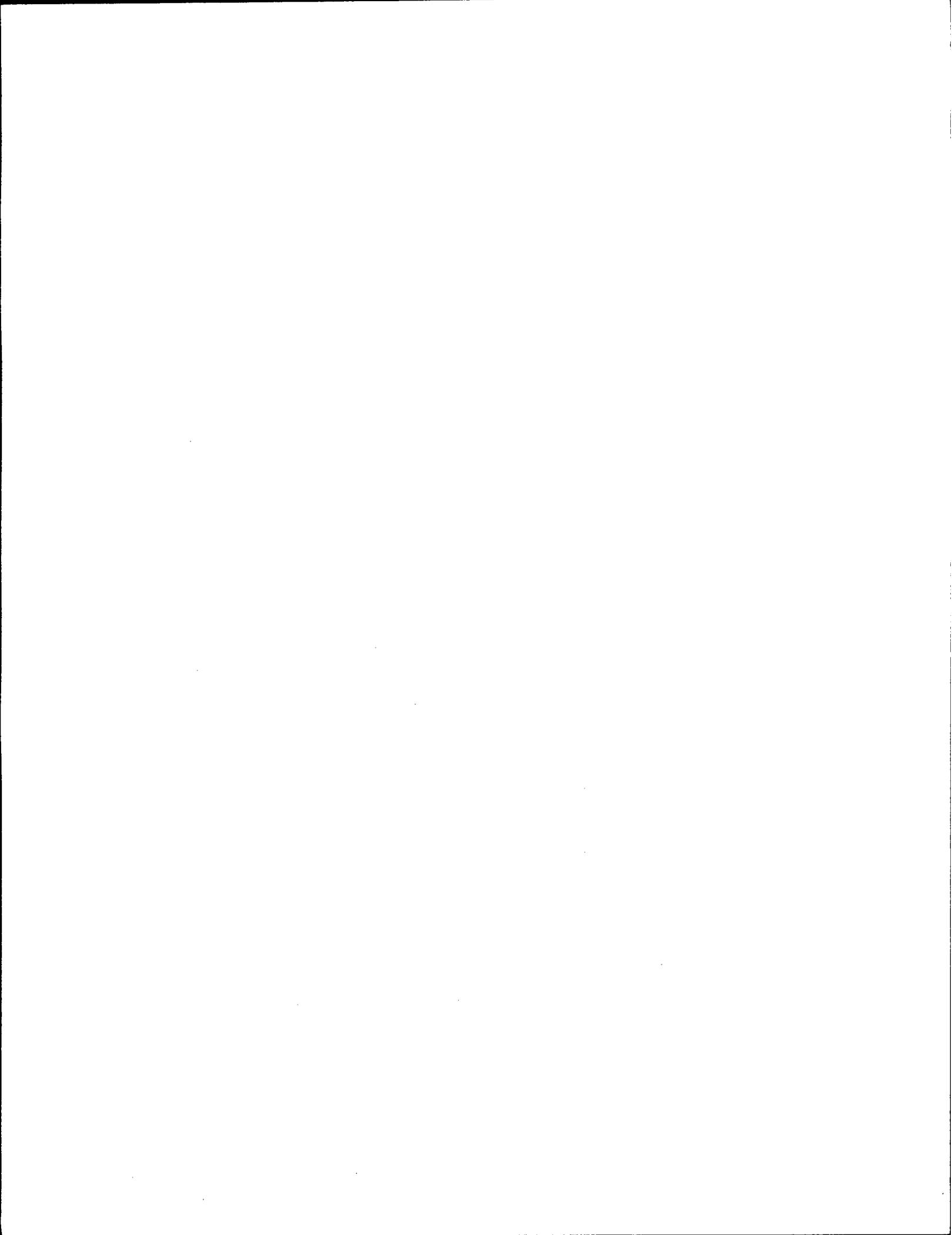
The excess wind and water factor (Table C6-1, line 13) is calculated as follows:

$$\text{state excess factor} = 1.0 + [(\text{average capped excess ratio} + \text{average excess ratio above the cap}) \div (1.0 + \text{normal ratio} - \text{average capped excess ratio})]$$

For a description of the treatment of wind and water losses by territory, see Table C6-3.

* In the procedure above, minimum values apply to the median wind and water to total minus wind and water ratio, and the capped wind and water to total minus wind and water ratio. The median has a minimum of 0.050; the wind and water cap has a minimum of 5 x 0.050 (0.250). The values used for the median ratio and wind and water cap are shown on Table C6-1, line 12 (minimum values are shown, where applicable).

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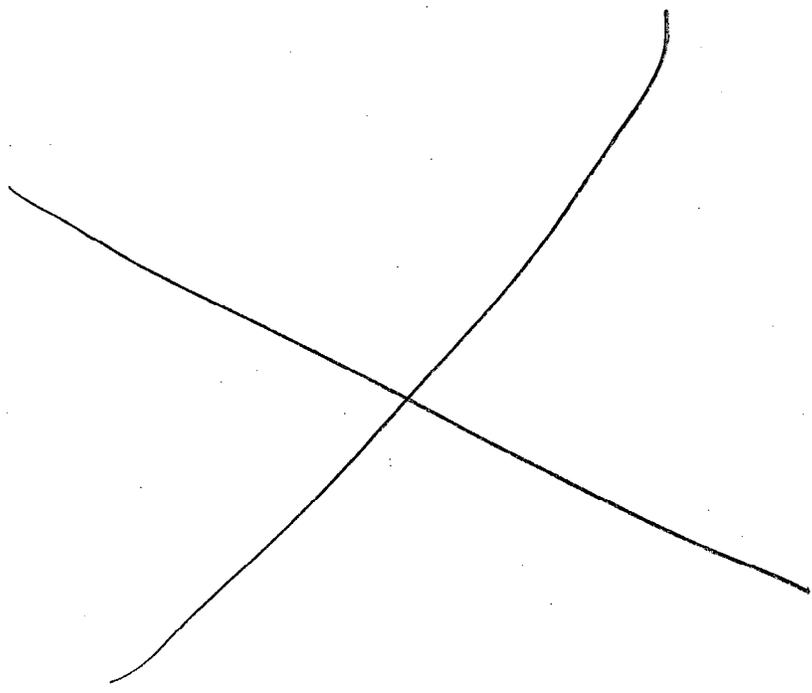


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PERSONAL AUTO INSURANCE

EXCESS WIND AND WATER PROCEDURE

DEVELOPMENT
OF ADJUSTED
COMPREHENSIVE
LOSSES AND LOSS
ADJUSTMENT
EXPENSES
(TABLE C6-2)

Table B2 ("Calculation of Statewide Loss Cost Level Changes for Physical Damage Coverages") uses incurred comprehensive losses including all loss adjustment expenses adjusted to a common deductible level for the latest two years. The excess wind and water factor was developed using paid losses on a common deductible level. Table C6-2 calculates the losses used in Table B2. The paid excess wind and water losses for the latest two years, Column (1), are multiplied by the appropriate factor which puts them on an incurred basis and includes all loss adjustment expenses, Column (2). This same factor is applied to the total paid comprehensive losses for the latest two years, Column (3), and the results are shown in Column (4), the total incurred comprehensive losses including all loss adjustment expenses on a common deductible level. Column (5) is the difference between Columns (4) and (2) (the total incurred wind and water comprehensive losses, excluding the excess wind and water losses, including all loss adjustment expenses on a common deductible level) multiplied by the excess wind and water factor. This calculation removes the excess wind and water losses that occur in a given year and replaces them by the statewide expected wind and water provision. The result is the adjusted comprehensive losses including all loss adjustment expenses on a common deductible level, used in Table B2.



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TABLE C6-1
PERSONAL AUTO INSURANCE
DERIVATION OF EXCESS WIND & WATER FACTOR

Year Ending	(1) Wind & Water Paid Losses(A)	(2) Total Paid Losses(A)	(3) Reported Total-Wind Losses (2)-(1)	(4) Wind to Non-Wind Ratio (1)/(3)	(5) Total Capped Wind Ratio <(5xMed)	(6) Capped Excess Wind Ratio (5)-Ave(5)	(7) Capped Excess Wind Losses (3)x(6)	(8) Excess Wind Ratio Above The Cap (4)-(5)	(9) Excess Losses Above The Cap (8)x(3)	(10) Total Excess Wind Losses (7)+(9)
6/1983	\$ 527,819	\$ 2,478,459	\$ 1,950,640	0.271	0.271	0.000	0	0.000	0	0
6/1984	899,803	3,416,665	2,516,862	0.358	0.358	0.000	0	0.000	0	0
6/1985	556,230	3,580,155	3,023,925	0.184	0.184	0.000	0	0.000	0	0
6/1986	795,463	3,517,836	2,722,373	0.292	0.292	0.000	0	0.000	0	0
6/1987	221,115	2,766,502	2,545,387	0.087	0.087	0.000	0	0.000	0	0
6/1988	719,060	3,857,285	3,138,225	0.229	0.229	0.000	0	0.000	0	0
6/1989	2,499,092	5,426,051	2,926,959	0.854	0.854	0.496	0	0.000	0	0
12/1990	926,299	4,634,808	3,708,509	0.250	0.250	0.000	0	0.000	0	0
12/1991	1,480,984	5,899,547	4,418,563	0.335	0.335	0.000	0	0.000	0	0
12/1992	1,216,240	5,799,653	4,583,413	0.265	0.265	0.000	0	0.000	0	0
12/1993	1,080,792	6,349,318	5,268,526	0.205	0.205	0.000	0	0.000	0	0
12/1994	3,383,403	10,525,583	7,142,180	0.474	0.474	0.116	828,493	0.000	0	828,493
12/1995	2,920,312	10,212,981	7,292,669	0.400	0.400	0.042	306,292	0.000	0	306,292
12/1996	9,727,473	18,506,265	8,778,792	1.108	1.108	0.750	6,584,094	0.000	0	6,584,094
12/1997	2,039,975	10,717,614	8,677,639	0.235	0.235	0.000	0	0.000	0	0
12/1998	1,710,949	10,430,264	8,719,315	0.196	0.196	0.000	0	0.000	0	0
12/1999	8,198,783	19,931,257	11,732,474	0.699	0.699	0.341	4,000,774	0.000	0	4,000,774
12/2000	3,217,152	15,581,423	12,364,271	0.260	0.260	0.000	0	0.000	0	0
12/2001	3,906,549	18,961,117	15,054,568	0.259	0.259	0.000	0	0.000	0	0
12/2002	4,885,671	17,502,927	12,617,256	0.387	0.387	0.029	365,900	0.000	0	365,900
12/2003	5,051,239	16,624,462	11,573,223	0.436	0.436	0.078	902,711	0.000	0	902,711
12/2004	4,808,422	18,569,615	13,761,193	0.349	0.349	0.000	0	0.000	0	0
12/2005	4,084,119	19,160,703	15,076,584	0.271	0.271	0.000	0	0.000	0	0
12/2006	8,206,781	25,598,951	17,392,170	0.472	0.472	0.114	1,982,707	0.000	0	1,982,707
12/2007	1,404,010	18,961,507	17,557,497	0.080	0.080	0.000	0	0.000	0	0
Average				0.358	0.358	0.079		0.000		

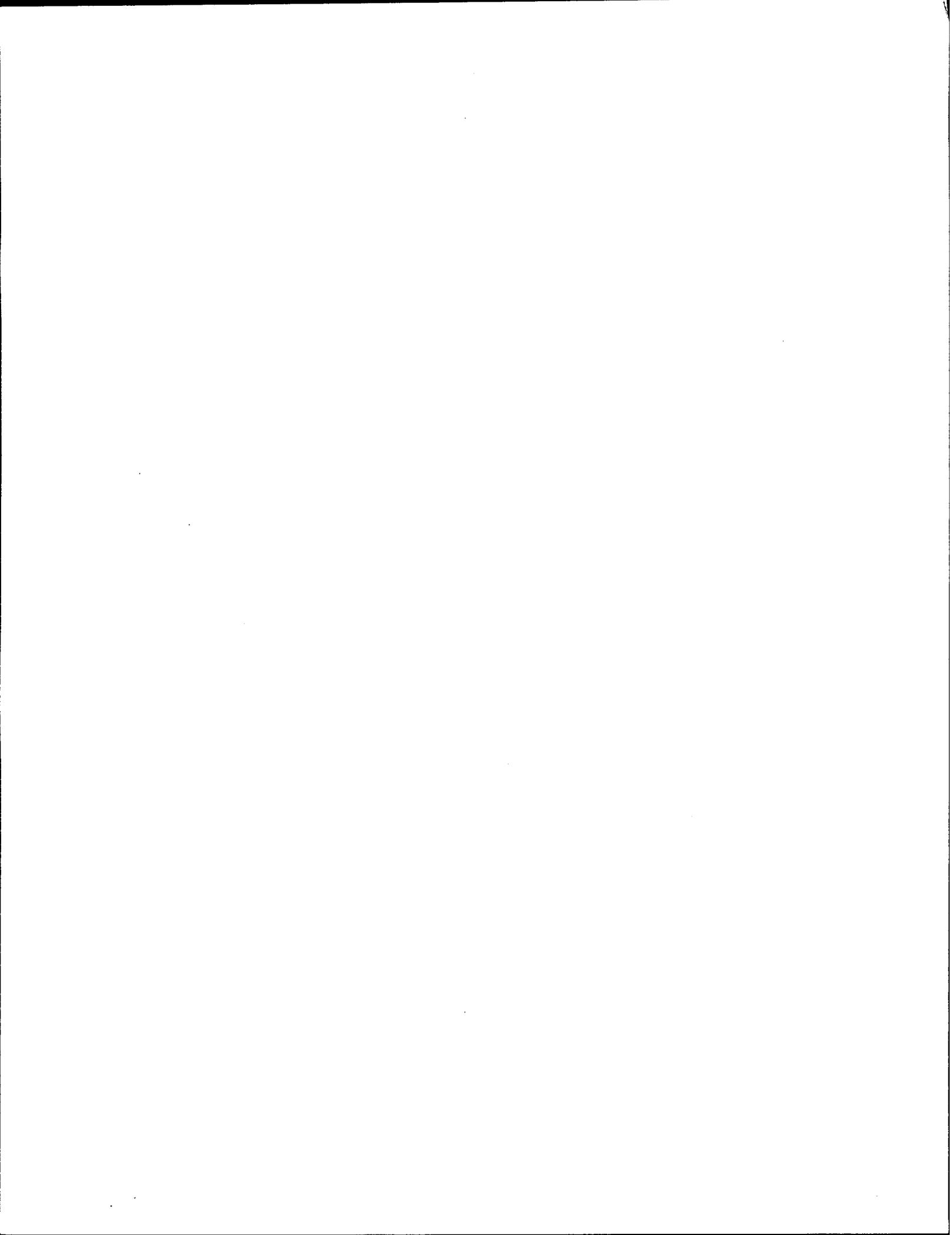
(11) Normal Wind To Non-Wind Ratio = Ave. of Col.(5) = 0.358

(12) Median Wind To Non-Wind Ratio = 0.271 5 X Median Wind To Non-Wind Ratio = 1.355

(13) Excess Factor = $1.0 + \frac{\text{Ave.}(6) + \text{Ave.}(8)}{\text{Ave.}(5)}$ / $\frac{1.0 + \text{Ave.}(5) - \text{Ave.}(6)}{1.0 + 0.358 - 0.079}$ = 1.062

(A) Full Coverage, \$50, and \$100 Deductible for 1983 to 1987.
 Full Coverage, \$50, \$100, \$200, and \$250 Deductible for 1988 to 1990.
 Full Coverage, \$50, \$100, \$200, \$250, and \$500 Deductible for 1991 to 1993.
 Full Coverage, \$50, \$100, \$200, \$250, \$500, and \$1,000 Deductible for 1994 to 2007.
 All Losses are Comprehensive losses adjusted to a \$100 Deductible level.

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TABLE C6-2

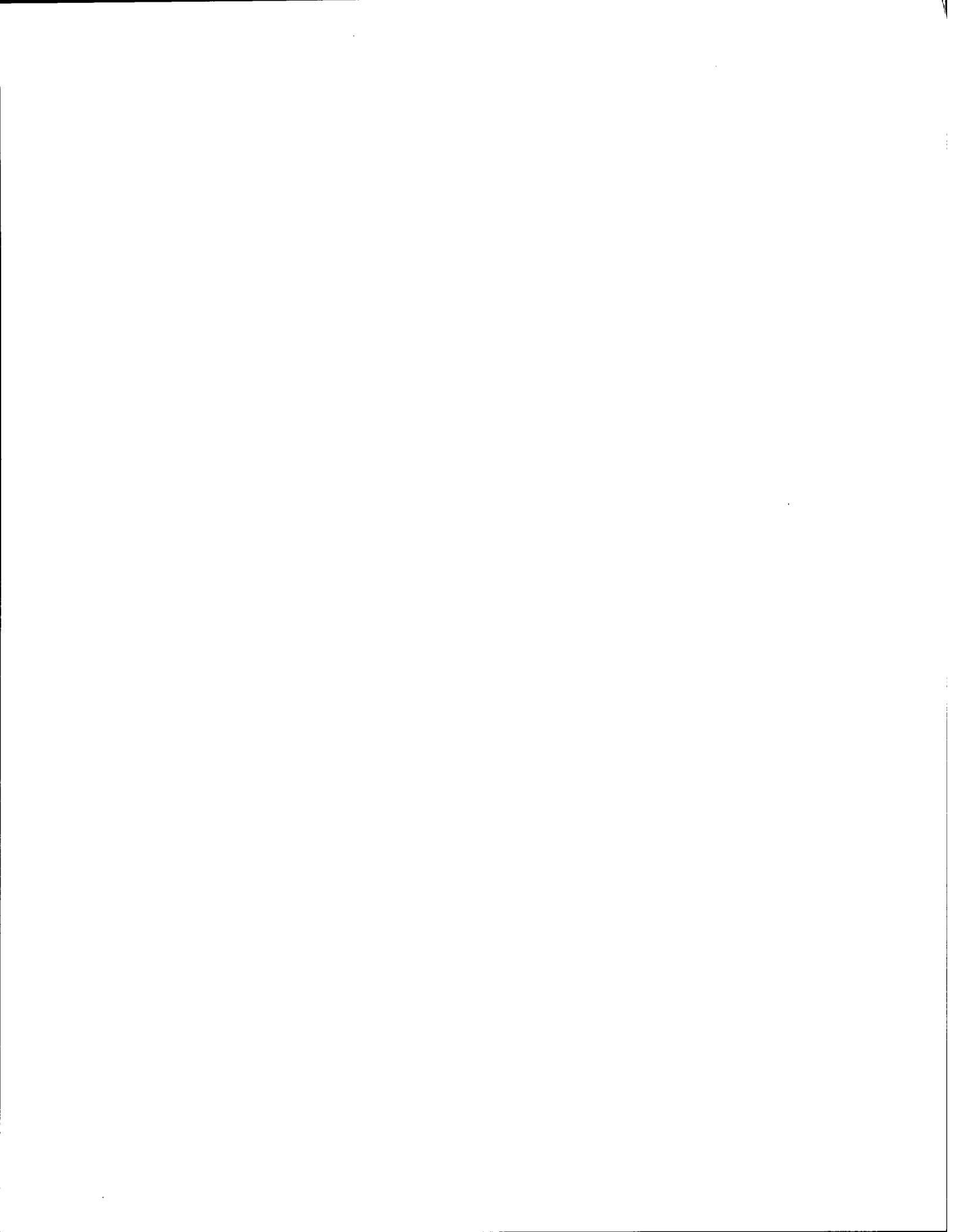
COMPREHENSIVE COVERAGES

DEVELOPMENT OF ADJUSTED COMPREHENSIVE LOSSES

<u>Year Ended</u>	(1) <u>Paid Excess Wind & Water Losses (a)</u>	(2) <u>Incurred Excess Wind & Water Losses and Loss Adjustment Expenses (b)</u>	(3) <u>Total Paid Comprehensive Losses (c)</u>	(4) <u>Total Incurred Comprehensive Losses & Loss Adjustment Expenses (d)</u>	(5) <u>Adjusted Comprehensive Losses & Loss Adjustment Expenses ((4) - (2)) x 1.062(e)</u>
12/31/2006	\$1,982,707	\$2,319,767	\$25,598,951	\$29,950,773	\$29,344,128
12/31/2007	0	0	18,961,507	22,184,963	23,560,431

- (a) Losses from Table C6-1, Column (10).
- (b) Column (1) multiplied by 1.170 to reflect incurred losses and all loss adjustment expenses.
- (c) Losses from Table C6-1, Column (2).
- (d) Column (3) multiplied by 1.170 to reflect incurred losses and all loss adjustment expenses. Data for Comprehensive coverage includes Full Coverage, \$50 Deductible, \$100 Deductible, \$200 Deductible, \$250 Deductible, \$500 Deductible and \$1000 Deductible Comprehensive paid losses adjusted to a \$100 Deductible level.
- (e) Excess wind & water factor from Table C6-1, Line (13).

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TERRITORY WIND AND WATER PROCEDURE

BACKGROUND

Overall loss cost level adequacy and stability have already been assured by the statewide catastrophe procedure. Territories within a state have their own wind and water histories that may differ from the statewide wind and water history. Wind and water losses in the current three-year experience period may reflect wind and water loss levels either higher or lower than the territory's historical normal level of wind and water losses. A territory wind and water procedure which normalizes the territory wind and water losses is necessary to make sure that the statewide indicated change is distributed to the territories based on the long-term wind and water potential for that territory and not by a random high or low wind and water year that occurs in a given territory in the latest three years.

The territory wind and water procedure for high wind states removes the territory's wind and water losses that actually occurred in a given year. It then distributes the statewide expected wind and water loss provision to the individual territories in proportion to the individual territory's long-term expected wind and water loss experience.

METHODOLOGY
FOR TERRITORY
WIND AND WATER
PROCEDURE

Each territory's wind and water history is reviewed. The expected wind and water loss is calculated by first determining an average wind and water to non-wind and water ratio for the available territory history which represents the territory's long-term average wind and water losses.

The normal wind and water to non-wind and water ratio is determined by capping the wind and water to non-wind and water ratio for extreme wind and water years at five times the statewide median wind and water to non-wind and water ratio. The available territory wind and water experience is limited at this time. Therefore, the statewide cap has been applied to each year's ratio by territory to temper the impact of very high wind and water years, as the available data may not be sufficient to allow for an appropriate long-term mix of low and high wind and water years for a territory.

The total losses for each of the latest three years are multiplied by their respective non-wind and water to total loss ratio to produce the three-year total non-wind and water losses. Multiplying the three-year non-wind and water losses by the normal wind and water to non-wind and water ratio yields the territorial capped expected wind and water losses.

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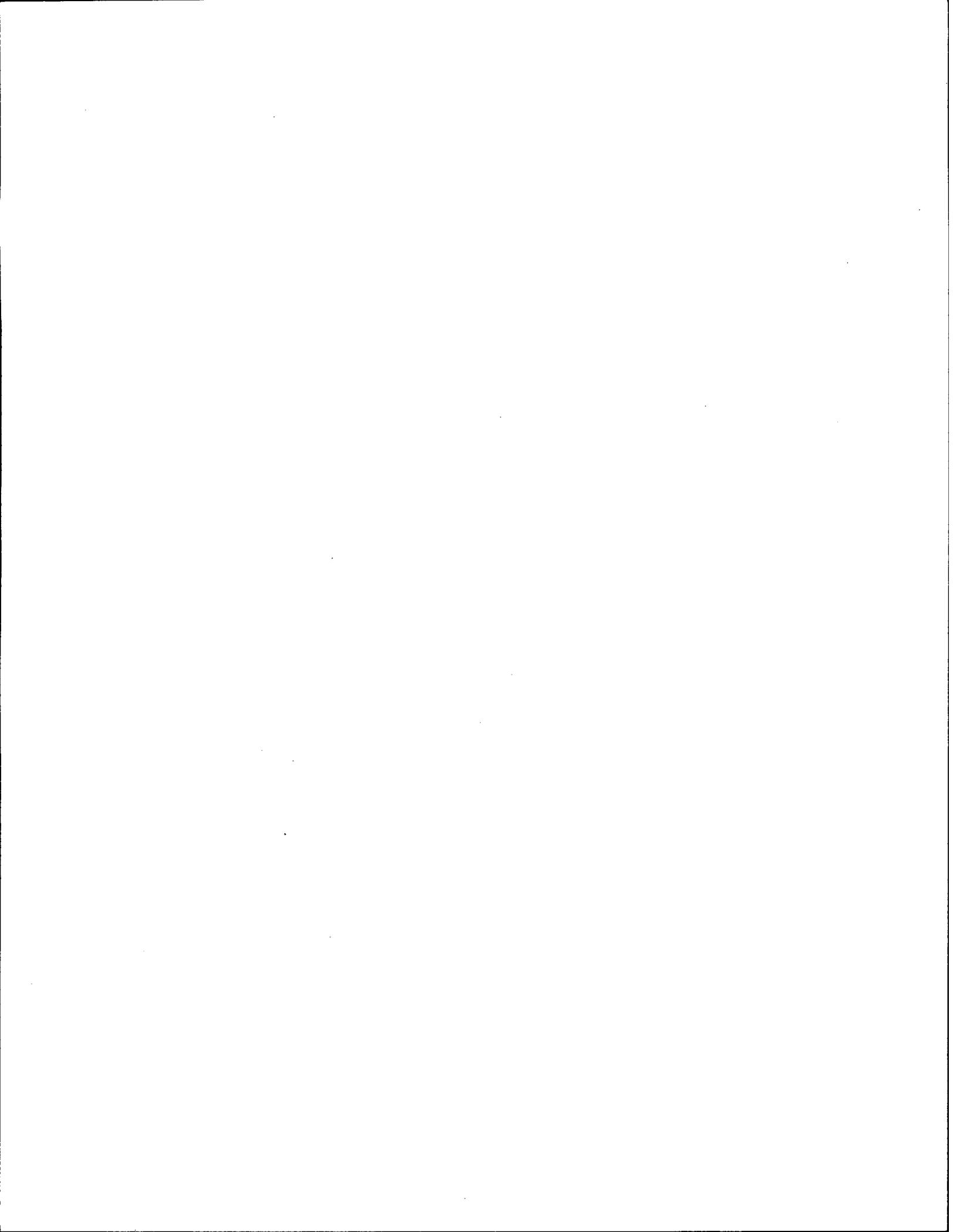
TERRITORY WIND AND WATER PROCEDURE

METHODOLOGY
FOR TERRITORY
WIND AND WATER
PROCEDURE
(Cont'd)

The capped expected wind and water losses are totaled for all territories, and each territory's proportion of the total is its capped expected wind and water distribution. The product of the territory's capped expected wind and water distribution and the statewide wind provision is the capped territory wind provision. The sum of the capped territory wind and water provision and the territory's three-year non-wind and water losses divided by the three-year territorial exposures yields the adjusted three-year pure premium for the territory.

Because the three-year pure premium for the territory includes the capped territory wind and water provision in place of the actual wind and water losses that occurred in the latest three years, the number of wind and water claims must be adjusted. The capped territory wind and water provision is divided by the territory's wind and water claim cost to produce the adjusted number of wind and water claims. The adjusted number of wind and water claims is added to the number of non-wind and water claims, resulting in the adjusted total number of claims. The three-year adjusted number of total claims is used to determine territorial credibility.

A sample calculation for the territory wind and water procedure is given in Table C6-3.



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TABLE C6-3

METHODOLOGY FOR CALCULATING "WIND & WATER PROVISIONS" BY TERRITORY

In order to develop "Wind and Water Provisions" by territory*, the statewide provision is distributed using each territory's "expected" wind and water losses. This procedure is illustrated in the following example:

<u>Territory</u>	(1) Long-Term Capped** Ratio of Wind & Water to Non-Wind & Water Losses	(2) Non-Wind & Water Losses for Latest Three Years	(3) "Expected" Wind & Water Losses for Latest Three Years <u>(1) x (2)</u>	(4) "Expected" Wind & Water Distribution <u>(3) ÷ Total (3)</u>
A	.250	\$500,000	\$125,000	.500
B	.750	100,000	75,000	.300
C	.200	250,000	50,000	.200

<u>Territory</u>	(5) Three-Year Statewide Wind Provision	(6) Territory Wind Provision <u>(4) x (5)</u>	(7) Three-Year Adjusted Total Losses <u>(2) + (6)</u>	(8) Three-Year Earned Exposures	(9) Three-Year Adjusted Pure Premium <u>(7) ÷ (8)</u>
A	\$400,000	\$200,000	\$700,000	14,000	\$50.00
B		120,000	220,000	5,000	44.00
C		80,000	330,000	10,000	33.00

<u>Territory</u>	(10) Three-Year Non-Wind & Water Claims	(11) Three-Year Wind & Water Claim Cost	(12) Three-Year Adjusted Wind & Water Claims <u>(6) ÷ (11)</u>	(13) Three-Year Adjusted Total Claims <u>(10) + (12)</u>
A	1,500	\$500	400	1,900
B	800	400	300	1,100
C	1,000	400	200	1,200

* When Loss Cost Changes By Territory are calculated, actual wind losses by territory are taken out of the Adjusted Incurred Losses and replaced with the losses arrived at using this procedure.

** Average of yearly capped ratios of wind & water to non-wind & water losses, based on territory experience capped at 5 times the statewide median wind & water to non-wind & water ratio.

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SYMBOL PREMIUM TREND

IMPORTANCE OF
APPLICATION

As higher valued, newer cars are introduced, there is an increase in overall premium revenue due to the physical damage symbol rating procedure. In order to reflect the revenue impact of the higher average valued symbol cars during the prospective period, the ISO standard methodology includes a symbol trend procedure. The effect of this procedure is to reduce the indicated loss costs for the physical damage coverages.

The change in average symbol relativities is due to two factors: (1) increases in the average price of insured automobiles with the introduction of each new model year of automobiles; and (2) changes in average symbol relativities due to changes in the age distribution from the experience period to the prospective period. Thus, symbol trend is necessary to reflect the additional loss cost volume generated by the shift in the exposure distribution as new, higher priced models are introduced.

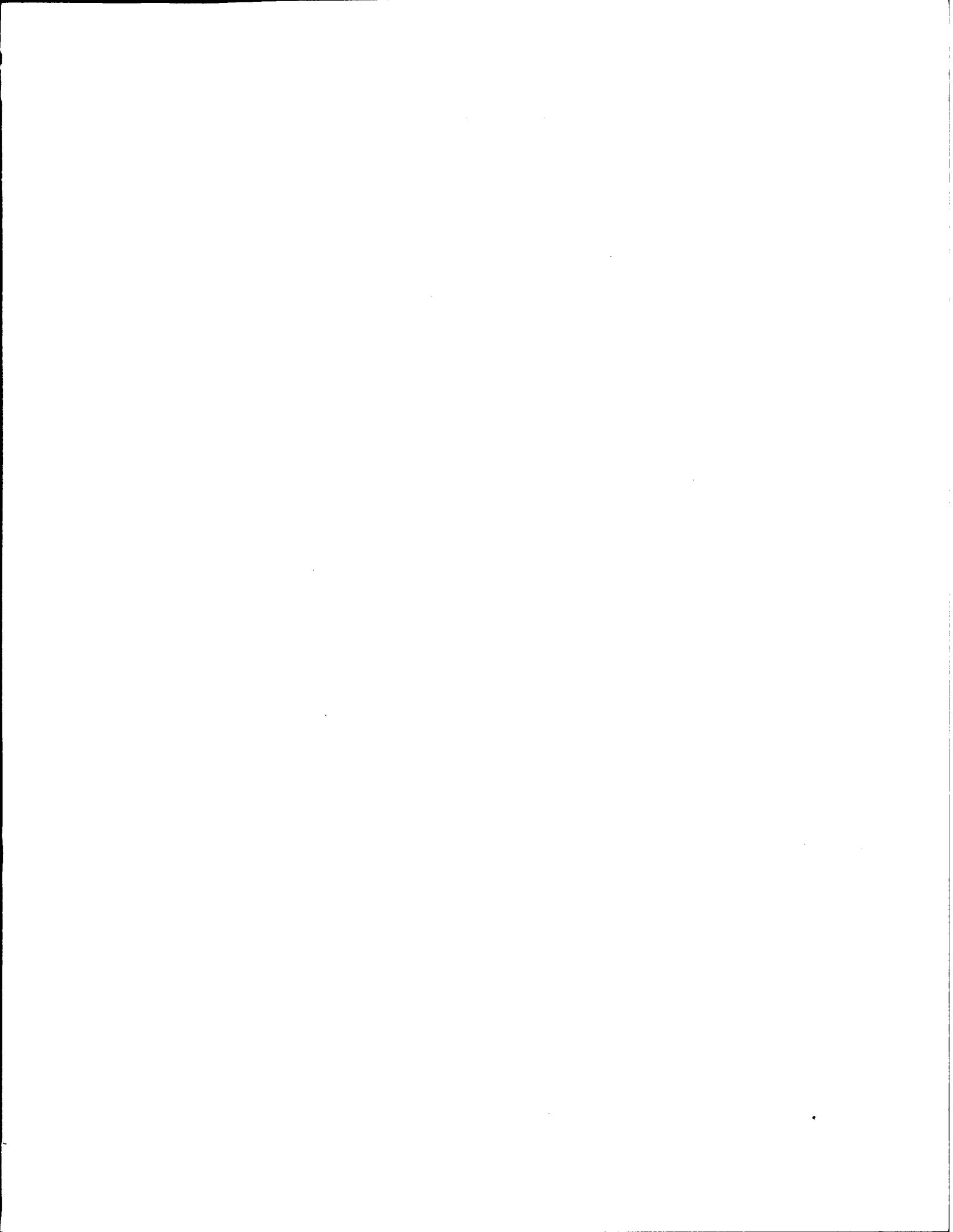
SYMBOL RATING
PROGRAM

Under ISO's symbol rating program, with each new model year, each model that car manufacturers produce is assigned a symbol that is based, initially, on the manufacturers' suggested retail price of the vehicle and popular options. (ISO's vehicle series rating program then adjusts these initial symbols, on a balanced basis, to reflect the loss experience associated with vehicles of the same (or comparable) model for earlier years.) Each symbol is assigned a symbol rating relativity. The present "base" symbol, with a relativity of 1.00, is defined as vehicles with a price between \$13,751 and \$15,000.

SYMBOL TREND
METHODOLOGY

Table B2, the "Calculation of Statewide Loss Cost Level Changes for Physical Damage Coverages", tests the adequacy of the current loss cost provisions by projecting both experience loss costs and average loss cost provisions, and comparing the two. In determining symbol trend we project the average loss cost provision that will result in the prospective rating period if the current symbol relativity structure remains in effect. To make this projection, we first determine the average loss cost provision at current level (ALCPCL), and then project this provision to the prospective period based on anticipated changes in the vehicle symbol distribution.

Symbol trend factors are calculated separately for Comprehensive and Collision. This factor is reflected in the present loss cost provision for each coverage, thereby reducing the indicated loss cost level.



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SYMBOL PREMIUM TREND

SYMBOL TREND
METHODOLOGY
(Cont'd)

The symbol trend factor is calculated as the ratio of two multistate average symbol relativities:

$$G \div A, \text{ where}$$

G = The multistate average relativity for the period during which policies will be written at the prospective loss cost level, and

A = The multistate average relativity underlying the ALCPL.

In this filing, separate symbol trend factors are determined for each year of experience used in the Statewide Indicated Loss Cost Level change exhibit for Comprehensive and Collision coverages (Table B2). The calculation of separate factors for each year is needed to reflect the improvement in calculation of the average symbol factor included in the average loss cost provision at current level (ALCPCL). Under the new report system the average symbol factor for each year is determined using the earned exposure distribution for that year.

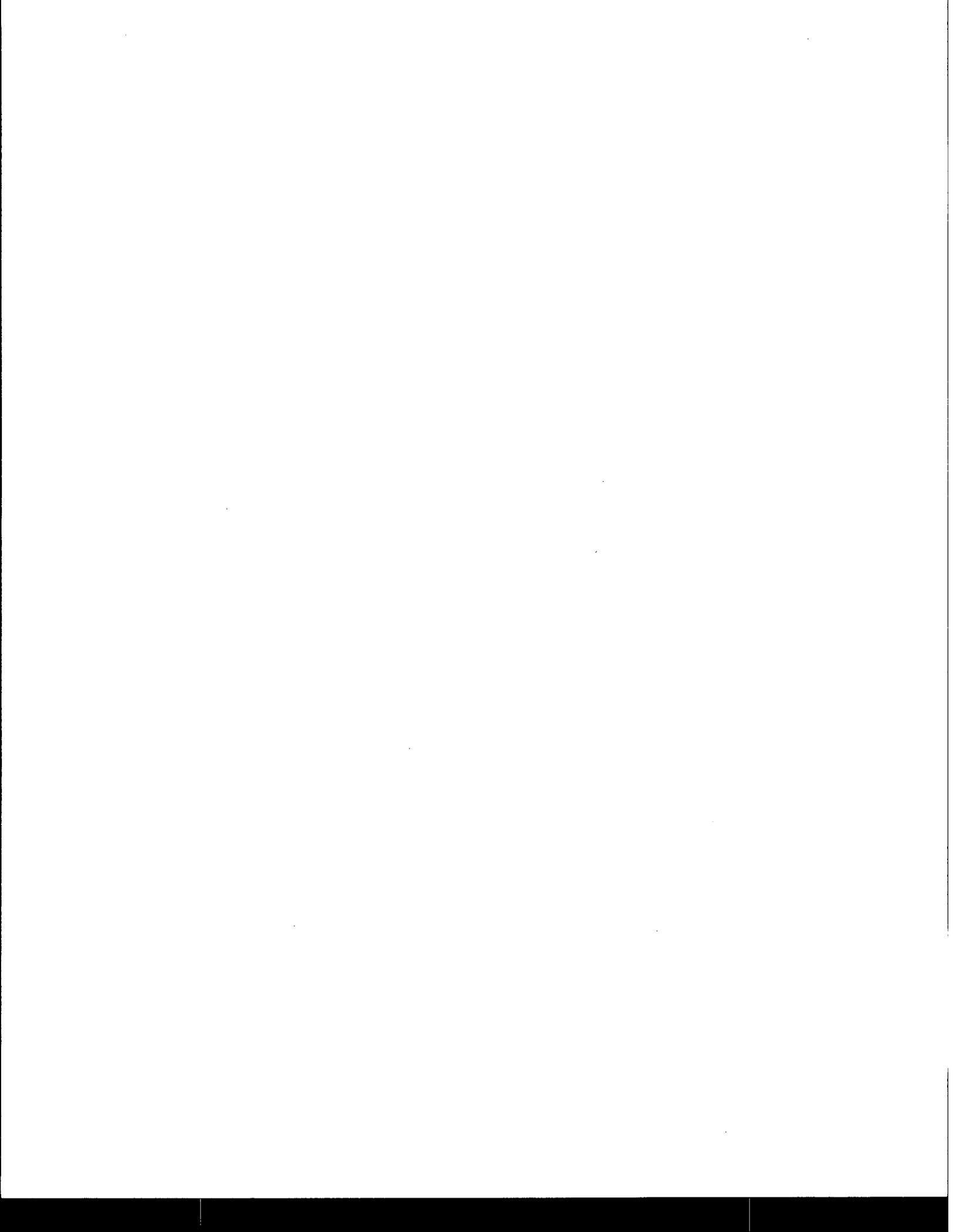
SYMBOL TREND
CALCULATIONS

The multistate average symbol relativities associated with the experience period underlying the present loss cost provisions used in Table B2 are shown on line A of Table C7-1. Line A shows average symbol relativities for the year ended 7/1/2006 based on written exposure distributions, which approximates the average symbol relativities based on earned distributions for year ended 12/31/2006 which was used to generate average loss costs at current level for year ended 12/31/2006. Similarly, the average symbol relativities for year ended 7/1/2007 based on written exposure distributions approximates the average symbol relativities based on earned distributions for year ended 12/31/2007, which was used to generate average loss costs at current level for year ended 12/31/2007.

The multistate average symbol relativities by year-ended quarter from 10/1/2009 to 1/1/2012 are shown on line B for use in projection to the proposed effective date. (See Explanatory Notes for further explanation of the calculation of average symbol relativities.)

The calculation of the average symbol relativities based on the proposed effective date is shown on lines C through G. Lines E and F show the average relativities, drawn from the average relativities shown on Line B, for the year-ending quarters immediately before and after the prospective rating period. Line G interpolates between these values to estimate the average relativity for the prospective period.

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SYMBOL PREMIUM TREND

SYMBOL TREND
CALCULATIONS
(Cont'd)

The symbol trend factor is calculated on line H. The symbol trend factor is determined by dividing Line G (the average symbol relativity for the 12 month period for policies that will be written using the prospective loss costs – year ended 5/1/2010 in this review) by Line A (the average symbol relativity underlying the age and symbol factors used to develop the present average loss cost provision in this review, for years ended 12/31/2006 and 12/31/2007, respectively).

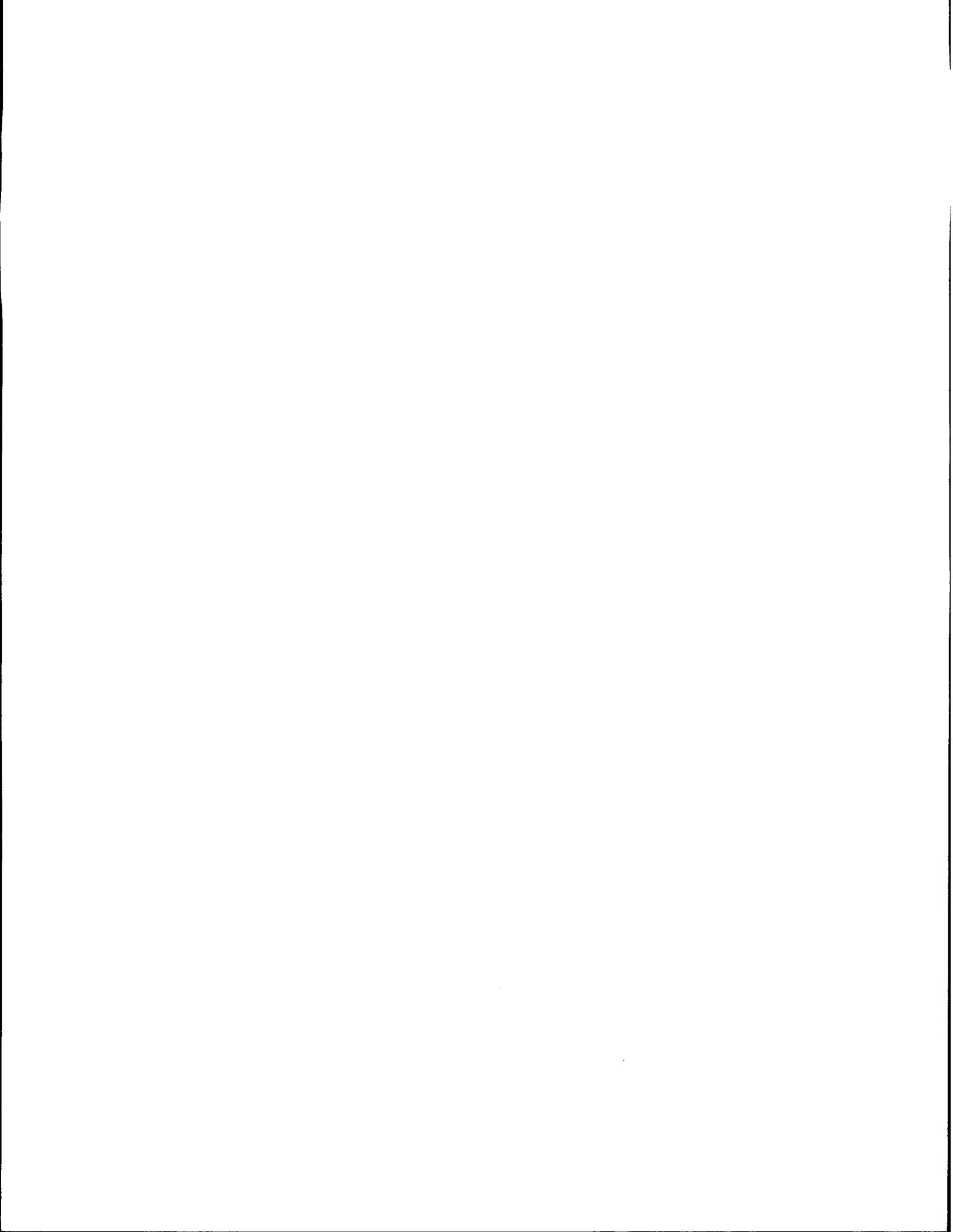
For example, for year ended 12/31/2007 the projection period for symbol trend is the number of years from year ended 7/1/2007 (the distribution used to calculate the average symbol factor included in the present loss cost provision for year ended 12/31/2007) to year ended 5/1/2010 (the period when policies will be written using the prospective loss costs), which is 2.83 years (7/1/2007 to 5/1/2010) or 34 months.

Line (I) calculates the annualized symbol trends. The annualized trend is the symbol trend factor raised to a power equal to the reciprocal of the number of years projection ($1 \div 2.83$) using years or ($12 \div 34$) using months, for year ended 12/31/2007.

AGE
DISTRIBUTION

Age distributions for any given year are impacted by the auto sales for current and prior model years. As auto sales vary from year to year due to changes in the economy, the age distribution will also vary from year to year. Each model year has an average symbol relativity associated with it, with the average symbol relativity increasing over time as the model years become more current. Thus, in order to determine the appropriate symbol trend, ISO reflects the effects on average symbol relativities due to changes in the age distribution from the experience period to the prospective period.

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 TABLE C7-1
 CALCULATION OF SYMBOL TREND FACTORS

A. Average Symbol Relativity of Experience Period:

Year ended	Comp	Coll
07/01/2006	1.639	1.330
07/01/2007	1.684	1.352

B. Summary of Average Symbol Relativities by year-ended quarter for determining symbol trend for the prospective effective date.

Year ended	Comp	Coll
10/01/2009	1.770	1.395
01/01/2010	1.776	1.398
04/01/2010	1.785	1.402
07/01/2010	1.795	1.408
10/01/2010	1.804	1.412
01/01/2011	1.812	1.415
04/01/2011	1.821	1.420
07/01/2011	1.832	1.425
10/01/2011	1.841	1.430
01/01/2012	1.850	1.434

C. Proposed Projection Date: 05/01/2010

D. Number of months to next year-ended quarter (in B above): 2

E. Average Symbol Relativity as of prior year-ended quarter:

Year ended	Comp	Coll
04/01/2010	1.785	1.402

F. Average Symbol Relativity as of next year-ended quarter:

Year ended	Comp	Coll
07/01/2010	1.795	1.408

G. Average Symbol Relativity as of Projection Date (Date in C above):
 (D/3) (E) + ((3-D)/3) (F) = Av. Sym. Rel.

COMP: (2 / 3) 1.785 + (1 / 3) 1.795 = 1.788
 COMP: (2 / 3) 1.402 + (1 / 3) 1.408 = 1.404

H. Symbol Trend Factors:
 (G)/(A)
 Year-Ended 12/31/2006 Comp: 1.788 / 1.639 = 1.091
 Coll: 1.404 / 1.330 = 1.056
 Year-Ended 12/31/2007 Comp: 1.788 / 1.684 = 1.062
 Coll: 1.404 / 1.352 = 1.038

I. Annualized Trends: (H)^(1 / 2.83)
 Year-Ended 12/31/2007 Comp: 2.1%
 Coll: 1.3%

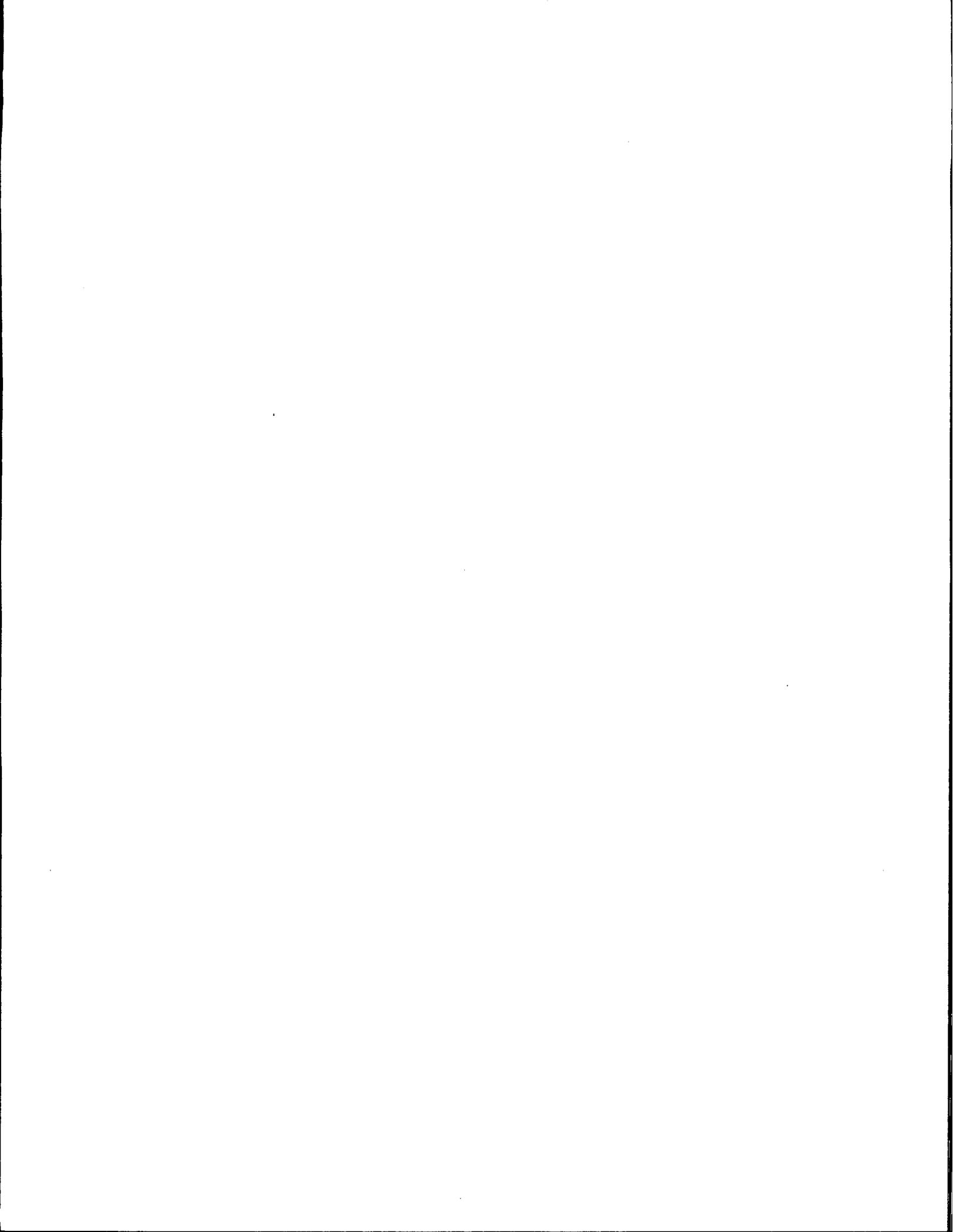
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TABLE C7-2

SUMMARY OF AVERAGE PRICE NEW AND CORRESPONDING SYMBOL RELATIVITIES

(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)
DATE	YR ENDED AVG PRICE NEW CAR	COMP REL.	COLL. REL.	DATE	YR ENDED AVG PRICE NEW CAR	COMP REL.	COLL. REL.
07/01/1987	12386	0.873	0.921	01/01/2000	22040	1.643	1.327
10/01/1987	12554	0.884	0.927	04/01/2000	22028	1.642	1.326
01/01/1988	12664	0.891	0.931	07/01/2000	22031	1.643	1.326
04/01/1988	12835	0.901	0.937	10/01/2000	22021	1.642	1.326
07/01/1988	12968	0.910	0.942	01/01/2001	22010	1.641	1.325
10/01/1988	13117	0.920	0.947	04/01/2001	22117	1.649	1.330
01/01/1989	13293	0.931	0.954	07/01/2001	22285	1.663	1.338
04/01/1989	13478	0.943	0.960	10/01/2001	22481	1.679	1.347
07/01/1989	13640	0.953	0.966	01/01/2002	22727	1.698	1.358
10/01/1989	13795	0.963	0.972	04/01/2002	23035	1.723	1.371
01/01/1990	13950	0.974	0.978	07/01/2002	23190	1.734	1.377
04/01/1990	14099	0.982	0.989	10/01/2002	23353	1.747	1.382
07/01/1990	14259	0.993	0.995	01/01/2003	23585	1.764	1.391
10/01/1990	14418	1.003	1.002	04/01/2003	23633	1.768	1.392
01/01/1991	14578	1.015	1.008	07/01/2003	23848	1.784	1.400
04/01/1991	14674	1.022	1.012	10/01/2003	23934	1.790	1.403
07/01/1991	14779	1.029	1.016	01/01/2004	23943	1.791	1.403
10/01/1991	14902	1.038	1.021	04/01/2004	24119	1.804	1.409
01/01/1992	15015	1.046	1.026	07/01/2004	24149	1.806	1.410
04/01/1992	15240	1.062	1.035	10/01/2004	24277	1.816	1.415
07/01/1992	15460	1.078	1.043	01/01/2005	24437	1.828	1.420
10/01/1992	15669	1.094	1.052	04/01/2005	24516	1.834	1.423
01/01/1993	15858	1.110	1.059	07/01/2005	24724	1.849	1.430
04/01/1993	15985	1.122	1.064	10/01/2005	24876	1.861	1.436
07/01/1993	16115	1.133	1.070	01/01/2006	24982	1.869	1.439
10/01/1993	16262	1.146	1.076	04/01/2006	25145	1.881	1.446
01/01/1994	16458	1.163	1.083	07/01/2006	25232	1.887	1.449
04/01/1994	16720	1.186	1.094	10/01/2006	25359	1.897	1.454
07/01/1994	16983	1.209	1.104	01/01/2007	25502	1.908	1.460
10/01/1994	17265	1.234	1.116	04/01/2007	25665	1.920	1.467
01/01/1995	17516	1.256	1.126	07/01/2007	25843	1.933	1.474
04/01/1995	17664	1.269	1.132	10/01/2007	26022	1.947	1.481
07/01/1995	17803	1.282	1.137	01/01/2008	26127	1.955	1.485
10/01/1995	17858	1.286	1.139	04/01/2008	26093	1.952	1.484
01/01/1996	17948	1.294	1.143	07/01/2008	25864	1.935	1.475
04/01/1996	18142	1.312	1.151	10/01/2008	25623	1.917	1.465
07/01/1996	18350	1.332	1.161	01/01/2009	25429	1.902	1.457
10/01/1996	18719	1.367	1.179	04/01/2009	25236	1.888	1.449
01/01/1997	19133	1.407	1.198	07/01/2009	25298	1.892	1.452
04/01/1997	19511	1.441	1.216	10/01/2009	25355	1.897	1.454
07/01/1997	19915	1.473	1.233	01/01/2010	25511	1.908	1.460
10/01/1997	20251	1.500	1.248	04/01/2010	25857	1.934	1.474
01/01/1998	20511	1.521	1.259	07/01/2010	26148	1.956	1.486
04/01/1998	20821	1.546	1.272	10/01/2010	26489	1.982	1.500
07/01/1998	21085	1.567	1.284	01/01/2011	26758	2.002	1.510
10/01/1998	21300	1.584	1.294	04/01/2011	26948	2.016	1.518
01/01/1999	21531	1.603	1.304	07/01/2011	27106	2.027	1.524
04/01/1999	21682	1.615	1.311	10/01/2011	27235	2.037	1.529
07/01/1999	21808	1.625	1.316	01/01/2012	27350	2.045	1.534
10/01/1999	21962	1.637	1.323				

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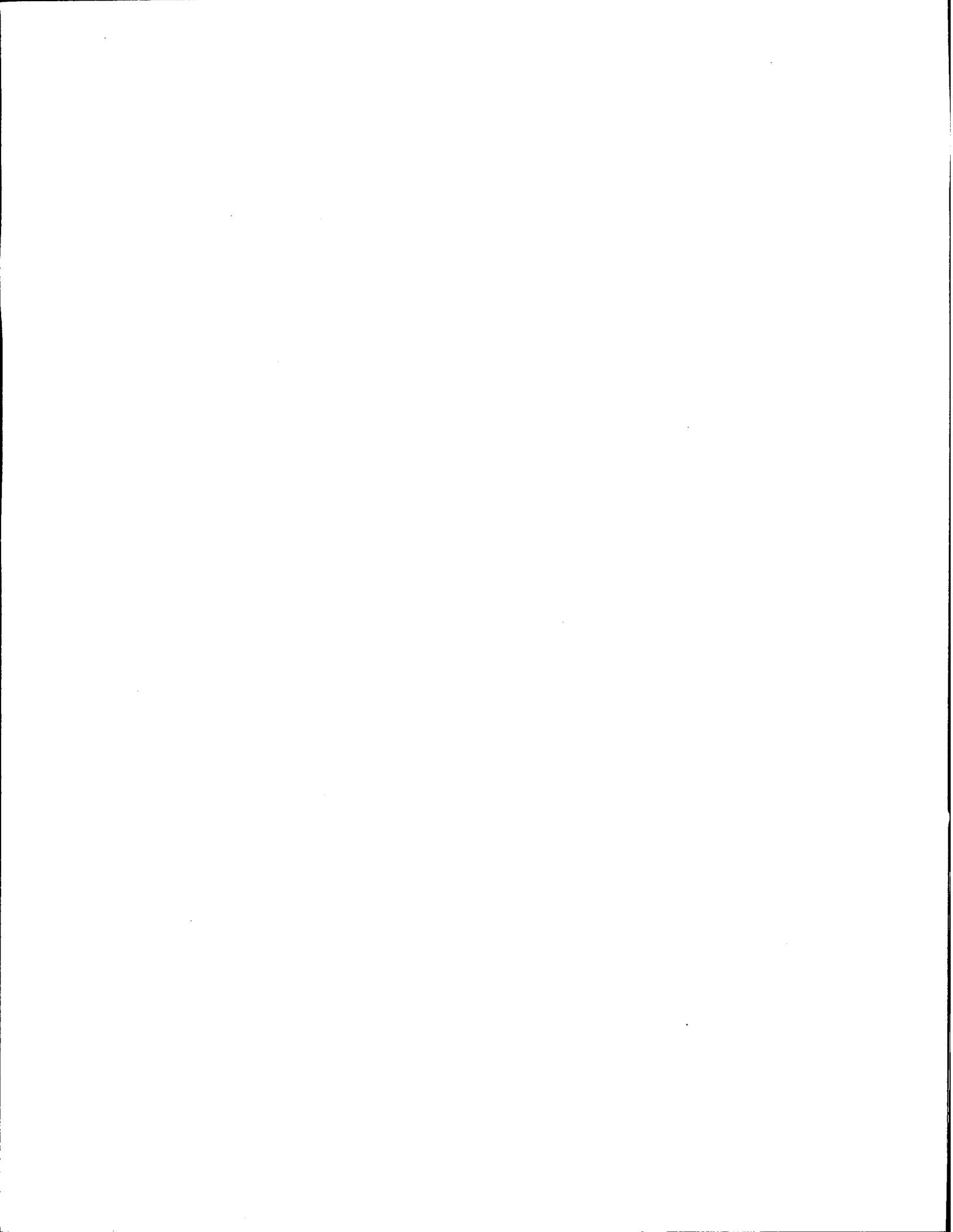
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TABLE C7-3
EXPOSURE DISTRIBUTION BY AGE

Comprehensive										
AGE	6/2007	12/2007	6/2008	12/2008	6/2009	12/2009	6/2010	12/2010	6/2011	12/2011
1	6.8%	6.7%	6.7%	6.5%	6.6%	7.1%	7.1%	7.2%	7.3%	7.7%
2	10.1%	9.9%	10.0%	9.7%	9.9%	9.5%	9.9%	10.2%	10.5%	10.4%
3	10.4%	10.2%	10.1%	10.0%	10.1%	9.8%	9.9%	9.5%	9.8%	10.2%
4	10.0%	9.9%	9.9%	9.9%	9.7%	9.5%	9.6%	9.4%	9.5%	9.0%
5	9.7%	9.5%	9.6%	9.5%	9.6%	9.5%	9.3%	9.2%	9.2%	8.9%
6	9.2%	9.2%	9.1%	9.1%	9.0%	9.0%	9.0%	8.9%	8.7%	8.6%
7	8.3%	8.3%	8.5%	8.6%	8.4%	8.3%	8.3%	8.3%	8.2%	8.2%
8	7.8%	7.8%	7.5%	7.4%	7.6%	7.7%	7.5%	7.5%	7.4%	7.4%
9	6.4%	6.7%	6.8%	6.8%	6.5%	6.5%	6.6%	6.7%	6.5%	6.4%
10	5.2%	5.3%	5.4%	5.7%	5.7%	5.7%	5.5%	5.4%	5.5%	5.6%
11	4.1%	4.3%	4.2%	4.3%	4.4%	4.6%	4.7%	4.7%	4.4%	4.4%
12	3.1%	3.2%	3.3%	3.4%	3.4%	3.5%	3.5%	3.6%	3.7%	3.7%
13	2.7%	2.6%	2.4%	2.5%	2.6%	2.7%	2.6%	2.7%	2.7%	2.8%
14	1.9%	2.0%	2.0%	2.0%	1.9%	1.9%	2.0%	2.1%	2.0%	2.0%
15	1.4%	1.4%	1.5%	1.6%	1.6%	1.6%	1.4%	1.4%	1.5%	1.5%
16	1.0%	1.1%	1.1%	1.1%	1.1%	1.2%	1.2%	1.2%	1.1%	1.1%
17	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%
18	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%
19	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

Collision										
AGE	6/2007	12/2007	6/2008	12/2008	6/2009	12/2009	6/2010	12/2010	6/2011	12/2011
1	6.5%	6.4%	6.5%	6.3%	6.5%	6.9%	6.9%	7.0%	7.2%	7.5%
2	10.0%	9.7%	9.9%	9.6%	9.9%	9.4%	9.9%	10.2%	10.5%	10.3%
3	10.6%	10.4%	10.1%	9.9%	10.1%	9.8%	10.0%	9.5%	9.9%	10.2%
4	10.4%	10.3%	10.2%	10.1%	9.8%	9.6%	9.8%	9.4%	9.6%	9.2%
5	10.2%	10.0%	10.1%	10.0%	9.9%	9.8%	9.5%	9.3%	9.3%	9.1%
6	9.7%	9.7%	9.6%	9.6%	9.6%	9.5%	9.4%	9.3%	8.9%	8.7%
7	8.7%	8.6%	8.9%	9.0%	8.9%	8.8%	8.8%	8.8%	8.6%	8.5%
8	8.1%	8.1%	7.8%	7.8%	7.9%	8.1%	7.9%	7.9%	7.8%	7.8%
9	6.5%	6.8%	7.0%	7.0%	6.7%	6.7%	6.8%	6.9%	6.7%	6.8%
10	5.1%	5.3%	5.4%	5.7%	5.8%	5.8%	5.5%	5.6%	5.6%	5.7%
11	4.0%	4.2%	4.1%	4.2%	4.3%	4.5%	4.6%	4.6%	4.4%	4.4%
12	2.9%	2.9%	3.1%	3.2%	3.2%	3.3%	3.3%	3.5%	3.5%	3.6%
13	2.4%	2.4%	2.2%	2.2%	2.3%	2.5%	2.4%	2.5%	2.5%	2.6%
14	1.6%	1.7%	1.8%	1.8%	1.6%	1.7%	1.7%	1.8%	1.8%	1.8%
15	1.1%	1.2%	1.2%	1.3%	1.3%	1.3%	1.2%	1.2%	1.3%	1.3%
16	0.8%	0.8%	0.8%	0.9%	0.9%	1.0%	0.9%	1.0%	0.9%	0.9%
17	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%	0.7%	0.7%
18	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%
19	0.3%	0.4%	0.3%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%

Note: The distributions for 6/2007 and 12/2007 are historical distributions.
The distributions for 6/2008 through 12/2011 are estimated.

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TABLE C7-4

Average Price and Selected Relativities for Symbol Definitions

1989 & Prior Model Years				1990 - 2010 Model Years			
Symbol	Average Price	<u>Present Relativity</u>		Symbol	Average Price	<u>Present Relativity</u>	
		Comp	Coll			Comp	Coll
4	3,225	0.21	0.42	1	5,750	0.38	0.62
5	4,350	0.25	0.52	2	7,250	0.49	0.70
6	5,750	0.38	0.62	3	8,500	0.59	0.77
7	7,250	0.49	0.70	4	9,500	0.67	0.82
8	9,000	0.64	0.80	5	10,625	0.75	0.86
10	11,250	0.80	0.88	6	11,875	0.84	0.90
11	13,750	0.96	0.97	7	13,125	0.92	0.95
12	16,250	1.14	1.07	8	14,375	1.00	1.00
13	18,750	1.37	1.18	10	15,625	1.09	1.05
14	22,000	1.64	1.32	11	16,875	1.20	1.10
15	26,000	1.95	1.48	12	18,125	1.31	1.15
16	30,500	2.27	1.65	13	19,375	1.43	1.21
17	36,000	2.64	1.80	14	21,000	1.56	1.28
18	42,500	3.06	1.94	15	23,000	1.72	1.37
19	50,500	3.55	2.11	16	25,000	1.87	1.44
20	60,000	4.14	2.32	17	27,000	2.02	1.52
21	above 65K	5.17	2.71	18	29,000	2.16	1.60
				19	31,500	2.34	1.68
				20	34,500	2.54	1.76
				21	38,000	2.77	1.84
				22	42,500	3.06	1.94
				23	47,500	3.37	2.05
				24	55,000	3.83	2.21
				25	65,000	4.49	2.46
				26	75,000	5.17	2.71
				27	above 80K	(a)	(b)

(a) Add 0.74 to symbol 26 relativity for each \$10,000 or fraction of \$10,000 above \$80,000.

(b) Add 0.35 to symbol 26 relativity for each \$10,000 or fraction of \$10,000 above \$80,000.

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INSURANCE SERVICES OFFICE, INC.

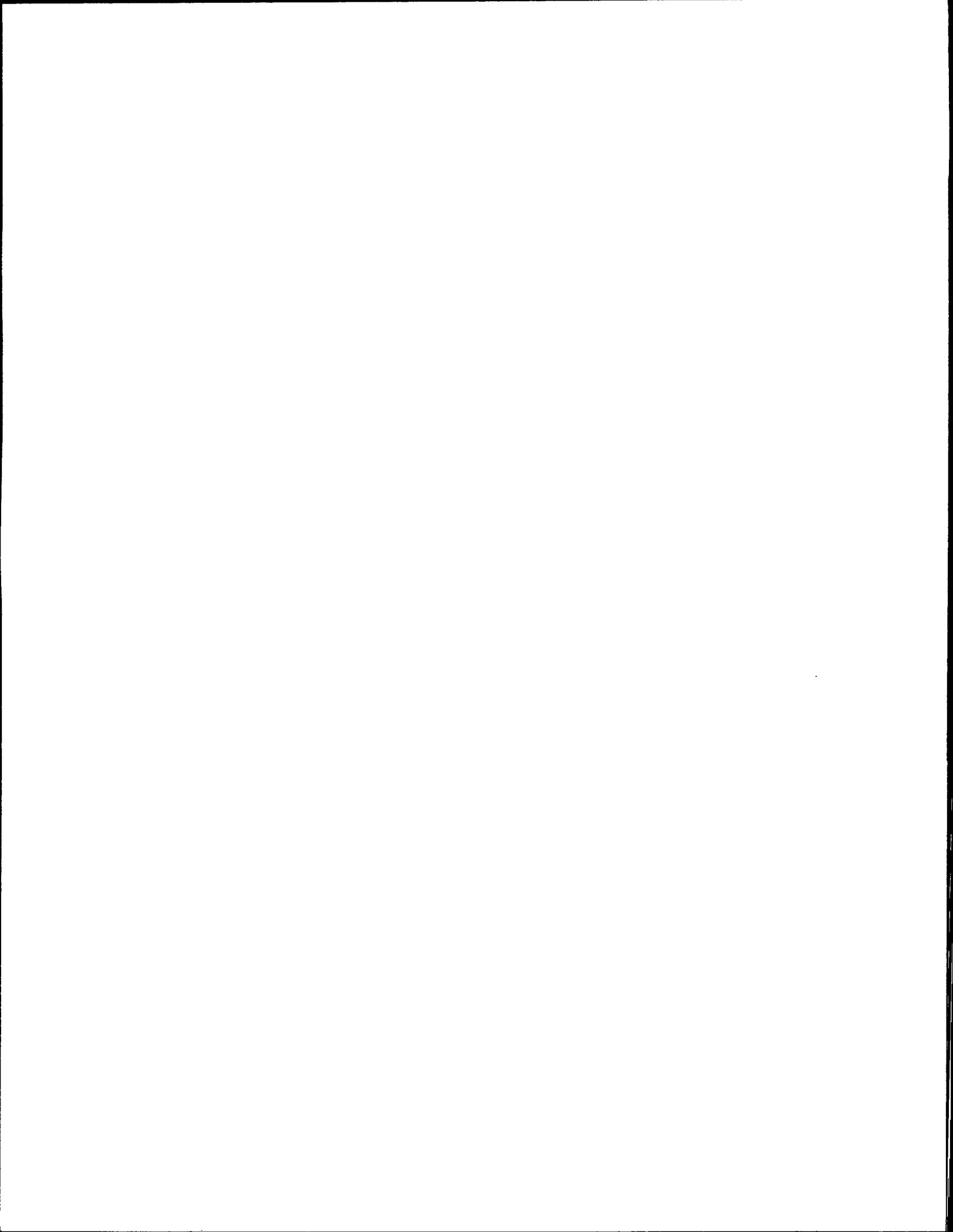
ARKANSAS
PERSONAL AUTO INSURANCE
TABLE C7-4 (Cont'd)
Average Price and Selected Relativities for Symbol Definitions

2011 & Later Model Years

<u>Present Relativity</u>				<u>Present Relativity</u>			
<u>Symbol</u>	<u>Average Price</u>	<u>Comp</u>	<u>Coll</u>	<u>Symbol</u>	<u>Average Price</u>	<u>Comp</u>	<u>Coll</u>
01	1,500	0.31	0.44	40	34,500	2.52	1.75
02	4,250	0.38	0.55	41	35,500	2.58	1.77
03	6,750	0.47	0.67	42	36,500	2.65	1.80
04	8,500	0.58	0.77	43	37,500	2.71	1.82
05	9,500	0.66	0.82	44	38,500	2.78	1.84
06	10,500	0.73	0.85	45	39,500	2.84	1.86
07	11,500	0.81	0.88	46	40,625	2.91	1.89
08	12,500	0.87	0.92	47	41,875	2.99	1.92
10	13,500	0.94	0.96	48	43,125	3.07	1.94
11	14,500	1.00	1.00	49	44,375	3.15	1.97
12	15,313	1.06	1.03	50	45,625	3.22	2.00
13	15,938	1.11	1.06	51	46,875	3.30	2.03
14	16,563	1.16	1.08	52	48,125	3.38	2.05
15	17,188	1.22	1.11	53	49,375	3.45	2.08
16	17,813	1.27	1.13	54	51,250	3.57	2.12
17	18,438	1.33	1.16	55	53,750	3.72	2.17
18	19,063	1.39	1.19	56	56,250	3.88	2.23
19	19,688	1.44	1.22	57	58,750	4.04	2.29
20	20,313	1.49	1.24	58	62,500	4.29	2.39
21	20,938	1.54	1.27	59	67,500	4.62	2.51
22	21,563	1.59	1.30	60	72,500	4.96	2.63
23	22,188	1.64	1.33	61	77,500	5.31	2.78
24	22,813	1.69	1.35	62	82,500	5.67	2.96
25	23,438	1.74	1.38	63	87,500	6.04	3.13
26	24,063	1.78	1.40	64	92,500	6.41	3.31
27	24,688	1.83	1.42	65	97,500	6.77	3.48
28	25,313	1.88	1.45	66	105,000	7.32	3.74
29	25,938	1.92	1.47	67	115,000	8.06	4.09
30	26,563	1.97	1.50	68	125,000	8.79	4.44
31	27,188	2.02	1.52	69	135,000	9.52	4.79
32	27,813	2.06	1.54	70	145,000	10.26	5.13
33	28,438	2.10	1.57	71	(a)	11.00	5.48
34	29,063	2.15	1.59	72	(a)	11.74	5.83
35	29,688	2.19	1.61	73	(a)	12.48	6.18
36	30,500	2.25	1.64	74	(a)	13.22	6.53
37	31,500	2.32	1.67	75	(a)	13.96	6.88
38	32,500	2.39	1.70	98	Above	(b)	(c)
39	33,500	2.45	1.72		\$150,000		

- (a) These are Rating Symbols only. They have no corresponding price ranges. Vehicles can only be assigned these Rating Symbols via experience-based modification.
- (b) Add 0.74 to symbol 75 relativity for each \$10,000 or fraction of \$10,000 above \$150,000.
- (c) Add 0.35 to symbol 75 relativity for each \$10,000 or fraction of \$10,000 above \$150,000.

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SYMBOL PREMIUM TREND – EXPLANATORY NOTES TO TABLES C7-1 TO C7-4

Table C7-1 sets forth the calculation of the symbol trend factor. Table C7-2 displays the year ended symbol relativities for Comprehensive (Column (3)) and Collision (Column (4)) for the average price new (Column (2)) for that year. Average price new is based on actual quarterly data obtained from Global Insight, Inc. for points through year ended 7/1/2008 and projections compiled by Global Insight, Inc. in August, 2008. Table C7-3 displays the exposure distributions by age for Comprehensive and Collision utilized to calculate the average symbol relativities shown on Table C7-1 lines A and B. Table C7-4 displays the current ISO symbol relativities and the associated average price by symbol group. The relativities for average price new by year ended quarter shown in Columns (3) and (4) of Table C7-2 are based on the symbol relativities shown on Table C7-4.

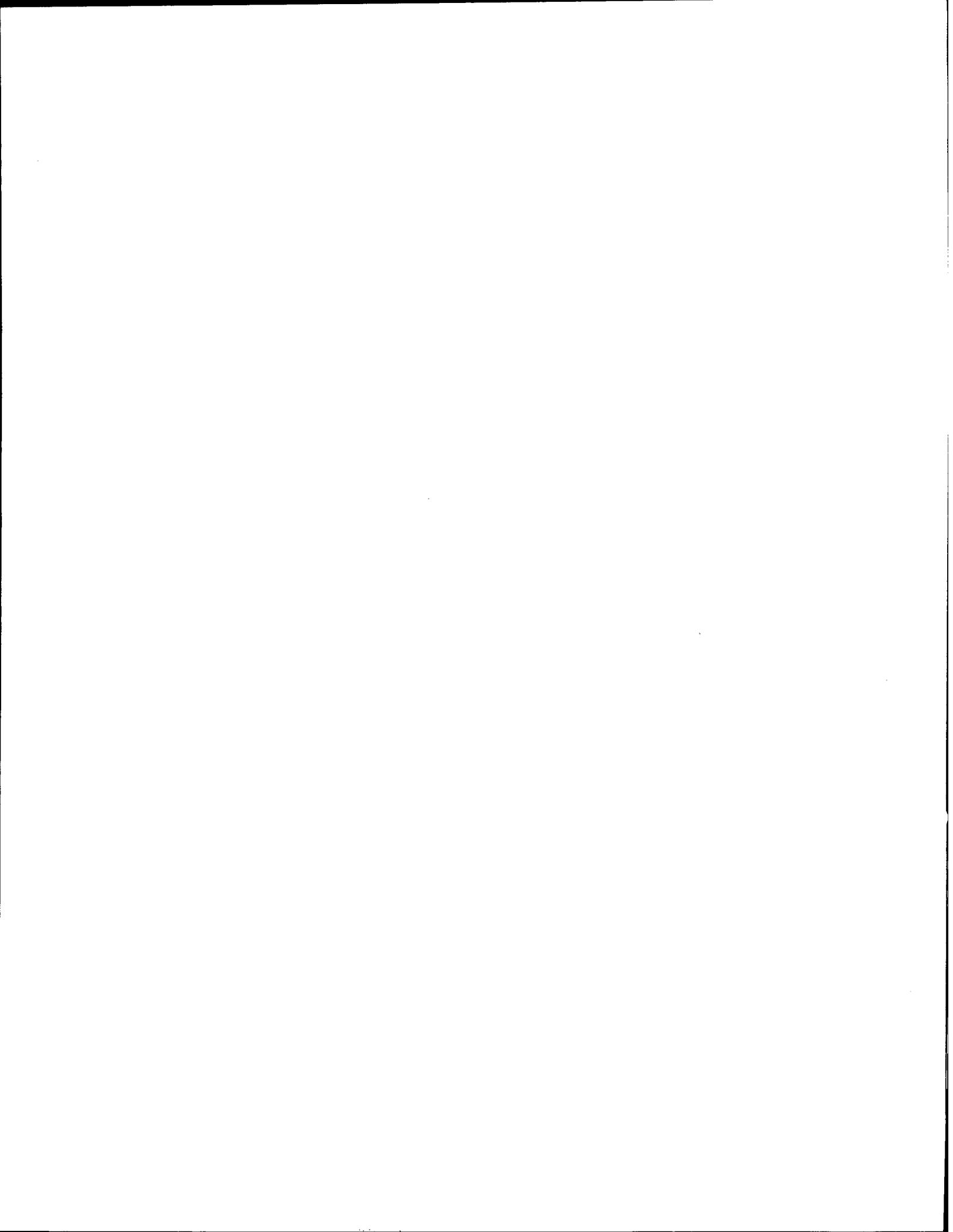
The average symbol relativities for the experience period (line A of Table C7-1) and the average symbol relativities by year ended quarter from 10/1/2009 to 1/1/2012 (line B of Table C7-1) were calculated by weighting the symbol relativities on Table C7-2 on the exposure distribution by age shown on Table C7-3, with age 1 weight applied to the year ended quarter, n; age 2 weight applied to year ended quarter, n-1; age 3 weight applied to year ended quarter, n-2; etc., where, n = the year ended quarter for which the average symbol relativity is being calculated. For example, the Comprehensive average symbol relativity for year ended 1/1/2011 of 1.827 was calculated as follows:

$$2.002 (4^{\text{th}} \text{ Q, 2010}) \times .072 + 1.908 (4^{\text{th}} \text{ Q, 2009}) \times .102 + 1.902 (4^{\text{th}} \text{ Q, 2008}) \times .095 + \dots$$

Average symbol relativities calculated by the above procedure for a given year ended period utilize the age distribution for that year. Age distributions for years ended 12/31 are used to determine average symbol relativities for years ended 1/1 and 4/1; age distributions for years ended 6/30 are used to determine average symbol relativities for years ended 7/1 and 10/1.

Projected age distributions (6/2008 through 12/2011) in Table C7-3 were determined by applying auto sales indices obtained from Global Insight, Inc. to determine estimated age percentages for new model years (ages 1 and 2). Estimates for age 3 and over were determined by applying age retention factors for prior model year distributions to estimate the reduced percentage contribution to the total as the model year ages.

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MODEL YEAR PREMIUM TREND

IMPORTANCE OF
APPLICATION

Due to model year rating, the present loss cost provision used to develop the indicated change in Table B2 reflects the increased revenue that will be generated by the introduction of newer model year cars during the period in which the loss costs will be effective. Therefore, this reflection of model year loss cost volume trend reduces loss cost level indications.

The average model year relativities corresponding to the period after the introduction of 2008, 2009 and 2010 models are shown on lines 1, 2, and 3.

The change in average relativities is due to two factors: (1) the shift in the distribution to more recent model years as new models are introduced; and (2) changes in the age distribution from the experience period to the prospective period.

MODEL YEAR
RATING
PROGRAM

Under ISO's model year rating program, the base model year is assigned a "model year relativity" of 1.00. Older model years are assigned lower relativities. Model years that are newer than the base are assigned relativities that increase 5% for each prospective year. The loss cost for a given model year is the loss cost for the current base model year times the appropriate relativity.

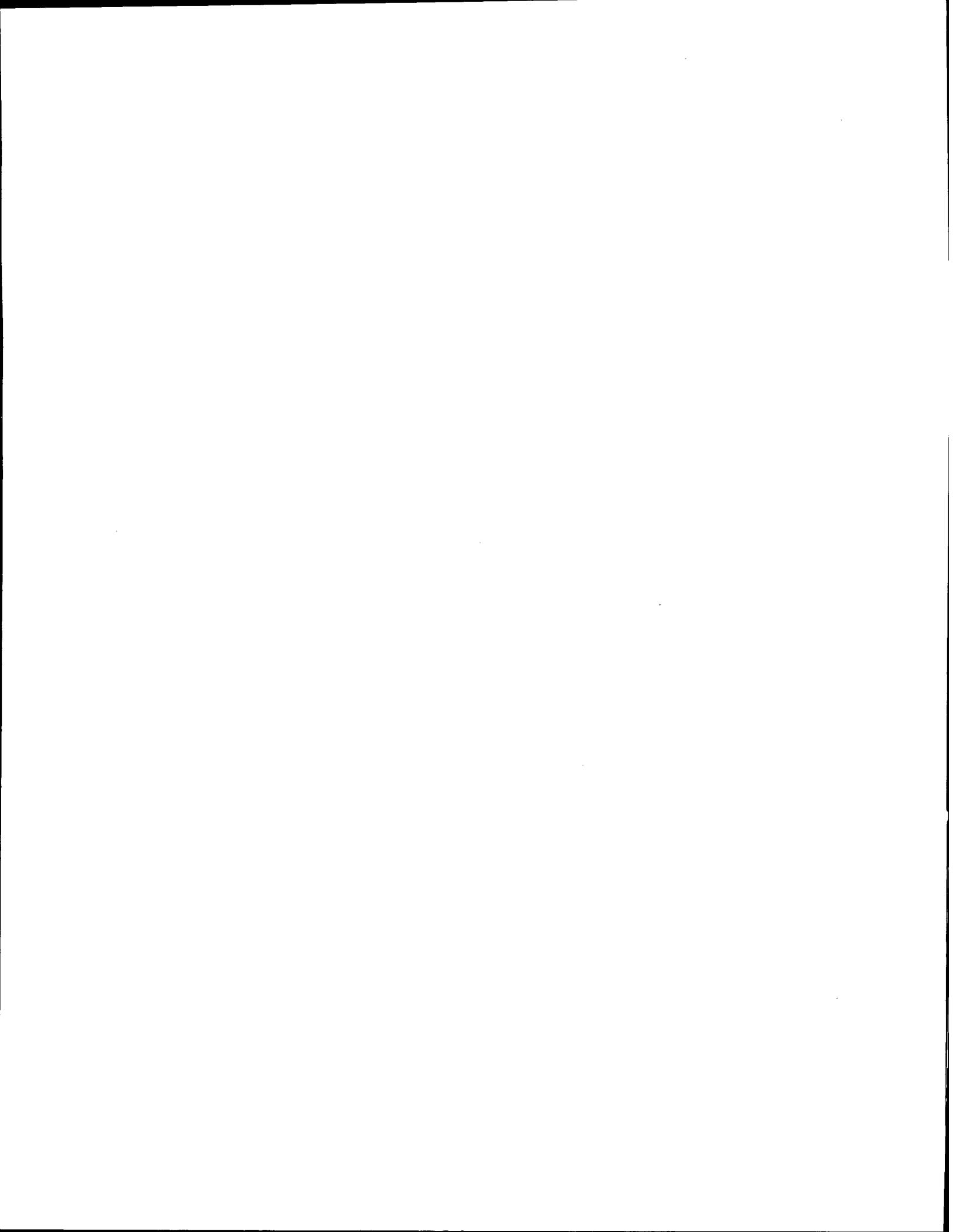
MODEL YEAR
TREND
METHODOLOGY

Table B2, the "Calculation of Statewide Loss Cost Level Changes for Physical Damage Coverages", tests the adequacy of the current loss cost provisions by projecting both experience loss costs and average loss cost provisions, and comparing the two. In determining model year trend we project the average loss cost provision that will result in the prospective rating period if the current base model year, base loss cost, and relativity structure remain in effect. To make this projection, we first determine the average loss cost provision at current level (ALCPCL), and then project this provision to the prospective period based on anticipated changes in the model year vehicle distribution. Anticipated changes in the model year vehicle distribution are important because the model year rating program provides for a 5% increase in the relativity for each prospective model year.

ISO's calculation of the ALCPCL incorporates average age relativities that vary by territory. These average relativities are a weighted average of the age relativities on each territory's latest vehicle age distribution. The base model year relativity of 1.00 is applied to the age 1 distribution, and relativities for older model years are applied to the corresponding age distributions for older cars.

Model year trend factors are calculated separately for Comprehensive and Collision. This factor is reflected in the present loss cost provision for each coverage, thereby reducing the indicated loss cost level.

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PERSONAL AUTO INSURANCE
MODEL YEAR PREMIUM TREND

MODEL YEAR
TREND
METHODOLOGY
(Cont'd)

The model year trend is calculated as the ratio of two average multistate model year relativities:

$$A \div B, \text{ where}$$

A = The multistate average relativity for the period during which policies will be written at the prospective loss cost level, and

B = The multistate average relativity underlying the ALCPCL.

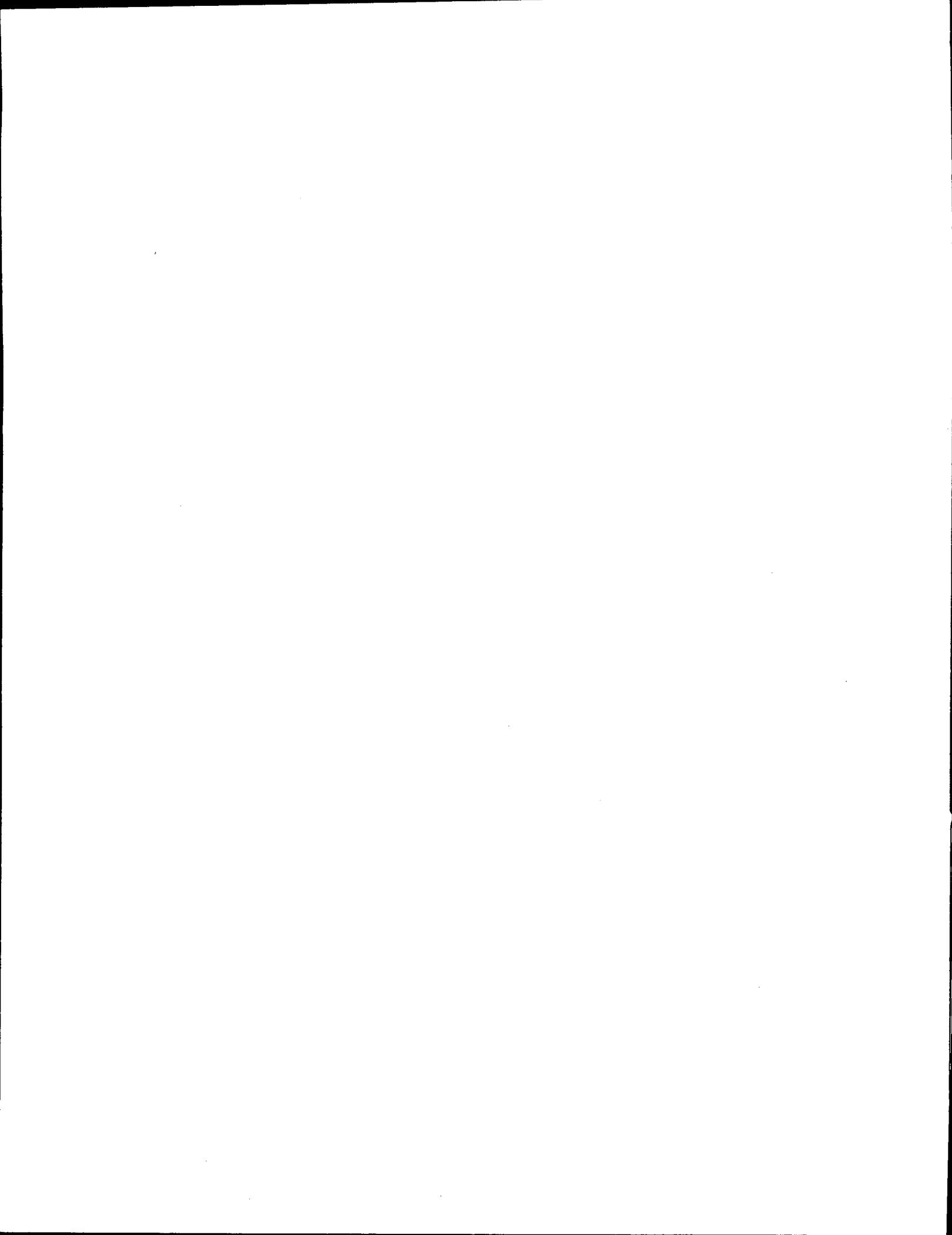
MODEL YEAR
TREND
CALCULATIONS

The calculation of the average relativity underlying the ALCPCL is shown on Line 1 of Table C8-1. This calculation parallels that of the territory average relativities discussed above, using a multistate age distribution. That is, the base model year relativity of 1.00 is applied to the age 1 distribution and relativities for older model years are applied to the corresponding age distributions for older cars.

Lines 2 and 3 show projected multistate average model year relativities for each of the two model year periods which straddle the prospective period. (ISO uses October 1 as the beginning of each new model year.) Line 4 shows the number of months from the effective date to the beginning of the next model year period. Line 5 shows the calculation of the average model year relativity for the prospective period. This is accomplished by interpolating between lines 2 and 3, with Line 2 weighted on the number of months from the effective date to the following October first (displayed on Line 4) and Line 3 weighted on the remaining months to 1 year past the effective date (12 - Line 4).

Line 6 is the model year trend factor, which is determined by dividing Line 5 (the average model year relativity for the period during which policies will be written at prospective loss costs) by Line 1 (the average model year relativity underlying the ALCPCL).

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PERSONAL AUTO INSURANCE

MODEL YEAR PREMIUM TREND

MODEL YEAR
TREND
CALCULATIONS
(Cont'd)

For this review, 2008 was the current base model year, which we assume began on 10/1/2007. Therefore 2008 model year cars are Age 1 during the period 10/1/2007 to 10/1/2008. Since the [trend] effective date for this review is 5/1/2009, the period during which policies will be written using the prospective loss costs is from 5/1/2009 to 5/1/2010.

The projection period for model year trend is the number of years from year ended 10/1/2008 (the period when the base model year cars are Age 1) to year ended 5/1/2010 (the period during which policies will be written using the prospective loss costs), which is 1.58 years (10/1/2008 to 5/1/2010) or 19 months.

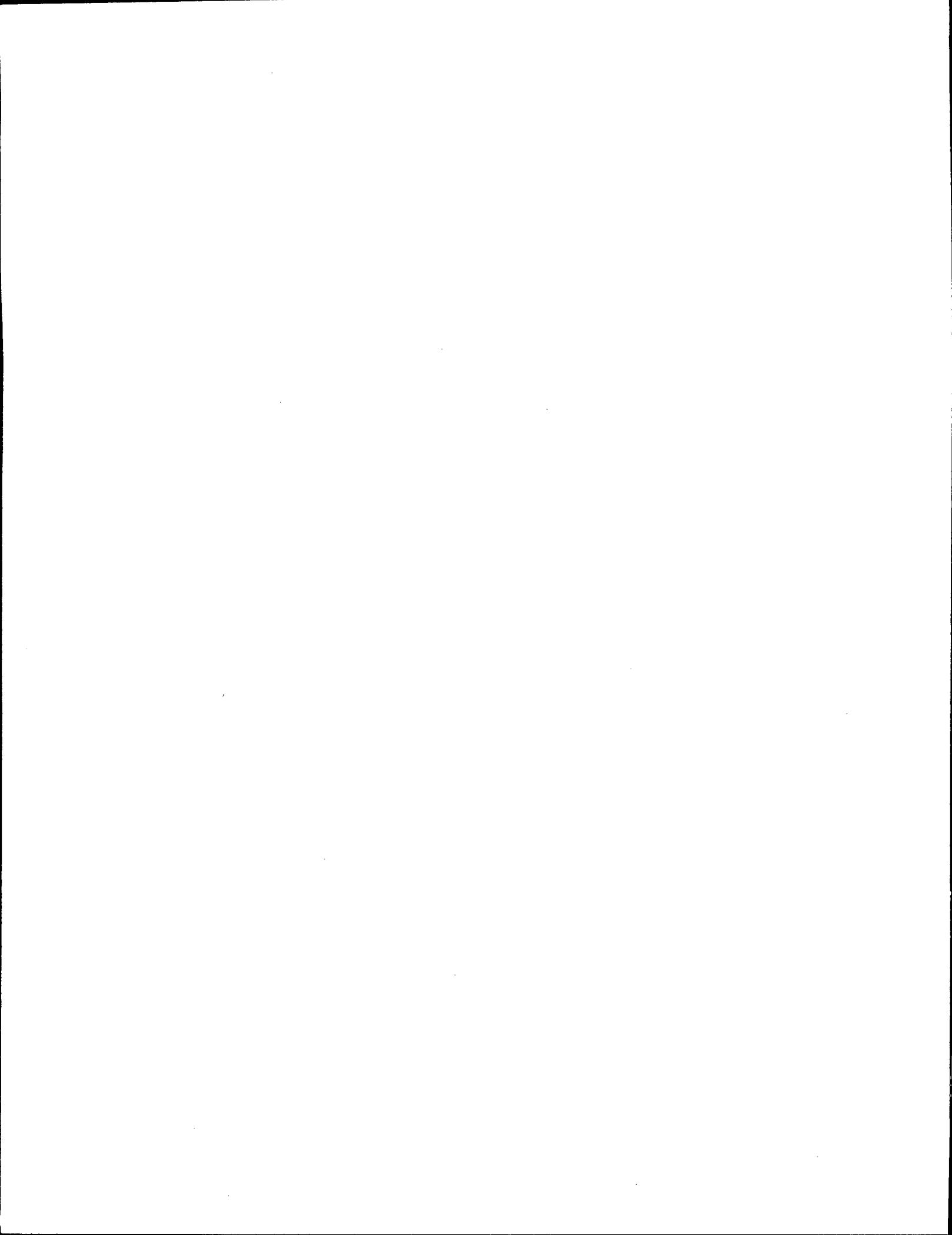
Line (7) calculates the annualized model year trends. The annualized trend is the model year trend factor raised to a power equal to the reciprocal of the number of years in the projection period ($1 \div 1.58$) using years or ($12 \div 19$) using months.

AGE
DISTRIBUTION

Age distributions for any given year are impacted by the auto sales for current and prior model years. As auto sales vary from year to year due to changes in the economy, the age distribution will also vary from year to year. Thus, in order to determine the appropriate model year trend, ISO reflects the effects on average model year relativities due to changes in the age distribution from the experience period to the prospective period.

The average model year relativity for the base model year (the period when 2008 was the most recent model year) is based on the age distribution underlying the present loss cost provision used in Table B2 (year ended 12/31/2007). The average model year relativities for the period in which the revised loss costs will be in use are based on the age distributions for that period (year ended 6/30/2009 distribution is used for the average model year relativity after introduction of 2009 models and year ended 6/30/2010 distribution is used for the average model year relativity after introduction of 2010 models).

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ARKANSAS
PERSONAL AUTO INSURANCE
MODEL YEAR TREND
TABLE C8-1

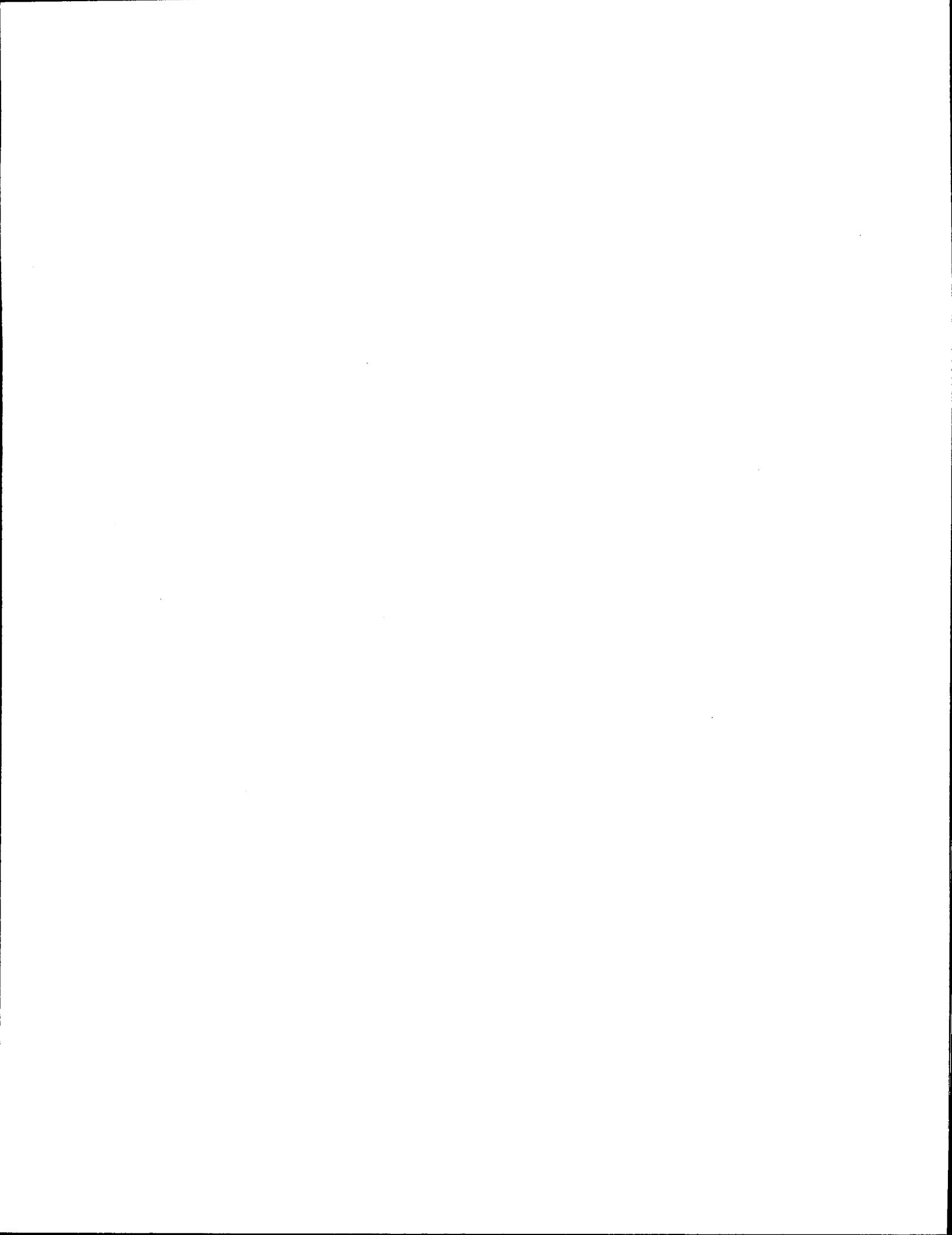
Model Year Relativity Underlying Loss Cost Provisions At Current ISO Level					
Model Year	Vehicle Age Group	Comprehensive		Collision	
		Year-ended 12/31/2007 Age Distribution ^a	Model Year Relativity	Year-ended 12/31/2007 Age Distribution ^a	Model Year Relativity
2008	1	0.067	1.00	0.065	1.00
2007	2	0.101	0.95	0.099	0.94
2006	3	0.104	0.90	0.105	0.88
2005	4	0.099	0.86	0.104	0.83
2004	5	0.096	0.81	0.101	0.76
2003	6	0.092	0.77	0.097	0.70
2002	7	0.083	0.74	0.086	0.66
2001	8	0.078	0.70	0.081	0.62
2000	9	0.065	0.66	0.066	0.58
1999	10	0.052	0.63	0.052	0.55
1998	11	0.042	0.60	0.041	0.51
1997	12	0.031	0.57	0.029	0.48
1996	13	0.027	0.57	0.024	0.48
1995 & prior	14 & Older	0.063	0.57	0.050	0.48
	(1) Average		0.776		0.726

Average Relativity For the Year Starting October 1, 2008 (Introduction of 2009 Model Year)				
Model Year	Comprehensive		Collision	
	Year-ended 6/30/2009 Age Distribution ^b	Model Year Relativity	Year-ended 6/30/2009 Age Distribution ^b	Model Year Relativity
2009	0.066	1.05	0.065	1.05
2008	0.099	1.00	0.099	1.00
2007	0.101	0.95	0.101	0.94
2006	0.097	0.90	0.098	0.88
2005	0.096	0.86	0.099	0.83
2004	0.090	0.81	0.096	0.76
2003	0.084	0.77	0.089	0.70
2002	0.076	0.74	0.079	0.66
2001	0.065	0.70	0.067	0.62
2000	0.057	0.66	0.058	0.58
1999	0.044	0.63	0.043	0.55
1998	0.034	0.60	0.032	0.51
1997	0.026	0.57	0.023	0.48
1996 & prior	0.065	0.57	0.051	0.48
(2) Average		0.811		0.769

^a Based on ISO statistical data for policies earned during the year ended 12/31/2007. See Table C8-2.

^b Projected Age Distribution. See Table C7-3.

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ARKANSAS
PERSONAL AUTO INSURANCE
MODEL YEAR TREND
TABLE C8-1

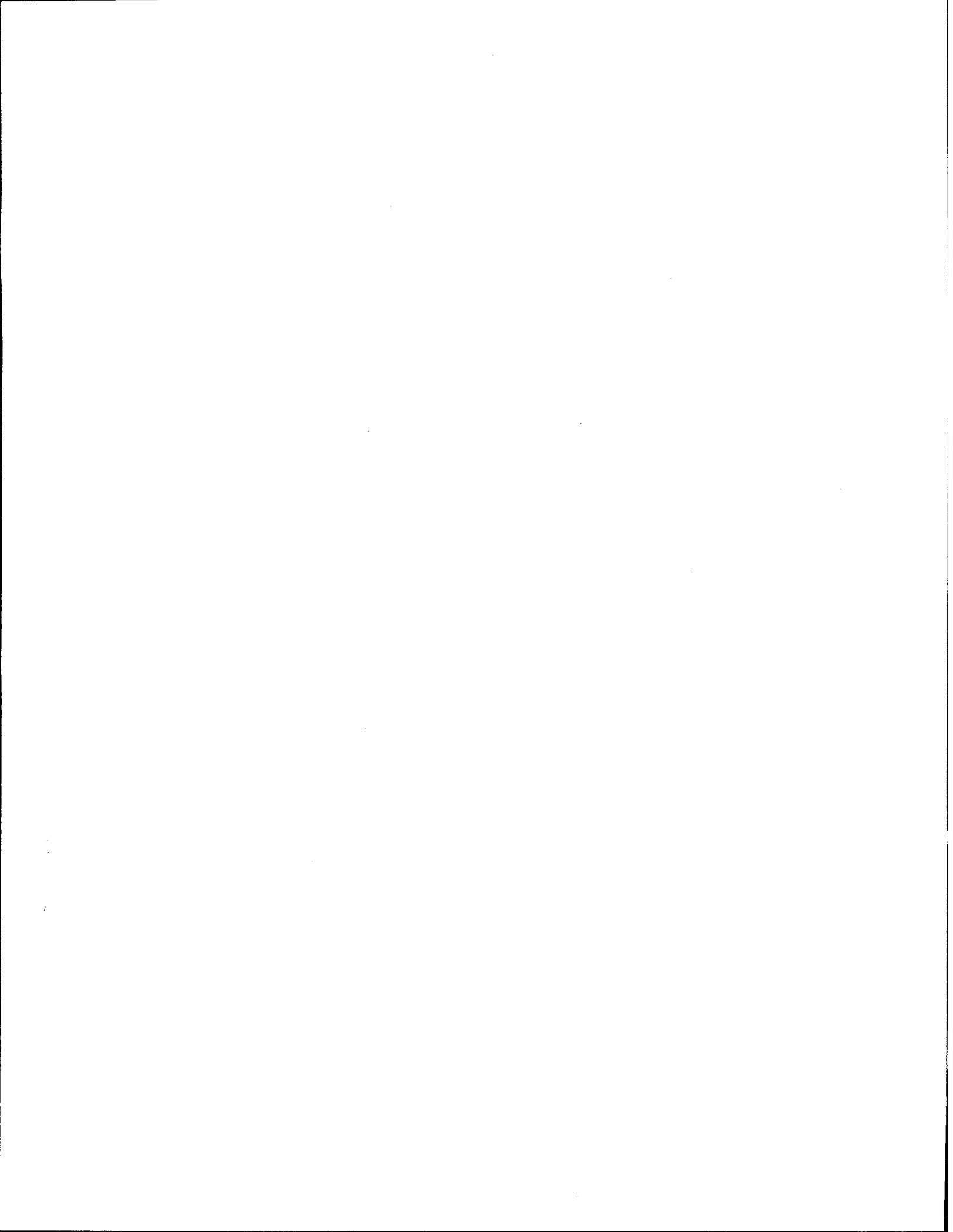
Average Relativity For the Year Starting October 1, 2009 (Introduction of 2010 Model Year)				
Model Year	Comprehensive		Collision	
	Year-ended 6/30/2010 Age Distribution ^a	Model Year Relativity	Year-ended 6/30/2010 Age Distribution ^a	Model Year Relativity
2010	0.071	1.10	0.069	1.10
2009	0.099	1.05	0.099	1.05
2008	0.099	1.00	0.100	1.00
2007	0.096	0.95	0.098	0.94
2006	0.093	0.90	0.095	0.88
2005	0.090	0.86	0.094	0.83
2004	0.083	0.81	0.088	0.76
2003	0.075	0.77	0.079	0.70
2002	0.066	0.74	0.068	0.66
2001	0.055	0.70	0.055	0.62
2000	0.047	0.66	0.046	0.58
1999	0.035	0.63	0.033	0.55
1998	0.026	0.60	0.024	0.51
1997 & prior	0.065	0.57	0.052	0.48
(3) Average		0.851		0.817

- (4) Months from 5/1/2009 effective date to 10/1/2009(b)
- (5) Projected avg. relativity: $[(2) \times (4) + (3) \times (12 - (4))] \div 12$
- (6) Model year trend factor: (5) + (1)
- (7) Annualized trend : (6) ^ (12/19)

	Comprehensive	Collision
	5	5
	0.834	0.797
	1.075	1.098
	4.7%	6.1%

^a Projected Age Distribution. See Table C7-3.

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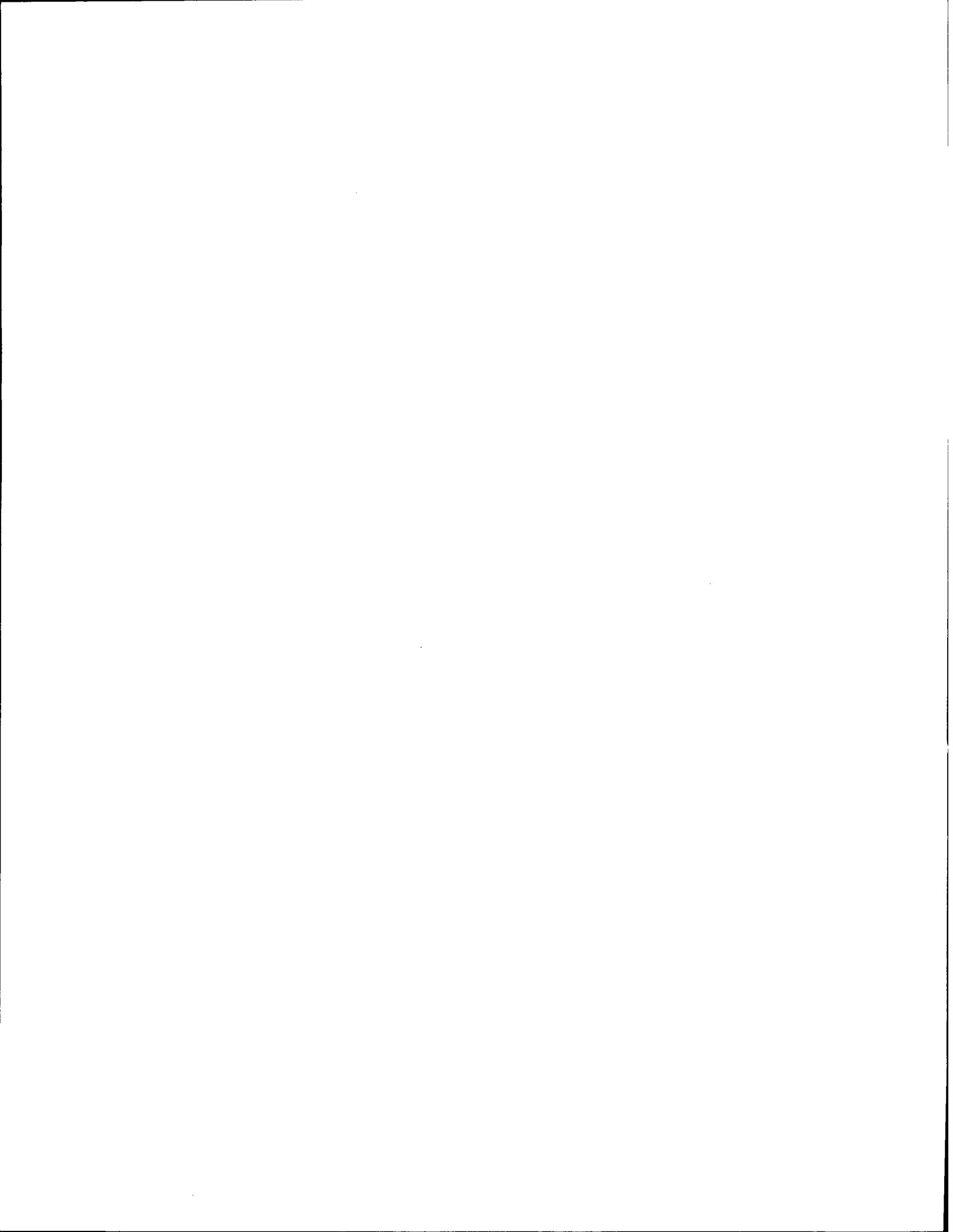
PERSONAL AUTO INSURANCE
PHYSICAL DAMAGE -- AGE DISTRIBUTIONS

TABLE C8-2

BASED ON YEAR-ENDED 12/31/2007
EARNED EXPOSURES

Comprehensive		Collision	
Age	Age Distribution	Age	Age Distribution
1	6.7%	1	6.5%
2	10.1%	2	9.9%
3	10.4%	3	10.5%
4	9.9%	4	10.4%
5	9.6%	5	10.1%
6	9.2%	6	9.7%
7	8.3%	7	8.6%
8	7.8%	8	8.1%
9	6.5%	9	6.6%
10	5.2%	10	5.2%
11	4.2%	11	4.1%
12	3.1%	12	2.9%
13	2.7%	13	2.4%
14	2.0%	14	1.7%
15	1.4%	15	1.1%
16	1.0%	16	0.8%
17	0.8%	17	0.6%
18	0.6%	18	0.5%
19	0.5%	19	0.3%
TOTAL	100.0%	TOTAL	100.0%
SUM(14+)	6.3%	SUM(14+)	5.0%

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PERSONAL AUTO INSURANCE

TABLE C9

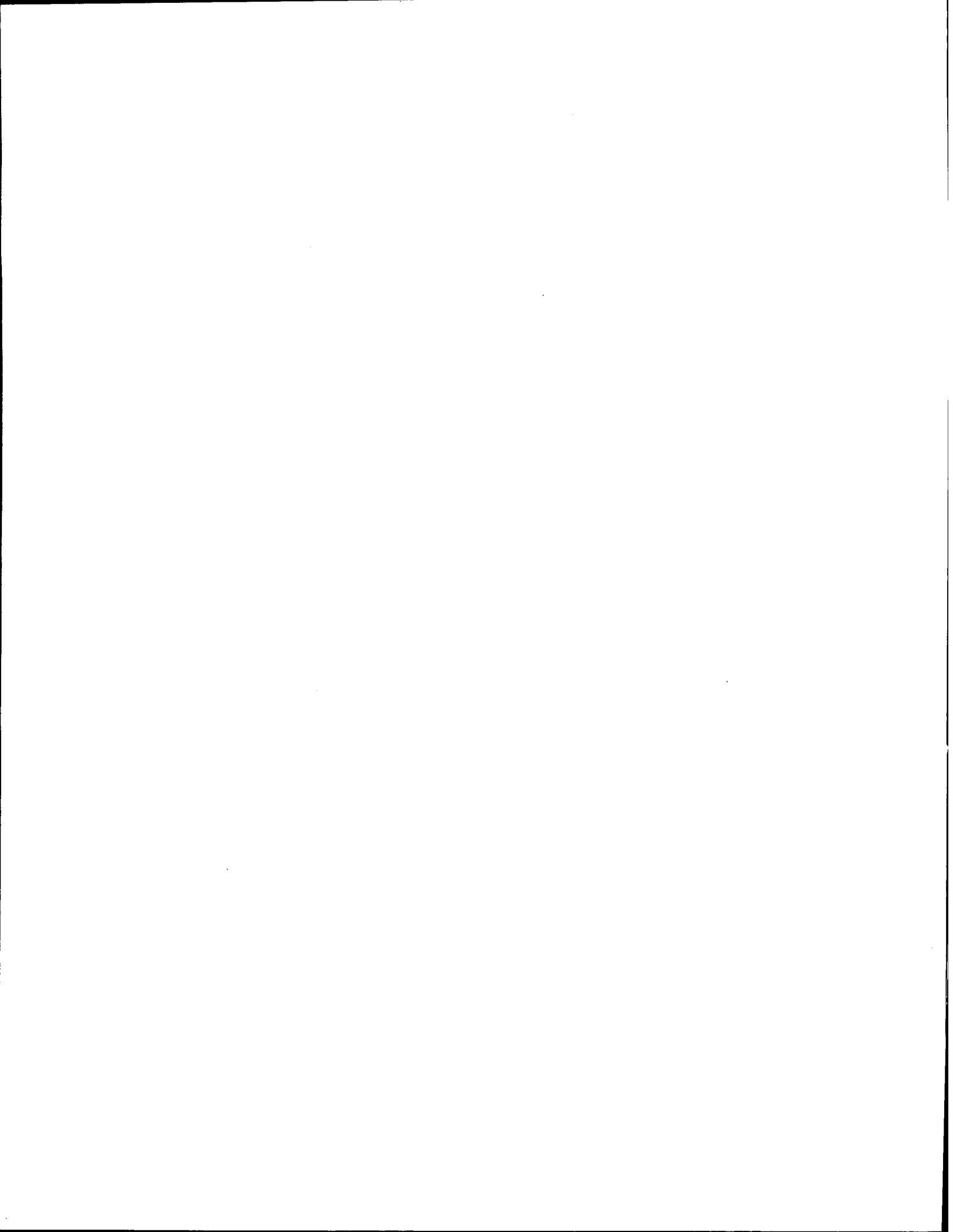
THREE YEAR CLAIMS BY TERRITORY

Territory	Bodily Injury Incurred Claims	Property Damage Incurred Claims	Medical Payments Incurred Claims	Comprehensive Claims (A)	Collision Claims (B)
21	586	1,119	323	1,109	1,491
22	287	676	107	1,287	798
23	807	2,364	303	2,768	2,820
24	2,866	7,759	1,265	10,990	8,991
25	290	525	140	991	782
26	973	2,496	631	4,048	2,683
27	507	1,410	340	3,827	1,834
28	433	1,132	186	2,726	1,519
29	1,290	4,240	760	7,943	5,096
30	601	1,694	241	1,765	1,788
31	1,628	5,878	840	6,692	6,582
32	511	1,372	281	2,615	1,508
33	1,051	2,983	560	4,993	2,711
Total	11,830	33,648	5,977	51,754	38,603

(A) Includes Full, \$50, \$100, \$200, \$250, \$500, and \$1,000 deductible Comprehensive claims adjusted to normalize catastrophic losses.

(B) Includes \$100, \$200, \$250, \$500, and \$1,000 deductible Collision claims.

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PERSONAL AUTO INSURANCE

TABLE C10

REVIEW OF PERSONAL AUTO INSURANCE LOSS COSTS
CREDIBILITY TABLES BASED UPON NUMBER OF CLAIMS

The projected loss costs are weighted in accordance with the following:

<u>Average Number of Claims for the Latest Two Years (A)</u>	<u>Weight to Earlier Year</u>	<u>Weight to Later Year</u>
4,000 and over	0%	100%
3,600 - 3,999	10	90
3,200 - 3,599	20	80
2,800 - 3,199	30	70
2,400 - 2,799	40	60
under 2,400	50	50

<u>Credibility</u>	<u>Determination of Coverage & Territory Credibility (B)(C)</u>	<u>Credibility</u>	<u>Determination of Trend Factor Credibility (D)</u>
0	0 - 29	0	0 - 26
.10	30 - 119	.05	27 - 105
.20	120 - 269	.10	106 - 238
.30	270 - 479	.15	239 - 424
.40	480 - 749	.20	425 - 663
.50	750 - 1,079	.25	664 - 955
.60	1,080 - 1,469	.30	956 - 1,300
.70	1,470 - 1,919	.35	1,301 - 1,699
.80	1,920 - 2,429	.40	1,700 - 2,150
.90	2,430 - 2,999	.45	2,151 - 2,655
1.00	3,000 or more	.50	2,656 - 3,212
		.55	3,213 - 3,823
		.60	3,824 - 4,487
		.65	4,488 - 5,204
		.70	5,205 - 5,974
		.75	5,975 - 6,798
		.80	6,799 - 7,674
		.85	7,675 - 8,604
		.90	8,605 - 9,586
		.95	9,587 - 10,622
		1.00	10,623 or more

- (A) Applied separately by coverage.
- (B) Coverage credibility is based on each coverage's latest two-year number of claims. A minimum credibility of 50% applies.
- (C) Territory credibility is based on the number of claims underlying the three-year pure premium.
- (D) Trend factor credibility is based on the number of claims underlying the latest year's experience appearing in the trend exhibits.

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PERSONAL AUTO INSURANCE

AVERAGE INCREASED LIMITS FACTORS
AND
AVERAGE DEDUCTIBLE RELATIVITIES

IMPORTANCE OF
APPLICATION

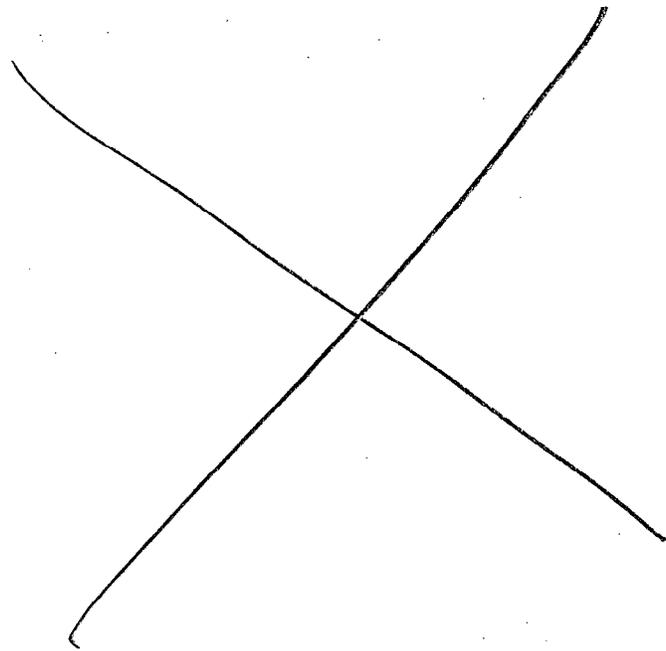
In order to calculate the Statewide Average Indicated Loss Costs, it is necessary to calculate total limits loss costs for Liability and all-deductible loss costs for Physical Damage.

METHODOLOGY
FOR LIABILITY

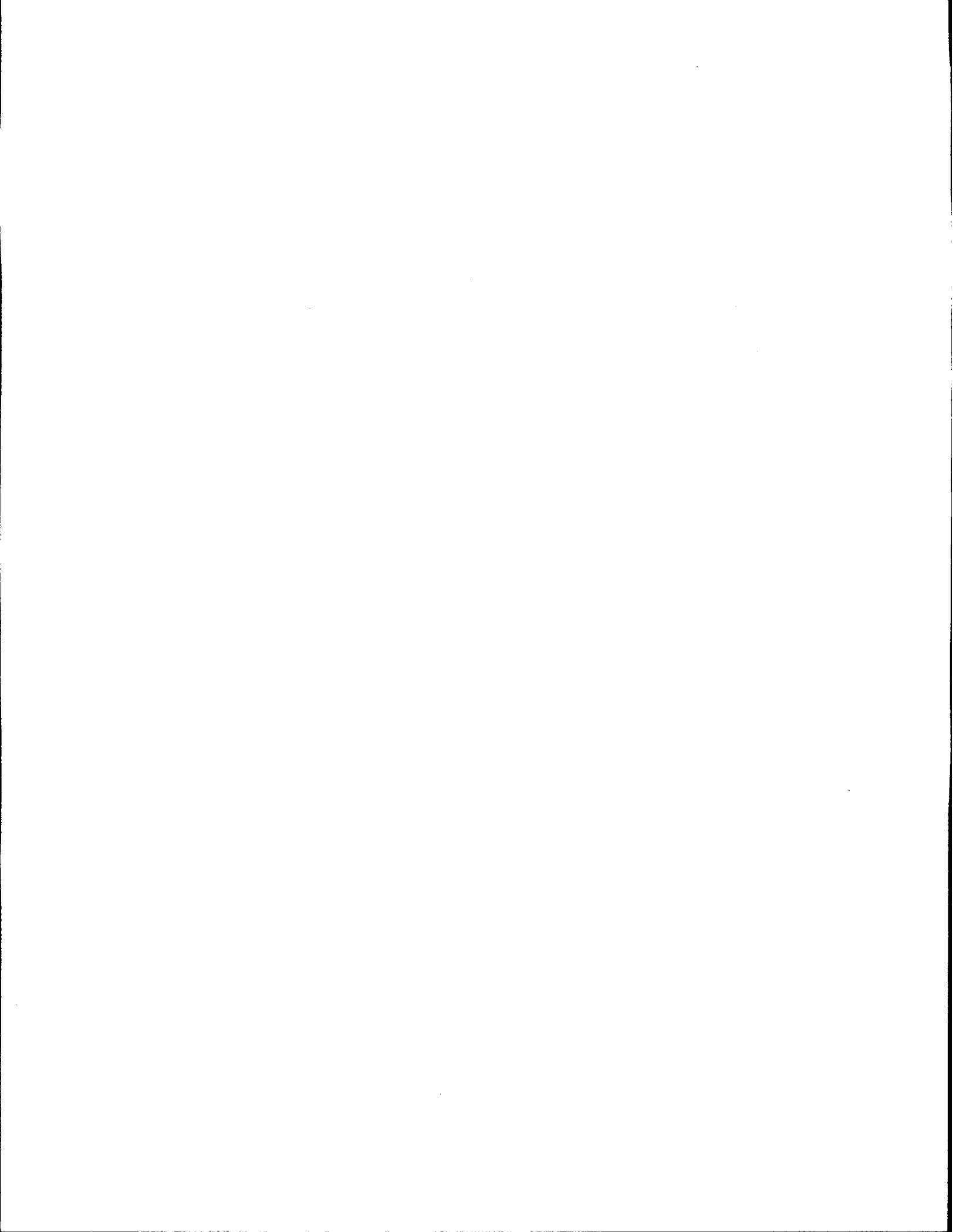
For Bodily Injury, Property Damage, Medical Payments and Single Limit Liability the statewide loss cost level change (Table B1) is calculated using the basic limit loss cost volume. In order to calculate the Statewide Average Indicated Loss Cost Level Changes on a total limits basis, total limit loss costs are determined based on application of present increased limits factors. The calculation of the average increased limits factors is shown in Table C11-1.

METHODOLOGY
FOR PHYSICAL
DAMAGE

For Comprehensive and Collision coverages, the statewide loss cost level change (Table B2) is calculated using loss cost provisions on a base deductible level. In order to calculate the Statewide Average Indicated Loss Cost Level Changes on an all deductibles combined basis, all-deductible loss costs are determined based on the application of deductible relativities. The average deductible relativity calculations are shown in Table C11-2.



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PERSONAL AUTO INSURANCE

TABLE C11-1

CALCULATION OF AVERAGE INCREASED LIMIT FACTORS

	<u>Limit of Liability</u>	<u>Basic Limit Written Premium</u>	<u>Present Increased Limit Factor</u>
Bodily Injury (25/50 base)	\$ 25/50	\$ 5,709,296	1.00
	50/100	2,908,223	1.23
	100/200	189,174	1.48
	100/300	2,691,000	1.49
	250/500	553,678	1.84
	300/300	203,313	1.90
	500/1000	31,721	2.09
	1000/1000	15,578	2.23

Average Increased Limit Factor: 1.226(A)

	<u>Limit of Liability</u>	<u>Basic Limit Written Premium</u>	<u>Present Increased Limit Factor</u>
Property Damage (\$25,000 base)	\$ 25,000	\$ 5,190,752	1.00
	50,000	4,036,632	1.06
	100,000	1,654,431	1.10
	250,000(B)	53,869(B)	1.17(B)

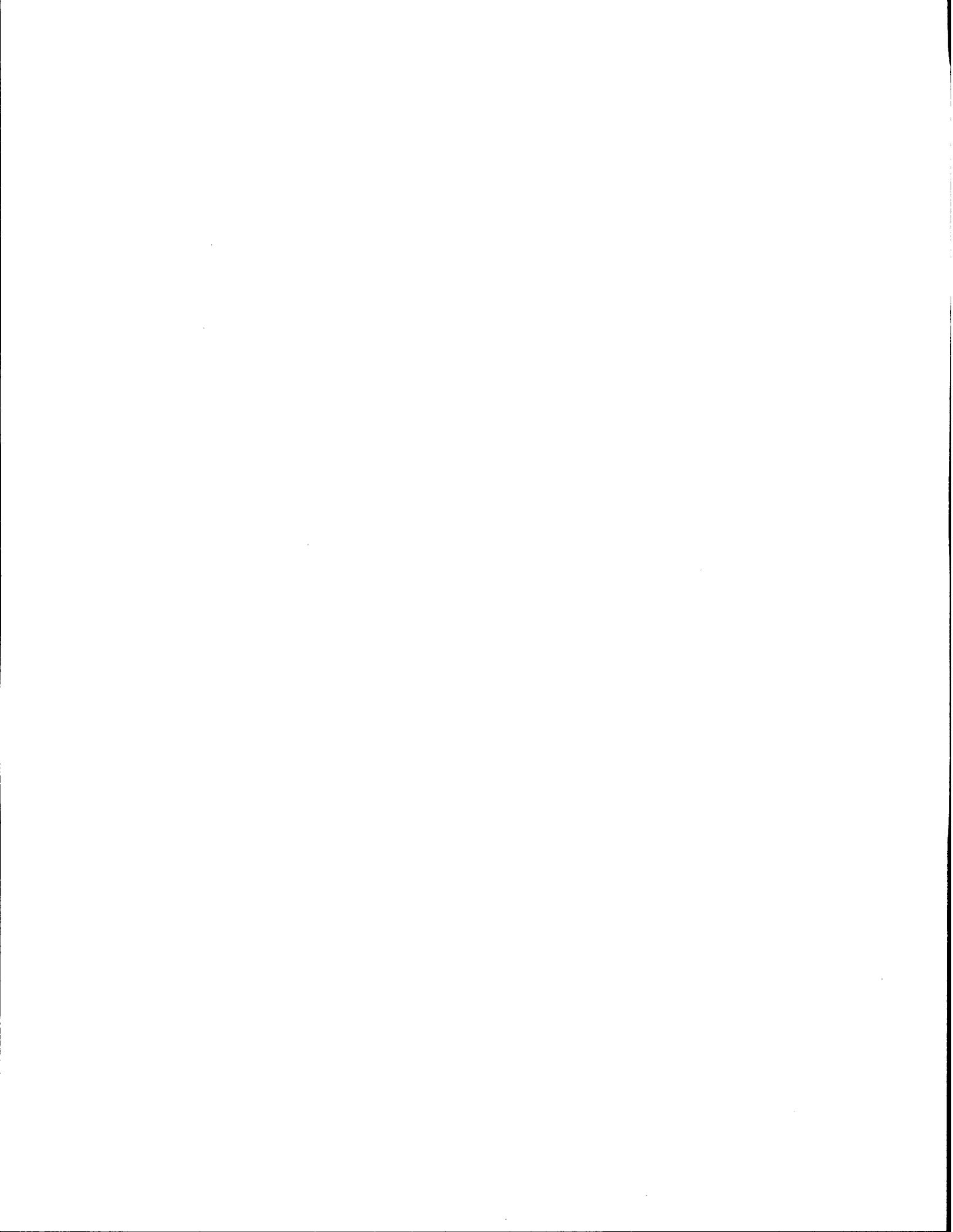
Average Increased Limit Factor: 1.038(A)

	<u>Limit of Liability</u>	<u>Basic Limit Written Premium</u>	<u>Present Increased Limit Factor</u>
Single Limit (\$75,000 base)	\$ 75,000	\$ 6,372	1.00
	100,000	119,110	1.06
	200,000	3,618	1.21
	300,000	211,722	1.30
	500,000	346,602	1.40
	1,000,000	13,578	1.48

Average Increased Limit Factor: 1.309(A)

- (A) A weighted average of the Increased Limit Factors for all limits of Liability weighted on Basic Limit Written Premium for quarter ended 6/30/2007.
- (B) The basic limit written premium for the \$250,000 limit includes premium for limits greater than \$100,000. The factor shown corresponds to the \$250,000 limit.

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TABLE C11-1 (Cont'd)

CALCULATION OF AVERAGE INCREASED LIMIT FACTORS

	<u>Limit of Liability(B)</u>	<u>Basic Limit Written Premium</u>	<u>Present Increased Limit Factor</u>
Medical Payments (\$1,000 base)	\$ 1,000	\$ 15,099	1.00
	2,000	6,864	1.70
	5,000	636,019	2.70
	10,000	35,453	3.46
	25,000	22,474	4.52
	50,000	8,067	5.26
	75,000	1,154	5.50
	100,000	4,375	5.58
Average Increased Limit Factor:			2.798 (A)

- (A) A weighted average of the Increased Limit Factors for all limits of Liability weighted on Basic Limit Written Premium for quarter ended 6/30/2007.
- (B) For limits \$10,000 and over, the assumed limits were selected as the most commonly purchased limits from among the ranges appearing in the current ISO statistical plan.

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PERSONAL AUTO INSURANCE

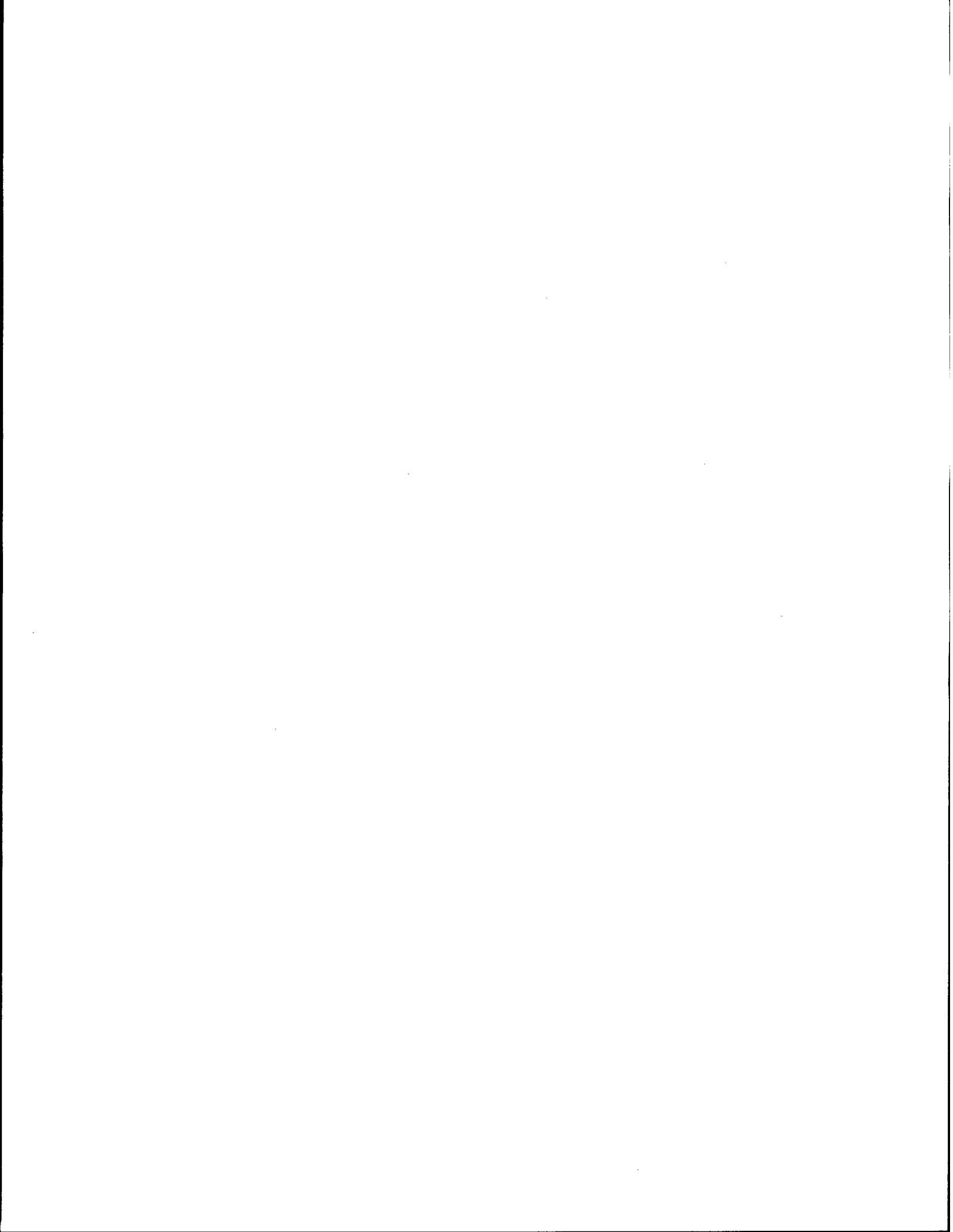
TABLE C11-2

CALCULATION OF AVERAGE DEDUCTIBLE RELATIVITIES

<u>Coverage</u>	<u>Aggregate Loss Costs at Current Level (A)</u>	<u>Present Deductible Relativity</u>
Full Coverage Comprehensive	\$ 348,884	1.67
\$50 Deductible Comprehensive	797,270	1.58
\$100 Deductible Comprehensive	3,292,095	1.49
\$200 Deductible Comprehensive	344,878	1.33
\$250 Deductible Comprehensive	4,670,460	1.26
\$500 Deductible Comprehensive	9,445,020	1.00
\$1,000 Deductible Comprehensive	1,624,634	0.74
Average Deductible Relativity:		1.157
\$100 Deductible Collision	\$ 1,053,738	1.18
\$200 Deductible Collision	1,722,561	1.13
\$250 Deductible Collision	8,258,414	1.11
\$500 Deductible Collision	34,697,803	1.00
\$1,000 Deductible Collision	7,151,489	0.83
Average Deductible Relativity:		1.002

(A) For each deductible at the base deductible level.

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PERSONAL AUTO INSURANCE

EFFECT OF CHANGE IN MODEL YEAR BASE

IMPORTANCE OF
APPLICATION

Underlying the present loss costs for physical damage coverages are standard relativities that relate loss cost to the model year and symbol of an automobile. In order to implement the change from 2008 base model year relativities to 2009 base model year relativities without changing the overall loss cost level, a statewide offset must be applied when calculating the territory base class loss costs.

METHODOLOGY

The offsets used in this review are 0.999 for Comprehensive and 1.014 for Collision. They were determined by calculating the weighted average of the ratios of the revised model year relativities with a 2009 base model year to the present model year relativities with a 2008 base model year converted to a 2009 base, based on multistate written premium across all model year and symbol groups.

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PERSONAL AUTO INSURANCE
TABLE C12-1
ONE YEAR CHANGE IN MODEL YEAR BASE
PHYSICAL DAMAGE COVERAGES
Effects of Model Year & Symbol Relativity Revision
Comprehensive

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Model Year	Age	Relativities Adjusted Present	Current Shifted	Ratio (4)/(3)	Written Premium@	Net Change (5) X 0.999*
2009	1	1.000	1.000	1.000	358,634,160	0.999
2008	2	0.952	0.950	0.998	521,439,468	0.997
2007	3	0.905	0.900	0.994	511,409,126	0.993
2006	4	0.857	0.860	1.004	483,997,525	1.003
2005	5	0.819	0.810	0.989	448,279,002	0.988
2004	6	0.771	0.770	0.999	410,681,564	0.998
2003	7	0.733	0.740	1.010	359,389,819	1.009
2002	8	0.705	0.700	0.993	316,119,579	0.992
2001	9	0.667	0.660	0.990	247,918,241	0.989
2000	10	0.629	0.630	1.002	188,170,674	1.001
1999	11	0.600	0.600	1.000	143,004,652	0.999
1998	12	0.571	0.570	0.998	100,895,221	0.997
1997	13	0.543	0.570	1.050	81,739,835	1.049
1996 & Prior	14 & Over	0.543	0.570	1.050	198,814,048	1.049
Totals				1.001	\$ 4,370,492,914	1.000

Note: The written premium distribution utilized is based on year ended 6/30/2007 data. The model year relativities shown are for the base symbol for each model year.

@ Multistate Full Coverage, \$50, \$100, \$200, \$250, \$500 and \$1000 Deductible. Comprehensive written premiums combined for year ended 6/30/2007. Multistate excludes North Carolina, Puerto Rico and Texas.

* Reciprocal of the average ratio (column 5) for all age groups (1.000/1.001).

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ARKANSAS
 PERSONAL AUTO INSURANCE
 TABLE C12-2
 ONE YEAR CHANGE IN MODEL YEAR BASE
 PHYSICAL DAMAGE COVERAGES
 Effects of Model Year & Symbol Relativity Revision
 Collision

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Model Year	Age	Relativities Adjusted Present	Current Shifted	Ratio (4)/(3)	Written Premium@	Net Change (5) X 1.014*
2009	1	1.000	1.000	1.000	909,283,479	1.014
2008	2	0.952	0.940	0.987	1,325,165,279	1.001
2007	3	0.895	0.880	0.983	1,314,267,074	0.997
2006	4	0.838	0.830	0.990	1,236,542,148	1.004
2005	5	0.790	0.760	0.962	1,147,385,849	0.975
2004	6	0.724	0.700	0.967	1,032,059,626	0.981
2003	7	0.667	0.660	0.990	874,549,311	1.004
2002	8	0.629	0.620	0.986	750,668,833	1.000
2001	9	0.590	0.580	0.983	564,133,610	0.997
2000	10	0.552	0.550	0.996	410,159,011	1.010
1999	11	0.524	0.510	0.973	294,657,939	0.987
1998	12	0.486	0.480	0.988	196,098,935	1.002
1997	13	0.457	0.480	1.050	149,592,484	1.065
1996 & Prior	14 & Over	0.457	0.480	1.050	308,797,510	1.065
Totals				0.986	\$10,513,361,088	1.000

Note: The written premium distribution utilized is based on year ended 6/30/2007 data. The model year relativities shown are for the base symbol for each model year.

@ Multistate \$100, \$200, \$250, \$500 and \$1000 Deductible. Collision written premiums combined for year ended 6/30/2007. Multistate excludes North Carolina, Puerto Rico, and Texas.

* Reciprocal of the average ratio (column 5) for all age groups (1.000/.986).

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PERSONAL AUTO INSURANCE

TABLE C13-1

SUPPLEMENTAL LOSS COST INFORMATION

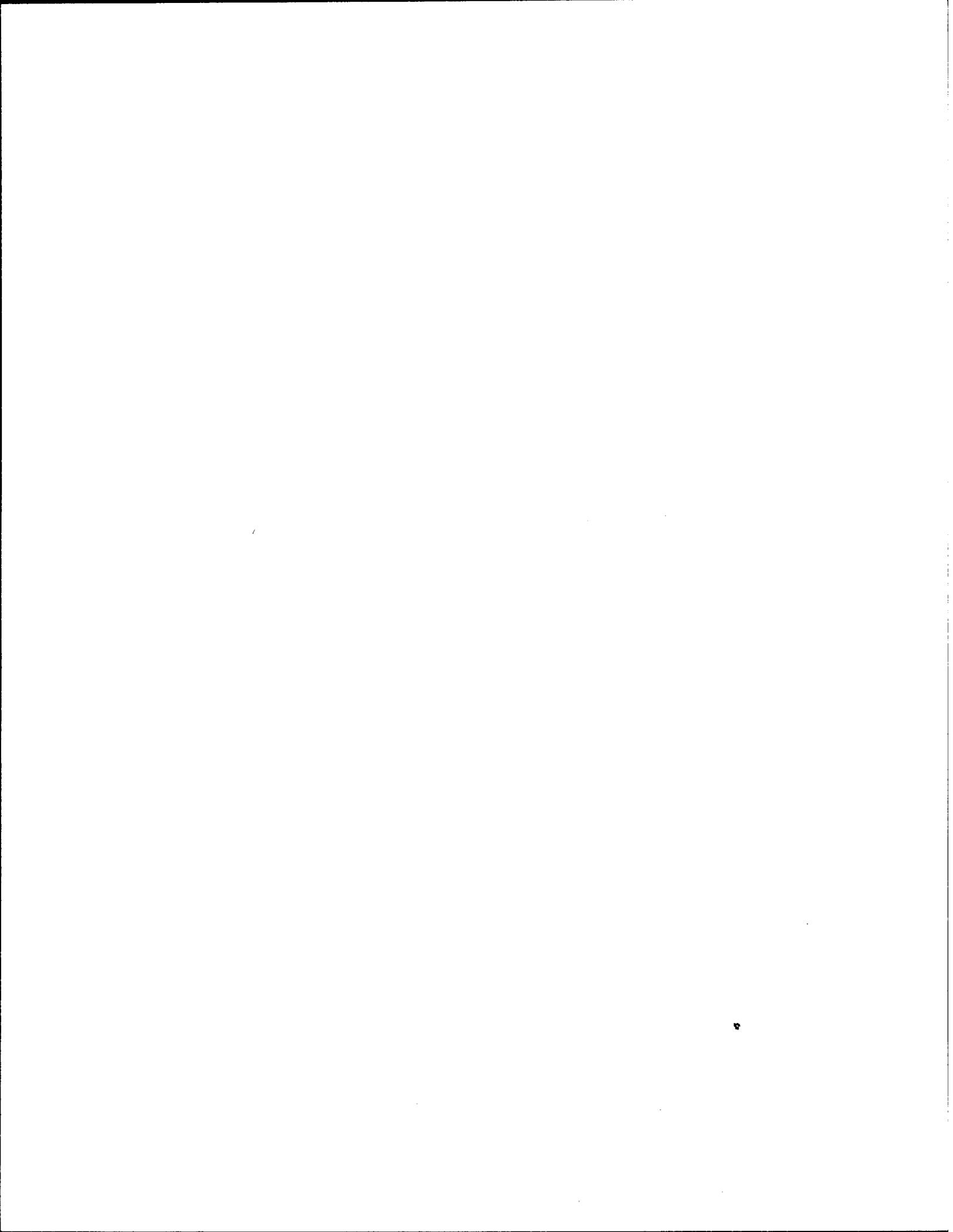
Statewide Average Indicated Loss Costs (based upon filed loss cost level changes):

Total Limits Bodily Injury loss cost:	\$101.60
Total Limits Property Damage loss cost:	\$105.40
Total Limits Single Limit Liability loss cost:	\$275.28
Total Limits Medical Payments loss cost:	\$ 22.83
All Deductible Comprehensive loss cost:	\$ 79.75
All Deductible Collision loss cost:	\$201.23

These loss costs were calculated based on application of the following multipliers:

Bodily Injury: 1.226 (applicable to 25/50 loss cost)
Property Damage: 1.038 (applicable to \$25,000 loss cost)
Single Limit Liability: 1.309 (applicable to \$75,000 loss cost)
Medical Payments: 2.798 (applicable to \$1,000 loss cost)
Comprehensive: 1.157 (applicable to \$500 Ded. Comprehensive loss cost)
Collision: 1.002 (applicable to \$500 Ded. Collision loss cost)

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ARKANSAS
PERSONAL AUTO INSURANCE

TABLE C13-2

MACHINE PROCESSING INFORMATION

The following information is provided for assistance in machine processing.

1. The Single Limit Liability increased limits factors are as follows:

<u>Limits</u>	<u>Increased Limit Factors</u>
\$ 75,000	1.00
100,000	1.06
200,000	1.21
300,000	1.30
500,000	1.40
1,000,000	1.48

2. Liability increased limits factors utilized to create the base Single Limit Liability loss costs are as follows:

Bodily Injury Liability

<u>Limit</u>	<u>Factor</u>
25/50 to 75/75:	1.34

Property Damage Liability

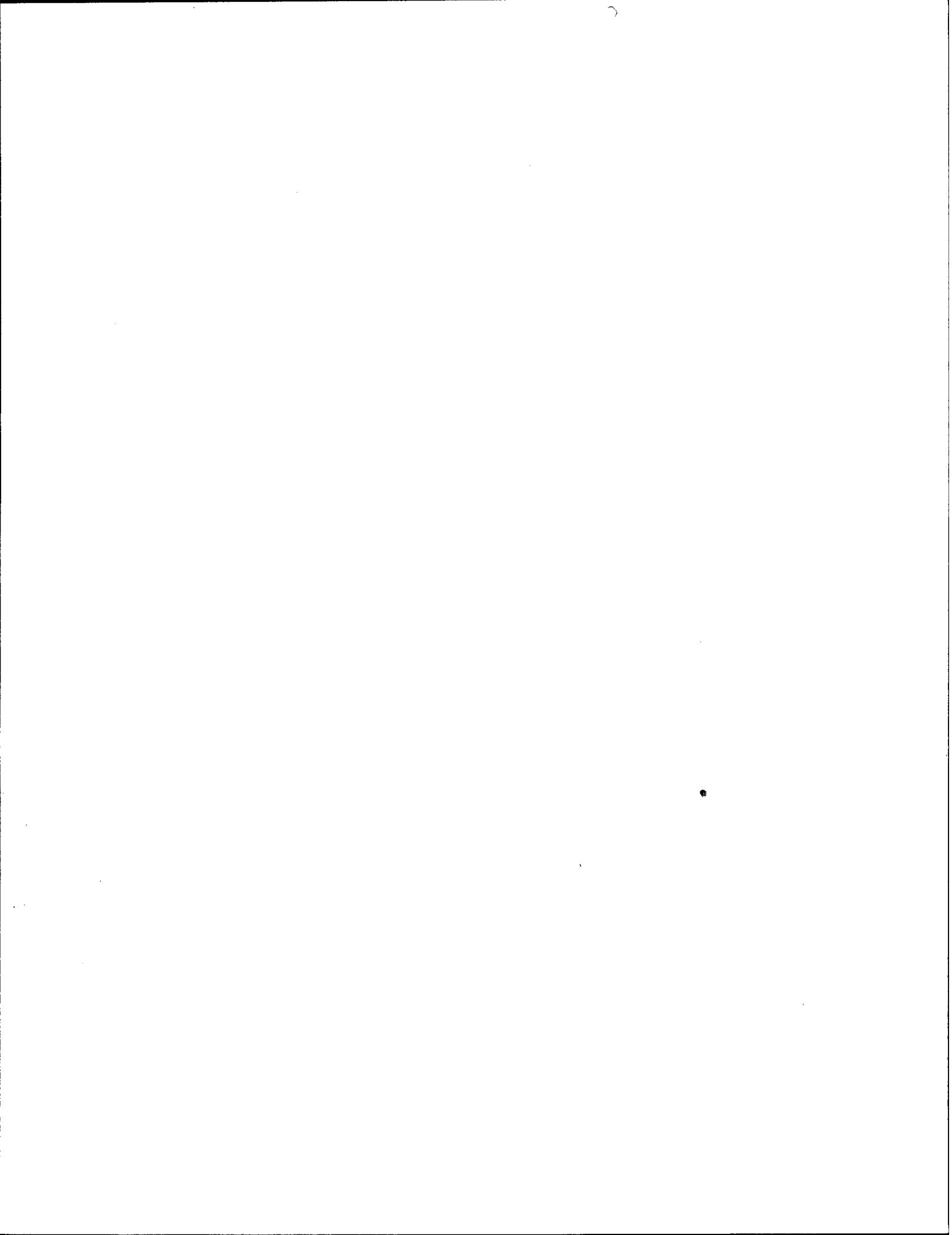
<u>Limit</u>	<u>Factor</u>
\$25,000 to \$75,000:	1.08

3. The percentages for splitting the Single Limit Liability loss cost into its components are:

Bodily Injury	50%
Property Damage	50%

4. Due to the change in base from 2008 to 2009, multiplicative offset factors of 0.999 for Comprehensive and 1.014 for Collision have been applied to the indicated base class loss costs in order to produce no change to loss cost volume.

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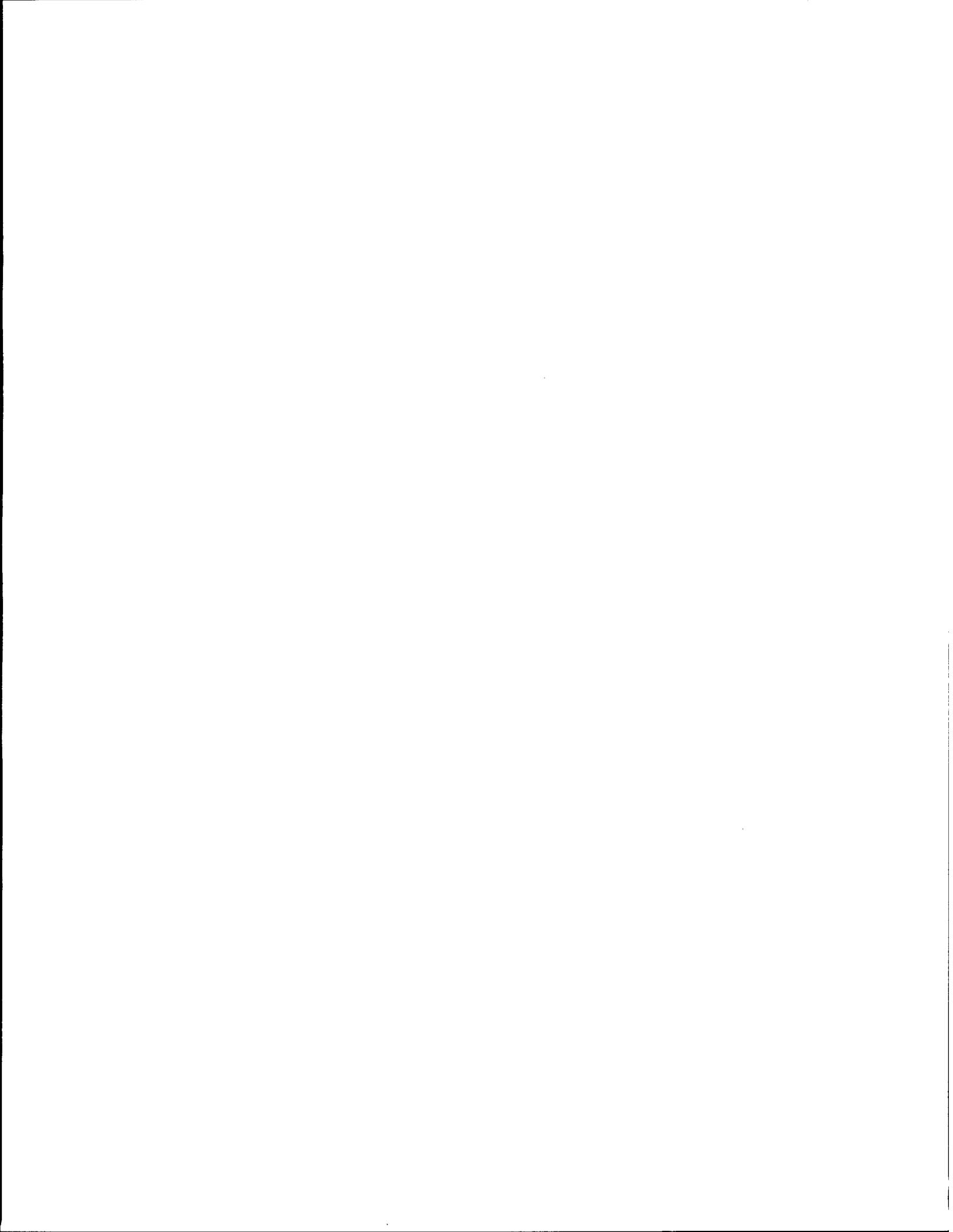
PERSONAL AUTO INSURANCE
 TABLE C14-1
 MODEL YEAR AND SYMBOL RELATIVITIES (a)
 Comprehensive -- Model Year 2009 Base

Symbol	2011 (c)	2010 (c)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1990- 1998	1981- 1989 (d)	1980 & Prior (e)
1	0.34	0.40	0.38	0.36	0.34	0.33	0.31	0.29	0.28	0.27	0.25	0.24	0.23	0.22	0.12	0.12
2	0.42	0.51	0.49	0.47	0.44	0.42	0.40	0.38	0.36	0.34	0.32	0.31	0.29	0.28	0.12	0.12
3	0.52	0.62	0.59	0.56	0.53	0.51	0.48	0.45	0.44	0.41	0.39	0.37	0.35	0.34	0.12	0.12
4	0.64	0.70	0.67	0.64	0.60	0.58	0.54	0.52	0.50	0.47	0.44	0.42	0.40	0.38	0.12	0.12
5	0.73	0.79	0.75	0.71	0.68	0.65	0.61	0.58	0.56	0.53	0.50	0.47	0.45	0.43	0.14	0.14
6	0.80	0.88	0.84	0.80	0.76	0.72	0.68	0.65	0.62	0.59	0.55	0.53	0.50	0.48	0.22	0.22
7	0.89	0.97	0.92	0.87	0.83	0.79	0.75	0.71	0.68	0.64	0.61	0.58	0.55	0.52	0.28	0.28
8	0.96	1.03	1.00	0.95	0.90	0.86	0.81	0.77	0.74	0.70	0.66	0.63	0.60	0.57	0.36	0.36
10	1.10	1.14	1.09	1.04	0.98	0.94	0.88	0.84	0.81	0.76	0.72	0.69	0.65	0.62	0.46	0.46
11	1.17	1.26	1.20	1.14	1.08	1.03	0.97	0.92	0.89	0.84	0.79	0.76	0.72	0.68	0.55	0.55
12	1.22	1.38	1.31	1.24	1.18	1.13	1.06	1.01	0.97	0.92	0.86	0.83	0.79	0.75	0.65	0.65
13	1.28	1.50	1.43	1.36	1.29	1.23	1.16	1.10	1.06	1.00	0.94	0.90	0.86	0.82	0.78	0.78
14	1.34	1.64	1.56	1.48	1.40	1.34	1.26	1.20	1.15	1.09	1.03	0.98	0.94	0.89	0.93	0.99
15	1.40	1.81	1.72	1.63	1.55	1.48	1.39	1.32	1.27	1.20	1.14	1.08	1.03	0.98	1.11	1.11
16	1.46	1.96	1.87	1.78	1.68	1.61	1.51	1.44	1.38	1.31	1.23	1.18	1.12	1.07	1.29	1.29
17	1.53	2.12	2.02	1.92	1.82	1.74	1.64	1.56	1.49	1.41	1.33	1.27	1.21	1.15	1.50	1.50
18	1.58	2.27	2.16	2.05	1.94	1.86	1.75	1.66	1.60	1.51	1.43	1.36	1.30	1.23	1.74	1.74
19	1.64	2.46	2.34	2.22	2.11	2.01	1.90	1.80	1.73	1.64	1.54	1.47	1.40	1.33	2.02	2.02
20	1.69	2.67	2.54	2.41	2.29	2.18	2.06	1.96	1.88	1.78	1.68	1.60	1.52	1.45	2.36	2.36
21	1.75	2.91	2.77	2.63	2.49	2.38	2.24	2.13	2.05	1.94	1.83	1.75	1.66	1.58	2.95	2.95
22	1.80	3.21	3.06	2.91	2.75	2.63	2.48	2.36	2.26	2.14	2.02	1.93	1.84	1.74		
23	1.86	3.54	3.37	3.20	3.03	2.90	2.73	2.59	2.49	2.36	2.22	2.12	2.02	1.92		
24	1.91	4.02	3.83	3.64	3.45	3.29	3.10	2.95	2.83	2.68	2.53	2.41	2.30	2.18		
25	1.96	4.71	4.49	4.27	4.04	3.86	3.64	3.46	3.32	3.14	2.96	2.83	2.69	2.56		
26	2.01	5.43	5.17	4.91	4.65	4.45	4.19	3.98	3.83	3.62	3.41	3.26	3.10	2.95		
27	2.07															
28	2.11															
29	2.17															
30	2.22															
31	2.27															
32	2.31															
33	2.37															
34	2.41															
35	2.48															
36	2.55															
37	2.63															
38																

(f)

Refer to the following page for footnotes.

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TABLE C14-1 (Cont'd)

MODEL YEAR AND SYMBOL RELATIVITIES (a)

Comprehensive -- Model Year 2009 Base

Symbol	2011
(a)	(c)
39	2.70
40	2.77
41	2.84
42	2.92
43	2.98
44	3.06
45	3.12
46	3.20
47	3.29
48	3.38
49	3.47
50	3.54
51	3.63
52	3.72
53	3.80
54	3.93
55	4.09
56	4.27
57	4.44
58	4.72
59	5.08
60	5.46
61	5.84
62	6.24
63	6.64
64	7.05
65	7.45
66	8.05
67	8.87
68	9.67
69	10.47
70	11.29
71	12.10
72	12.91
73	13.73
74	14.54
75	15.36

- (a) 75 Symbol Table applies to 2011 and later model years. Refer to Personal Vehicle Manual Rule 12. for rating Symbol 98 vehicles.
- (b) 27 Symbol Table applies to 1990 - 2010 model years. Refer to Personal Vehicle Manual Rule 12. for rating Symbol 27 vehicles.
- (c) 2010 relativities are 1.05 times the relativities from the 27 Symbol Table. 2011 relativities are 1.10 times the relativities from the 75 Symbol Table, where $1.10 = 1.05 \times 1.05$ rounded to two decimal places.
- (d) 21 Symbol Table applies to 1981 - 1989 model years.
- (e) 14 Symbol Table applies to 1976 - 1980 model years.
- (f) 7 Symbol Table applies to 1975 and earlier model years. Refer to Personal Vehicle Manual Rule 12. for rating Symbol 7 vehicles.

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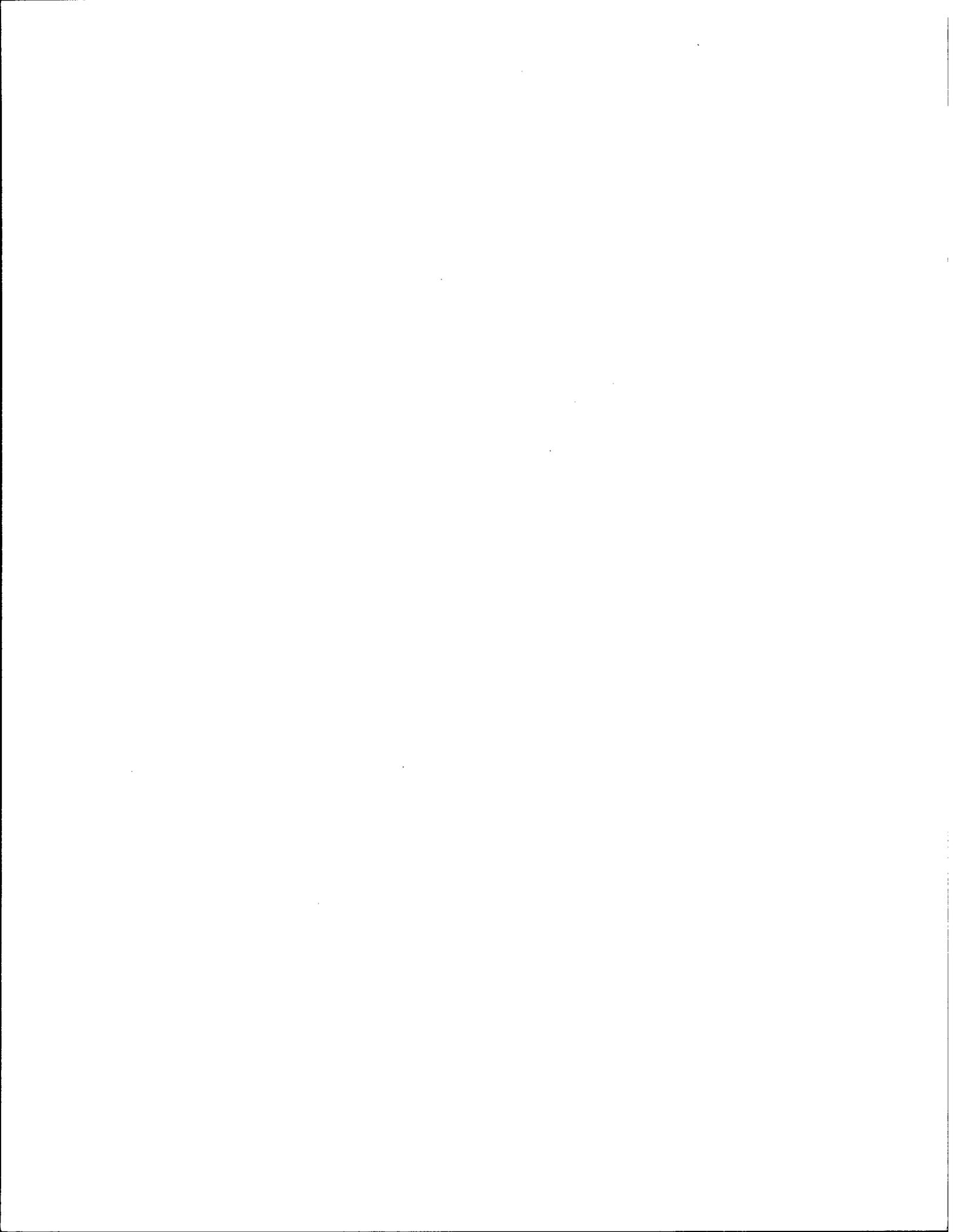
PERSONAL AUTO INSURANCE

TABLE C14-2

MODEL YEAR AND SYMBOL RELATIVITIES (a)
Collision -- Model Year 2009 Base

Symbol	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1990-1998	1981-1989	1980& Prior
(a)	(c)	(b)	(c)	(d)	(e)	(f)										
1	0.48	0.65	0.62	0.58	0.55	0.51	0.47	0.43	0.41	0.38	0.36	0.34	0.32	0.30	0.20	0.20
2	0.61	0.74	0.70	0.66	0.62	0.58	0.53	0.49	0.46	0.43	0.41	0.39	0.36	0.34	0.20	0.20
3	0.74	0.81	0.77	0.72	0.68	0.64	0.59	0.54	0.51	0.48	0.45	0.42	0.39	0.37	0.20	0.20
4	0.85	0.86	0.82	0.77	0.72	0.68	0.62	0.57	0.54	0.51	0.48	0.45	0.42	0.39	0.20	0.20
5	0.90	0.90	0.86	0.81	0.76	0.71	0.65	0.60	0.57	0.53	0.50	0.47	0.44	0.41	0.25	0.25
6	0.97	0.95	0.90	0.85	0.79	0.75	0.68	0.63	0.59	0.56	0.52	0.50	0.46	0.43	0.30	0.30
7	1.01	1.00	0.95	0.89	0.84	0.79	0.72	0.67	0.63	0.59	0.55	0.52	0.48	0.46	0.34	0.34
8	1.06	1.05	1.00	0.94	0.88	0.83	0.76	0.70	0.66	0.62	0.58	0.55	0.51	0.48	0.38	0.38
9	1.10	1.10	1.05	0.99	0.92	0.87	0.80	0.74	0.69	0.65	0.61	0.58	0.54	0.50	0.42	0.42
10	1.13	1.16	1.10	1.03	0.97	0.91	0.84	0.77	0.73	0.68	0.64	0.61	0.56	0.53	0.47	0.47
11	1.17	1.21	1.15	1.08	1.01	0.95	0.87	0.81	0.76	0.71	0.67	0.63	0.59	0.55	0.51	0.51
12	1.19	1.27	1.21	1.14	1.06	1.00	0.92	0.85	0.80	0.75	0.70	0.67	0.62	0.58	0.57	0.57
13	1.22	1.34	1.28	1.20	1.13	1.06	0.97	0.90	0.84	0.79	0.74	0.70	0.65	0.61	0.63	0.66
14	1.24	1.44	1.37	1.29	1.21	1.14	1.04	0.96	0.90	0.85	0.79	0.75	0.70	0.65	0.71	0.71
15	1.28	1.44	1.37	1.29	1.21	1.14	1.04	0.96	0.90	0.85	0.79	0.75	0.70	0.65	0.79	0.79
16	1.31	1.51	1.44	1.35	1.27	1.20	1.09	1.01	0.95	0.89	0.84	0.79	0.73	0.69	0.86	0.86
17	1.34	1.60	1.52	1.43	1.34	1.26	1.16	1.06	1.00	0.94	0.88	0.84	0.78	0.73	0.93	0.93
18	1.36	1.68	1.60	1.50	1.41	1.33	1.22	1.12	1.06	0.99	0.93	0.88	0.82	0.77	1.01	1.01
19	1.40	1.76	1.68	1.58	1.48	1.39	1.28	1.18	1.11	1.04	0.97	0.92	0.86	0.81	1.11	1.11
20	1.43	1.85	1.76	1.65	1.55	1.46	1.34	1.23	1.16	1.09	1.02	0.97	0.90	0.84	1.30	1.30
21	1.46	1.93	1.84	1.73	1.62	1.53	1.40	1.29	1.21	1.14	1.07	1.01	0.94	0.88	1.30	1.30
22	1.49	2.04	1.94	1.82	1.71	1.61	1.47	1.36	1.28	1.20	1.13	1.07	0.99	0.93	1.30	1.30
23	1.52	2.15	2.05	1.93	1.80	1.70	1.56	1.44	1.35	1.27	1.19	1.13	1.05	0.98	1.30	1.30
24	1.54	2.32	2.21	2.08	1.94	1.83	1.68	1.55	1.46	1.37	1.28	1.22	1.13	1.06	1.30	1.30
25	1.56	2.58	2.46	2.31	2.16	2.04	1.87	1.72	1.62	1.53	1.43	1.35	1.25	1.18	1.30	1.30
26	1.60	2.85	2.71	2.55	2.38	2.25	2.06	1.90	1.79	1.68	1.57	1.49	1.38	1.30	1.30	1.30
27	1.62															
28	1.65															
29	1.67															
30	1.69															
31	1.73															
32	1.75															
33	1.77															
34	1.80															
35	1.84															
36	1.87															
37																
38																

Refer to the following page for footnotes.



ARKANSAS
PERSONAL AUTO INSURANCE

TABLE C14-2 (Cont'd)
MODEL YEAR AND SYMBOL RELATIVITIES (a)
Collision -- Model Year 2009 Base

Symbol	2011
(a)	(c)
39	1.89
40	1.93
41	1.95
42	1.98
43	2.00
44	2.02
45	2.05
46	2.08
47	2.11
48	2.13
49	2.17
50	2.20
51	2.23
52	2.26
53	2.29
54	2.33
55	2.39
56	2.45
57	2.52
58	2.63
59	2.76
60	2.89
61	3.06
62	3.26
63	3.44
64	3.64
65	3.83
66	4.11
67	4.50
68	4.88
69	5.27
70	5.64
71	6.03
72	6.41
73	6.80
74	7.18
75	7.57

- (a) 75 Symbol Table applies to 2011 and later model years. Refer to Personal Vehicle Manual Rule 12. for rating Symbol 98 vehicles.
- (b) 27 Symbol Table applies to 1990 - 2010 model years. Refer to Personal Vehicle Manual Rule 12. for rating Symbol 27 vehicles.
- (c) 2010 relativities are 1.05 times the relativities from the 27 Symbol Table. 2011 relativities are 1.10 times the relativities from the 75 Symbol Table, where $1.10 = 1.05 \times 1.05$ rounded to two decimal places.
- (d) 21 Symbol Table applies to 1981 - 1989 model years.
- (e) 14 Symbol Table applies to 1976 - 1980 model years.
- (f) 7 Symbol Table applies to 1975 and earlier model years. Refer to Personal Vehicle Manual Rule 12. for rating Symbol 7 vehicles.

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SECTION D – CALCULATION OF UNINSURED MOTORISTS INDICATION(S) AND DETERMINATION OF UNINSURED MOTORISTS LOSS COSTS AND SUPPORTING MATERIAL FOR THE REPRICING OF UNDERINSURED MOTORISTS LOSS COSTS

Objective/Overview of ISO Actuarial Procedures	D-2
Calculation of Statewide Loss Cost Level Changes	D-3-6
Calculation of Filed Loss Costs by Tier	D-7-10
Introduction/Overview to Determine Uninsured and Underinsured Motorists	
Loss Costs.....	D-11
Calculation of Filed Uninsured Motorists Loss Costs.....	D-12-24
Determination of Indicated Underinsured Motorists Loss Costs	D-25-29
Calculation of Offset for Multi-Car Discount	D-30-33
Calculation of Filed Underinsured Motorists Loss Costs.....	D-34-36
Present and Filed Loss Costs.....	D-37-52
Calculation of Present and Filed Average Loss Costs.....	D-53-62

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PERSONAL AUTO INSURANCE

OVERVIEW OF CALCULATION OF FILED BASIC LIMITS LOSS COSTS
FOR UNINSURED MOTORISTS COVERAGE

OBJECTIVE

The objective of the statewide procedure is to determine the indicated advisory loss cost level changes for Uninsured Motorists coverage. This procedure answers the question: what percentage changes must be made on average to the present loss costs in order for them to be adequate to cover our best estimate of indemnity losses and all loss adjustment expenses that will be incurred in the prospective period in which the filed loss costs will be used?

The objective of the territory procedure is to distribute the statewide UMBI loss costs by territory. In other words, what basic limits UMBI loss costs should be charged by territory in order to equitably achieve an adequate Statewide prospective loss cost level?

OVERVIEW OF
PROCEDURE

The statewide procedure compares the latest three-year projected loss cost to the present loss cost provision. The projected loss cost is the developed and trended incurred losses and loss adjustment expenses per earned exposure.

The territory procedure distributes the statewide filed basic limit loss cost to the UM tiers using a UM tier development approach. This procedure compares the individual UM tier combined UMBI and UMPD average single car loss costs to the statewide average single car loss cost. The tier UMBI and UMPD basic limit loss cost is calculated for the latest three years and a Statewide weighted average UMBI and UMPD basic limit loss cost for the same period is calculated based on the earned car years. These loss costs are then adjusted to a single car level by dividing by the average multi-car discount. The tier average single car loss costs are credibility weighted with the product of the statewide average single car loss cost and the index to state of the current UMBI and UMPD loss cost provisions.

The tier indices to state are then determined by comparing the credibility weighted average single car loss costs by tier to the statewide credibility weighted average single car loss cost. This index to state multiplied by the filed statewide basic limit UMBI and UMPD average loss cost, adjusted to a single car loss cost basis, produces the filed basic limit single car UMBI and UMPD loss cost by tier.

EXPERIENCE
BASE

The experience used in this review is the latest available as reported under the ISO Personal Automobile Statistical Plan. The data is aggregated on an accident year basis.

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TABLE D1A

UNINSURED MOTORISTS EXPERIENCE
25/50 UNINSURED MOTORISTS BODILY INJURY

STATEWIDE

Accident Year Ended	(1) Earned Exposures	(2) 25/50 Losses Including All Loss Adjustment (a)	(3) Number of Claims	(4) Average Annual Change in Losses (Trend)	(5) 25/50 Projected Loss Cost (b)
12/31/2005	293,885	\$2,750,958	419	-1.1%	\$8.87
12/31/2006	298,842	2,774,611	429	-1.1%	8.90
12/31/2007	311,467	2,894,500	460	-1.1%	9.01
Total	904,194	\$8,420,069	1,308		\$8.93

(6) Present Loss Cost Provision	(7) Indicated Change	(8) Filed Change
\$11.78	-24.2%	-24.2%

(a) Incurred losses have been adjusted by the following factors:

1. Unallocated loss adjustment factor: 1.110 (Bodily Injury)
2. 60%/40% credibility-weighted statewide-multistate 25/50 Uninsured Motorists Bodily Injury loss development factors:

Year Ended	25/50 SW UMBI	25/50 MS UMBI	25/50 TOTAL UMBI
12/31/2005	1.007	0.977	1.003
12/31/2006	1.005	1.023	1.012
12/31/2007	1.030	1.065	1.044

(b) Projected Loss Cost = $\frac{n}{(2) \times (1.0 + A)}$ / (1) where A is the average annual change in losses, -1.1% for 25/50 Bodily Injury; n is the number of years of projection from the average date of accident to one year beyond the proposed effective date of 5/1/2009, 4.83 for 12/31/2005, 3.83 for 12/31/2006, and 2.83 for 12/31/2007.

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PERSONAL AUTO INSURANCE

TABLE D1B

UNINSURED MOTORISTS EXPERIENCE
\$25,000 UNINSURED MOTORIST PROPERTY DAMAGE

STATEWIDE

Accident Year Ended	(1) Earned Exposures	(2) \$25,000 Losses Including All Loss Adjustment (a)	(3) Number of Claims	(4a) Average Annual Change in Claim Cost (Trend)	(4b) Average Annual Change in Frequency (Trend)	(5) \$25,000 Projected Loss Cost (b)
12/31/2005	236,292	\$2,738,519	1,467	+1.8%	0.0%	\$12.74
12/31/2006	245,238	3,018,504	1,584	+1.8%	0.0%	13.27
12/31/2007	258,692	3,460,796	1,821	+1.8%	0.0%	14.15
Total	740,222	\$9,217,819	4,872			\$13.41

(6) Present Loss Cost Provision	(7) Indicated Change	(8) Filed Change
\$12.40	+ 8.1%	+ 8.1%

(a) Incurred losses have been adjusted by the following factors:

1. Unallocated loss adjustment factor: 1.130 (Property Damage)
2. Statewide loss development factors for \$25,000 Property Damage:

Year Ended	\$25,000 UMPD
12/31/2005	1.000
12/31/2006	1.006
12/31/2007	1.043

(b) Projected Loss Cost = $\frac{((2) + ((3) \times \$200)) \times (1.0 + A)^n - ((3) \times \$200)}{(1) \times (1.0 + B)^n}$ where A is the average annual change in claim cost, +1.8% and B is the average annual change in claim frequency, 0.0% for \$25,000 Property Damage; n is the number of years of projection from the average date of accident to one year beyond the proposed effective date of 5/1/2009, 4.83 for 12/31/2005, 3.83 for 12/31/2006, and 2.83 for 12/31/2007. And, ((3) x \$200) are the losses eliminated by the deductible for Property Damage.

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PERSONAL AUTO INSURANCE

EXPLANATORY NOTES TO TABLES D1A AND D1B

COLUMN (1)

EARNED EXPOSURES

The exposures for Uninsured Motorists coverages are those exposures which have been earned during the latest three accident years ending 12/31/2005, 12/31/2006, and 12/31/2007.

COLUMN (2)

INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

The losses displayed are basic limit incurred losses including all loss adjustment expenses and developed to an ultimate settlement basis.

Allocated Loss Adjustment Expenses

Incurred losses are combined with allocated loss adjustment expenses which are the expenses incurred by a carrier in connection with claim settlements that can be directly allocated to a particular claim.

Unallocated Loss Adjustment Expense Factors

Unallocated loss adjustment expenses, those expenses which cannot be allocated to any one claim, are included by applying appropriate factors to the incurred losses and allocated loss adjustment expenses. The factor used for Uninsured Motorists Bodily Injury in this revision is the Bodily Injury Liability factor. The factor used for Uninsured Motorists Property Damage in this revision is the Property Damage Liability factor. Both of these factors are based on 3 years of countrywide experience as shown in Tables C1-1 and C1-2.

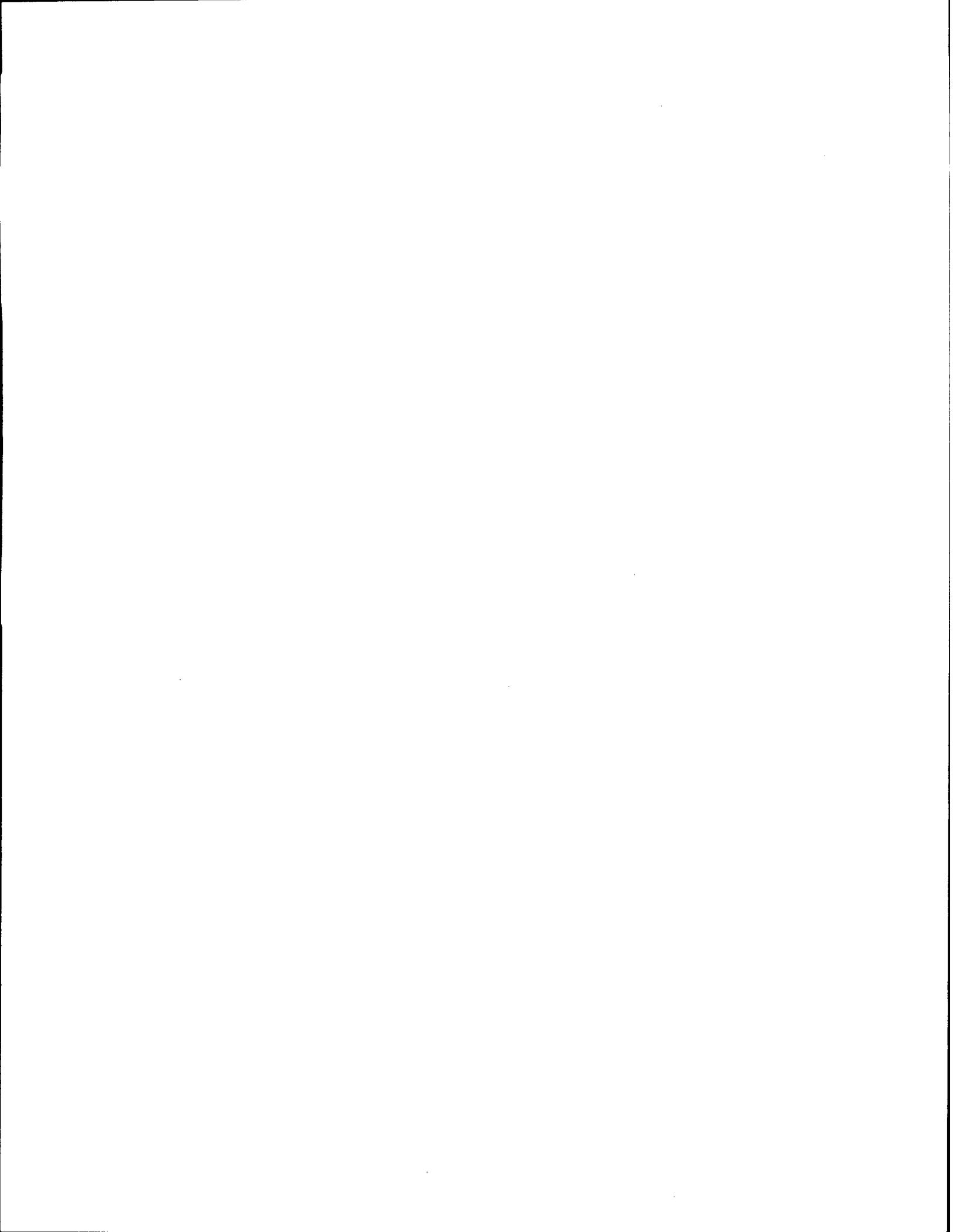
Loss Development Factors

The incurred losses and loss adjustment expenses are developed to an "ultimate" settlement basis by applying loss development factors. The use of a loss development factor is necessitated by the fact that all of the losses for a particular accident year have not been fully determined at the time the experience is compiled.

COLUMN (3)

NUMBER OF CLAIMS

The three year claims for Uninsured Motorists Bodily Injury and Uninsured Motorists Property Damage are displayed for informational purposes. These claims are also used in credibility weighting the Uninsured Motorists Bodily Injury statewide and corresponding multistate Loss Development Factors.



ARKANSAS
PERSONAL AUTO INSURANCE

EXPLANATORY NOTES TO TABLES D1A AND D1B (Cont'd)

COLUMN (4) AVERAGE ANNUAL CHANGE IN LOSSES (TREND)

The Bodily Injury average annual change in losses of -1.1% is used for UMBI.

The Property Damage average annual changes of +1.8% for claim cost and 0.0% for claim frequency are used for UMPD.

COLUMN (5) PROJECTED LOSS COST

The projected loss cost for UMBI is calculated as follows:

$$[(2) \times (1.0 + (4))^n] \div (1);$$

The projected loss cost for UMPD is calculated as follows:

$$\{[(2) + ((3) \times \$200)] \times (1.0 + 4a)^n - ((3) \times \$200)\} \times (1.0 + 4b)^n \div (1)$$

((3) x \$ 200) are the losses eliminated by the deductible for UMPD

n = the number of years of projection from the average date of accident to one year beyond the assumed effective date of 5/1/2010, 4.83 for 12/31/2005, 3.83 for 12/31/2006 and 2.83 for 12/31/2007.

$$\text{UMBI (2007): } [\$2,894,500 \times (1.0 - 1.1\%)^{2.83}] \div 311,467 = \$9.01$$

Note that trend factors raised to exponential factors are rounded to three decimal places in the above calculations.

The total projected loss cost for all years combined is equal to the sum of the trended losses over all years divided by the sum of the earned exposures shown in Column (1).

COLUMN (6) PRESENT LOSS COST PROVISION

The present loss cost provision is based on the loss costs set forth in Arkansas Personal Auto Filing, PP-2007-BRLA2.

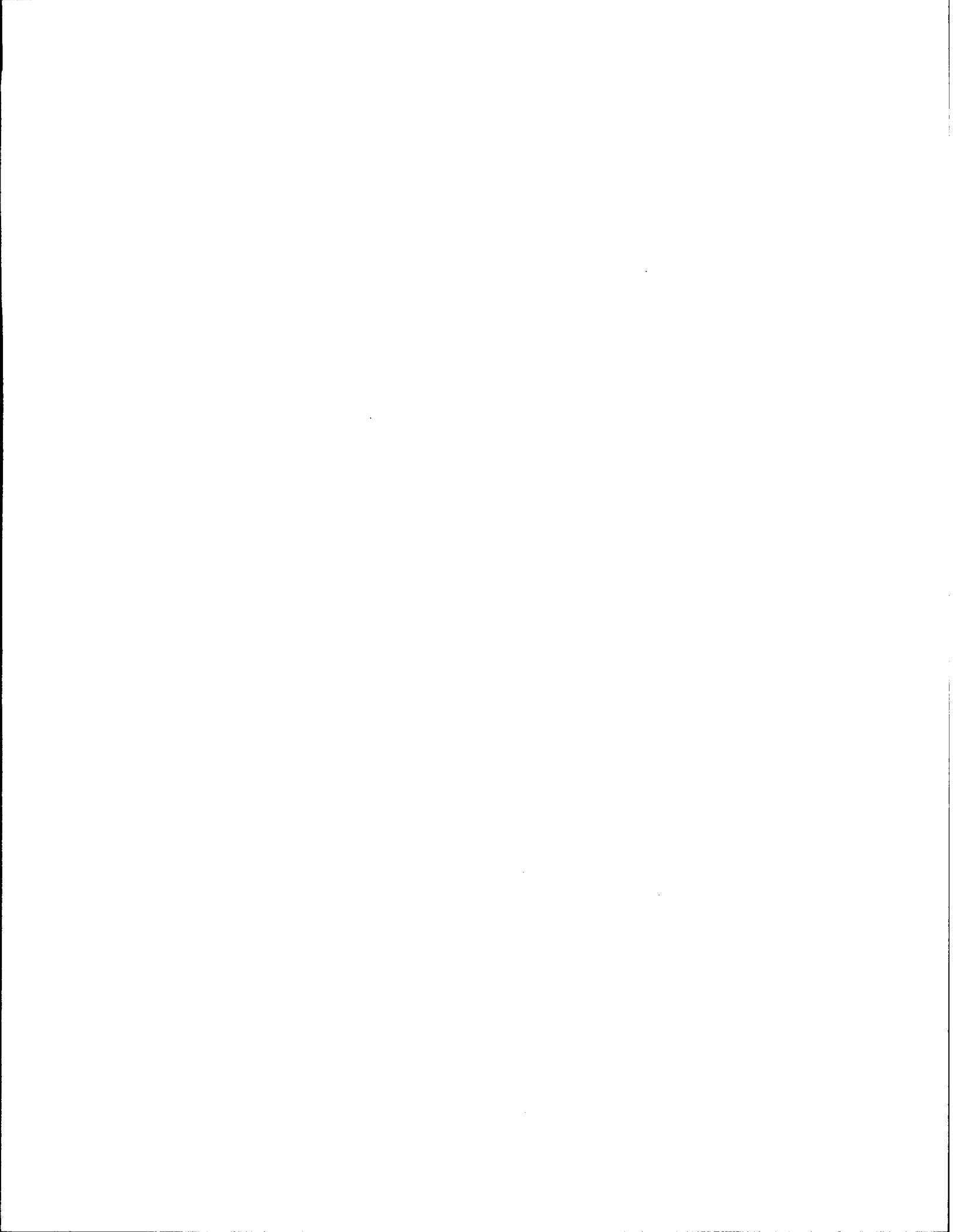
COLUMN (7) INDICATED CHANGE

The indicated change is the Projected Loss Cost (Column (5)) divided by the Present Loss Cost Provision (Column (6)).

COLUMN (8) FILED CHANGE

The filed changes equal the indicated changes.

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ARKANSAS
PERSONAL AUTO INSURANCE
TABLE D1C

UNINSURED MOTORISTS BODILY INJURY INSURANCE LOSS COSTS
CALCULATION OF FILED LOSS COSTS BY TIER

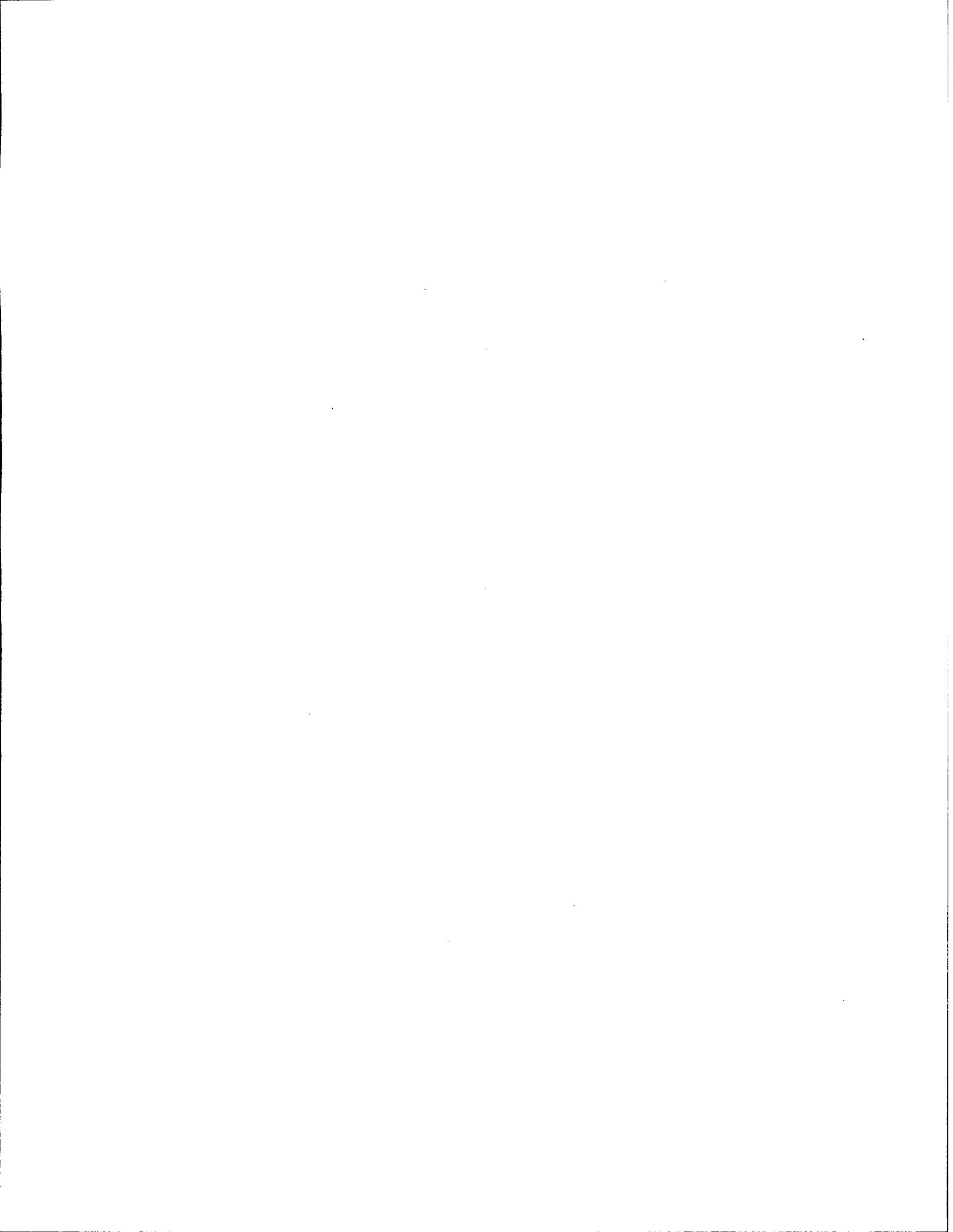
Tier	(1) U.M.B.I. Earned Car Years Year Ended 12/31/2007	(2) 25/50 U.M.B.I. Loss Cost 3 Years Ended 12/31/2007	(3) Average Multi- Car Discount	(4) 25/50 U.M.B.I. Single Car Loss Cost (2)/(3)	(5) U.M.B.I. Index To State	(6) Credi- bility (a)	(7) U.M.B.I. Present Index To State	(8) Credi- bility Weighted U.M.B.I. Loss Cost	(9) Index To State	(10) 25/50 U.M.B.I. Single Car Loss Cost Present	(11) Filed 25/50 U.M.B.I. Change	(12)
1	8,270	\$32.68	0.852	\$38.36	3.468	0.2	1.835	\$23.91	2.174	\$25.78	\$23.11	-10.36%
2	94,816	10.61	0.842	12.60	1.139	0.3	1.232	13.32	1.211	17.31	12.87	-25.65%
3	208,381	7.77	0.837	9.28	0.839	0.4	0.861	9.43	0.857	12.10	9.11	-24.71%
Statewide	311,467	\$9.30	0.841	\$11.06				\$11.00				

(a) U.M.B.I. Claims 3 years ended 12/31/2007: Tier 1: 191
Tier 2: 474
Tier 3: 643
Statewide: 1,308

(b) Keyed to a filed statewide U.M.B.I. Basic Limit single car loss cost of: \$10.63 = (\$11.79 x 0.758) / 0.841

Tier 1 consists of Territory 21.
Tier 2 consists of Territories 22, 23, 24 and 25.
Tier 3 consists of All Remaining Territories.

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ARKANSAS
PERSONAL AUTO INSURANCE
TABLE DID

UNINSURED MOTORISTS PROPERTY DAMAGE INSURANCE LOSS COSTS
CALCULATION OF FILED LOSS COSTS BY TIER

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
U.M.P.D. Earned Year Ended 12/31/2007	\$25,000 U.M.P.D. Loss Cost 3 Years Ended 12/31/2007	Average Multi-Car Discount	\$25,000 U.M.P.D. Single Car Loss Cost (2)/(3)	U.M.P.D. Index To State	Credibility (a)	U.M.P.D. Present Index To State	Credibility Weighted U.M.P.D. Loss Cost	Index To State	Present Loss Cost	Filed U.M.P.D. Single Car Loss Cost	Change
1	6,973	0.846	\$35.33	2.376	0.3	1.350	\$24.65	1.701	\$20.01	\$25,000 U.M.P.D. Single Car Loss Cost	36.18%
2	81,093	0.836	18.84	1.267	0.7	1.126	18.21	1.257	16.68	20.14	20.74%
3	170,626	0.839	12.15	0.817	0.9	0.926	12.31	0.850	13.72	13.62	-0.73%
Statewide	258,692	0.838	\$14.87				\$14.49				

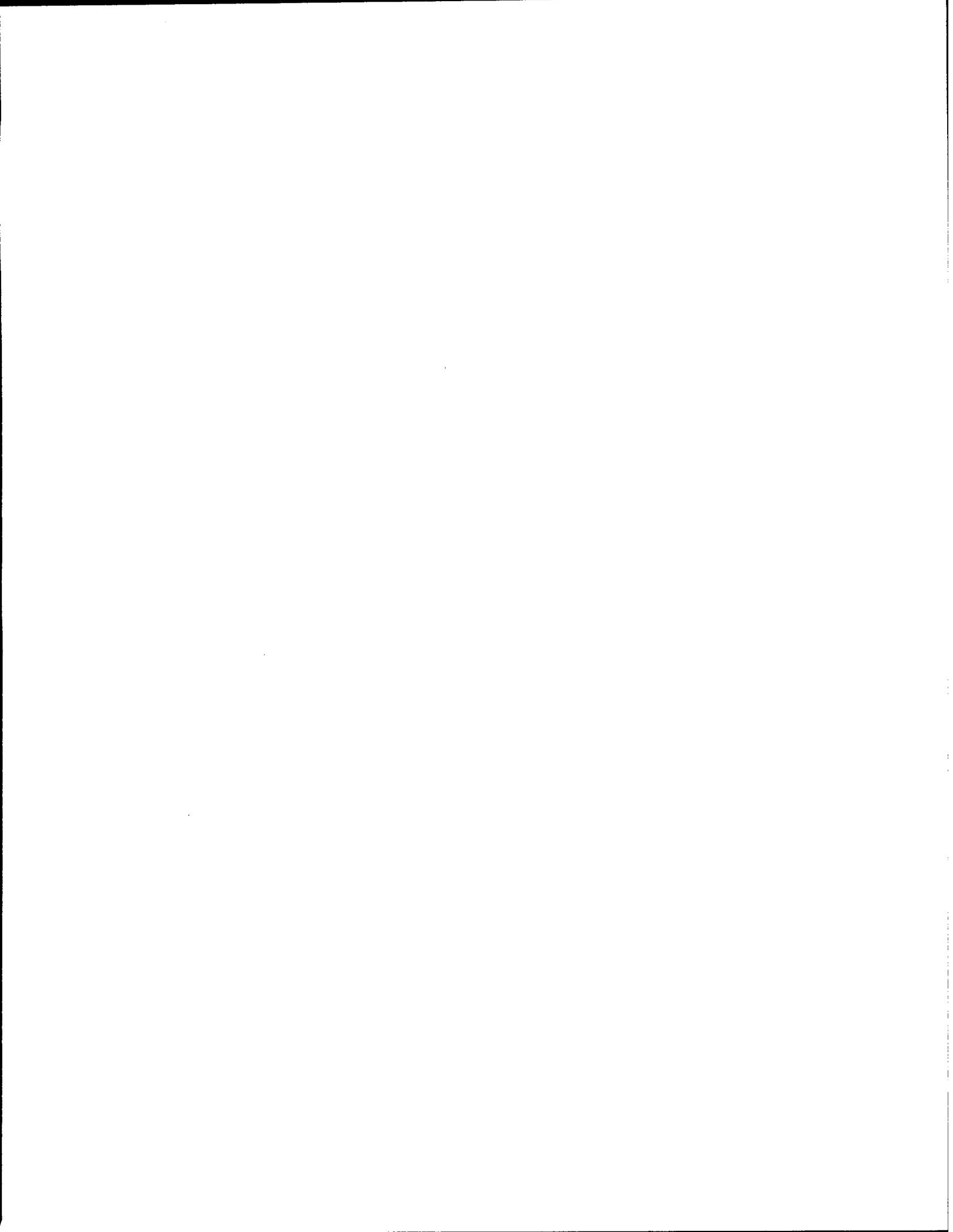
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(a) U.M.P.D. Claims 3 years ended 12/31/2007: Tier 1: 313
Tier 2: 1,682
Tier 3: 2,877

Statewide: 4,872

(b) Keyed to a filed statewide U.M.P.D. Basic Limit single car loss cost of: \$16.02 = (12.42 x 1.081) / 0.838

Tier 1 consists of Territory 21.
Tier 2 consists of Territories 22, 23, 24 and 25.
Tier 3 consists of All Remaining Territories.



ARKANSAS
PERSONAL AUTO INSURANCE

EXPLANATORY NOTES TO TABLES D1C AND D1D

COLUMN (1)

EARNED EXPOSURES

The exposures for Uninsured Motorists coverage are those exposures which have been earned during the latest accident year ending 12/31/2007.

COLUMN (2)

BASIC LIMIT LOSS COST 3 YEARS ENDED 12/31/2007

The basic limit loss cost (losses ÷ exposures) is based on three years of experience for purposes of stability. For Uninsured Motorists Bodily Injury and Uninsured Motorists Property Damage, this is based on the three accident years ended 12/31/2007, and has been developed to an ultimate settlement basis.

COLUMN (3)

AVERAGE MULTI-CAR DISCOUNT

This factor adjusts the loss costs shown in Column (2) to single car loss costs. The average multi-car discount is determined by weighting the multi-car discount on the exposure distribution of single car and multi-car policies by tier.

The statewide average multi-car discount is determined by dividing the statewide basic limit UMBI loss cost from Column (2) by the statewide basic limit UMBI single car loss cost from Column (4).

COLUMN (4)

BASIC LIMIT SINGLE CAR LOSS COST

For Uninsured Motorists Bodily Injury and Uninsured Motorists Property Damage, the basic limit single car loss cost is derived by dividing the three year loss cost in Column (2) by the average multi-car discount in Column (3). The statewide average single car loss cost is determined by weighting the basic limit single car loss costs in Column (4) by tier on the earned car years in Column (1).

COLUMN (5)

UNINSURED MOTORISTS INDEX TO STATE

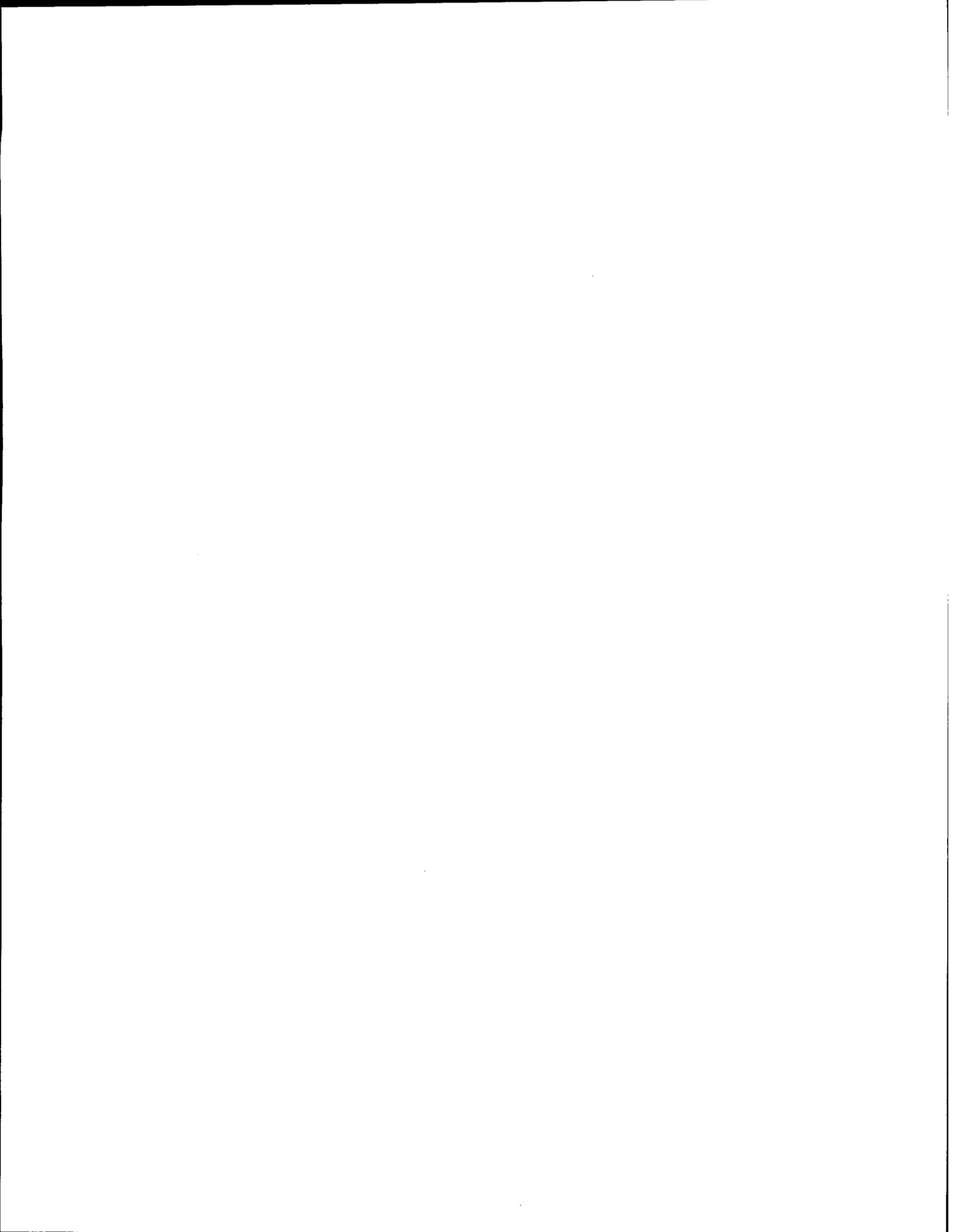
UM indices to state by tier are calculated by dividing the tier's basic limit single car loss cost (Column (4)) by the statewide basic limit single car loss cost.

COLUMN (6)

CREDIBILITY

The UM single car loss cost calculated in Column (4) is assigned a credibility value on the basis of the number of claims underlying the three year UMBI loss cost. The complement of the credibility assigned to the tier average single car loss cost is assigned to the product of the statewide average single car loss cost and the index to state of the current UM loss cost provisions.

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PERSONAL AUTO INSURANCE

EXPLANATORY NOTES TO TABLES D1C AND D1D (Cont'd)

COLUMN (7) UM PRESENT INDEX TO STATE

UM present indices to state are calculated for the tiers by dividing the tier's present UM single car loss cost provision by the statewide present average UM single car loss cost provision.

COLUMN (8) CREDIBILITY WEIGHTED UM LOSS COST

The credibility weighted UM loss cost is calculated for the tiers. It is the tier's single car loss cost in Column (4) credibility weighted with the product of the statewide average single car loss cost in Column (4) and the UM present index to state in Column (7). The formula is as follows:

$$[\text{Tier Col. (4)} \times \text{Tier Col. (6)}] + [\text{SW Col. (4)} \times \text{Tier Col. (7)} \times (1.0 - \text{Tier Col. (6)})]$$

COLUMN (9) INDEX TO STATE

The index to state is determined by dividing the credibility weighted UM loss cost in Column (8) by the statewide credibility weighted UM loss cost in Column (8).

COLUMN (10) PRESENT BASIC LIMIT SINGLE CAR LOSS COST

The present basic limit single car loss costs are the loss costs set forth in Arkansas Personal Auto Filing PP-2007-BRLA2.

COLUMN (11) FILED BASIC LIMIT SINGLE CAR LOSS COST

The statewide basic limit filed UMBI (Table D1C) / indicated UMPD (Table D1D) loss cost is the statewide present loss cost for year ended 12/31/2006 multiplied by the statewide filed UMBI / indicated UMPD change (Tables D1A and D1B, Column (7)) divided by the statewide average multi-car discount (Tables D1C and D1D, Column (3)).

$$\begin{aligned} 25/50 \text{ Uninsured Motorists Bodily Injury: } & (\$11.79 \times 0.758) \div .841 = \$10.63 \\ \$25,000 \text{ Uninsured Motorists Property Damage: } & (\$12.42 \times 1.081) \div .838 = \$16.02 \end{aligned}$$

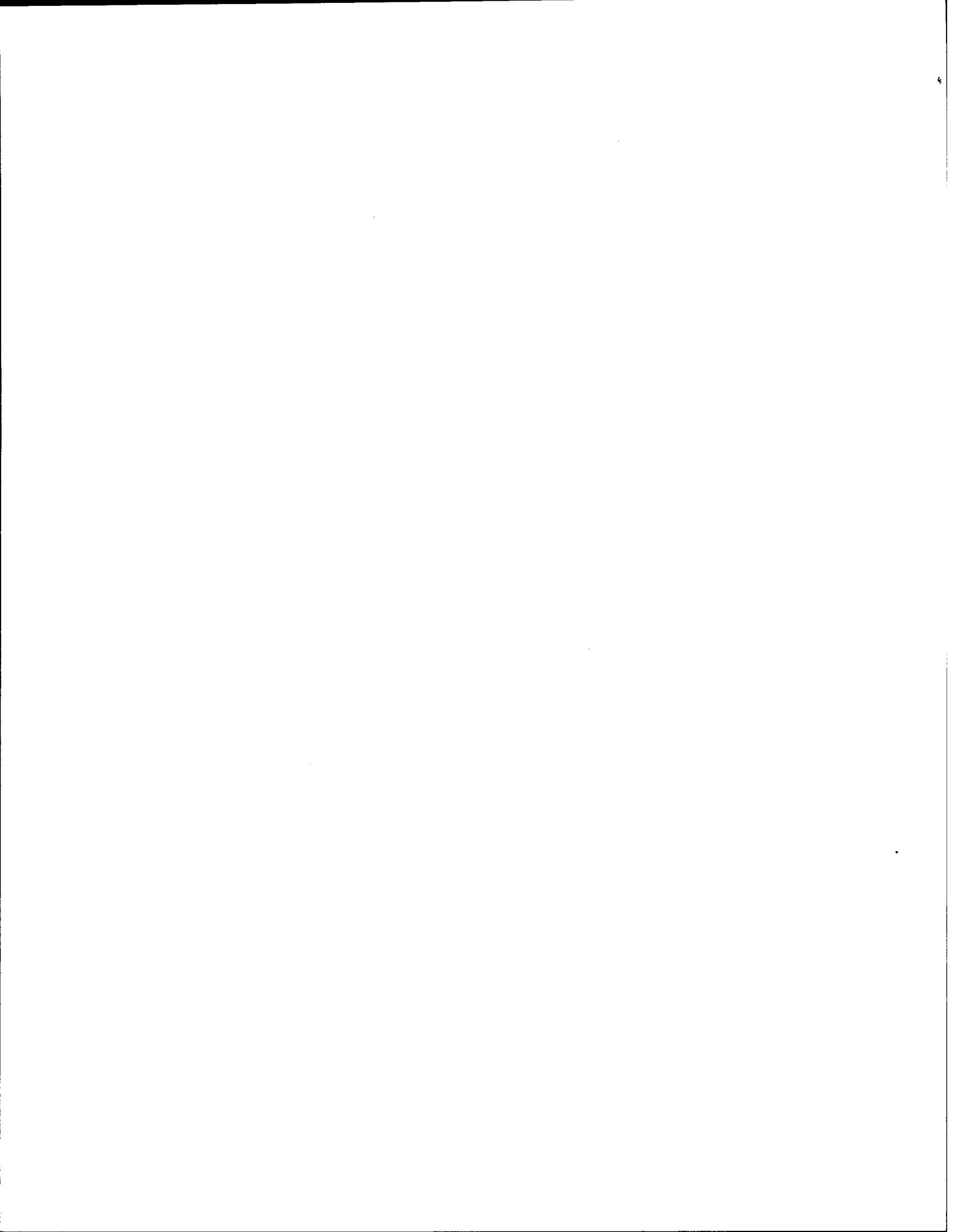
For each tier, the filed UMBI / indicated UMPD basic limit single car loss cost was calculated by multiplying the statewide filed UMBI / indicated UMPD basic limit single car loss cost by the tier's index to state in Column (9).

$$\begin{aligned} \text{UMBI Tier 1: } & \$10.63 \times 2.174 = \$23.11 \\ \text{UMPD Tier 1: } & \$16.02 \times 1.701 = \$27.25 \end{aligned}$$

COLUMN (12) FILED BASIC LIMIT CHANGE

The filed basic limit change is the filed loss cost in Column (11) divided by the present loss cost in Column (10), expressed as a percent.

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PERSONAL AUTO INSURANCE

DETERMINATION OF UNINSURED MOTORISTS LOSS COSTS AND SUPPORTING MATERIAL
FOR THE REPRICING OF UNDERINSURED MOTORISTS LOSS COSTS

INTRODUCTION

Loss costs for basic and higher limits for Uninsured Motorists (UM) and Underinsured Motorists (UIM) Coverages are developed using the current full pricing procedures as utilized in PP-2007-BRLA2. The following summarizes the full pricing procedures:

- A multi-car discount of 20% applies to all cars on the policy.
- Loss costs for higher limits of UM BI coverage are calculated using UM BI increased limits factors.
- The pricing model for UIM coverage uses a combination of the UM BI increased limits factors and the BI increased limits factors in determining the cost of the UIM BI coverage.
- The pricing model for UIM coverage includes voluntary and assigned risk exposures in the policy limit distributions in determining the average cost of UIM BI coverage.
- The pricing model for UIM coverage includes voluntary and assigned risk experience to estimate the percentage of uninsured motorists.
- Higher limits of UM and UIM loss costs use the same territory variations as used by basic limits UM.
- Loss costs for Uninsured Motorists Property Damage (UM PD) Coverage will not be calculated using increased limits factors.

DETERMINATION
OF UNINSURED
MOTORISTS
LOSS COSTS

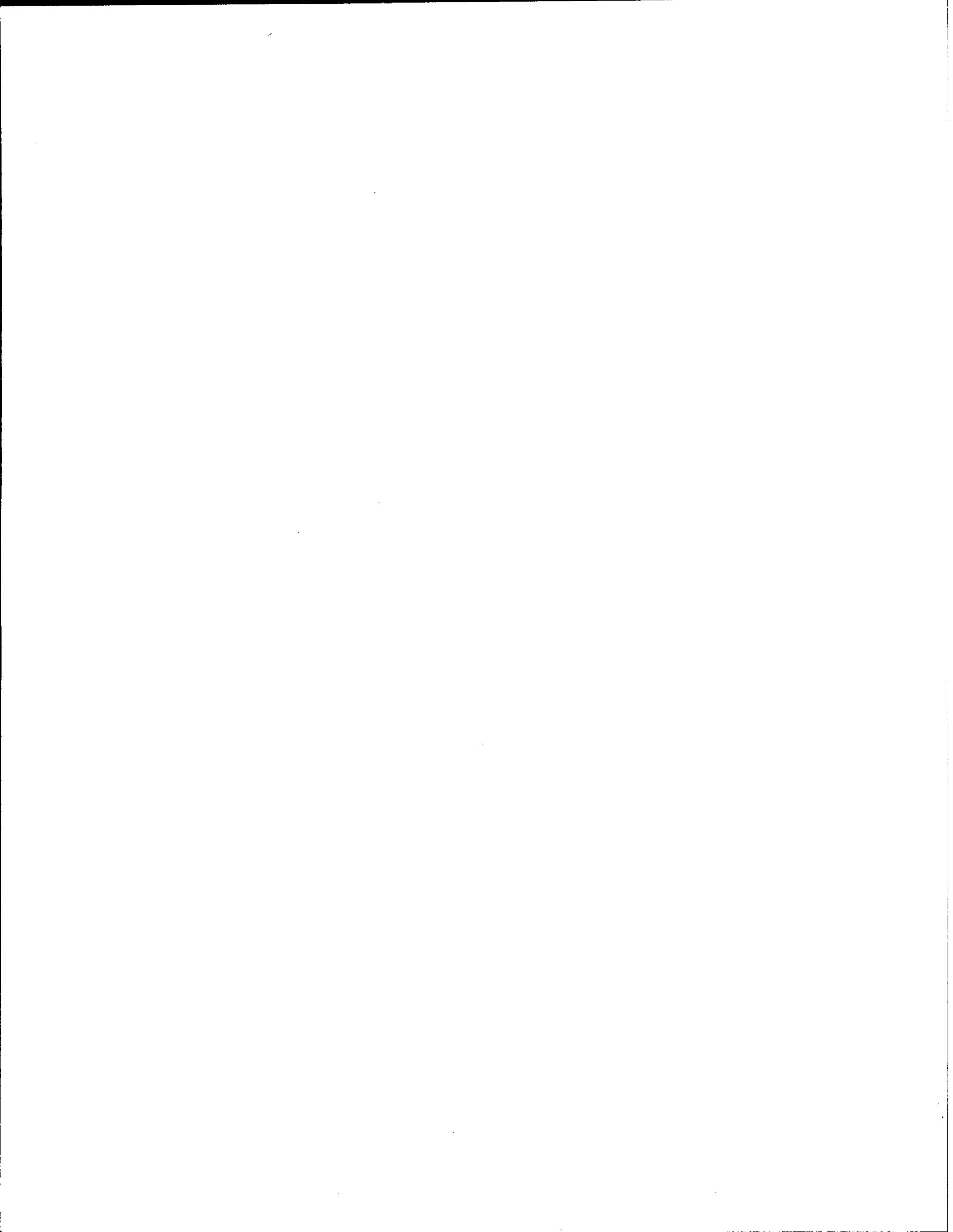
The filed loss costs were determined by first applying the 25/50 UM BI filed change of -10.36% for Territory 21, -25.65% for Territories 22, 23, 24, and 25, and -24.71% for All Remaining Territories by Tier from Table D1C to the present 25/50 UM BI single car loss cost and the \$25,000 UM PD filed change of +36.18% for Territory 21, +20.74% for Territories 22, 23, 24, and 25, and -0.73% for All Remaining Territories by Tier to the present \$25,000 UM PD single car loss cost. The filed multi-car 25/50 UM BI and \$25,000 UM PD loss costs are then determined by applying the multi-car discount to the filed single car loss cost.

The filed single car higher limits of UM BI loss costs are determined by applying the UM BI increased limit factors to the filed 25/50 UM BI single car loss cost. The filed multi-car higher limits UM BI loss costs are then determined by applying the multi-car discount to the filed single car loss costs.

OVERVIEW OF
REPRICING OF
UNDERINSURED
MOTORISTS LOSS COSTS

The filed UIM BI loss costs are determined from the ISO UIM pricing model. This model uses the filed BI average loss cost, the BI increased limit factors, and the UM BI increased limit factors in calculating the average loss costs for higher policy limits.

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PERSONAL AUTO INSURANCE

TABLE D2A-1

TIER 1 (TERRITORY 21)

CALCULATION OF FILED UNINSURED MOTORISTS LOSS COSTS

(1) Present Basic Limit UM BI Single Car Loss Cost:	\$25.78
(2) UM BI Loss Cost Level Change:	-10.36%
(3) Filed Basic Limit UM BI Single Car Loss Cost:	\$23.11

	(4)	(5)	(6)	(7)	(8)
UM BI Split Limit	UM BI Increased Limits Factor	Filed Single Car UM BI Loss Cost	Filed Single Car UM BI Increment	Filed Per Car Multi-Car UM BI Loss Cost	Filed Per Car Multi-Car UM BI Increment
25/50	1.000	\$ 23.11		\$ 18.49	
50/100	1.320	30.51	\$ 7.40	24.41	\$ 5.92
100/200	1.690	39.06	15.95	31.25	12.76
100/300	1.700	39.29	16.18	31.43	12.94
250/500	2.170	50.15	27.04	40.12	21.63
300/300	2.240	51.77	28.66	41.42	22.93
500/500	2.470	57.08	33.97	45.66	27.17
500/1000	2.480	57.31	34.20	45.85	27.36
1000/1000	2.710	62.63	39.52	50.10	31.61

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TABLE D2A-2

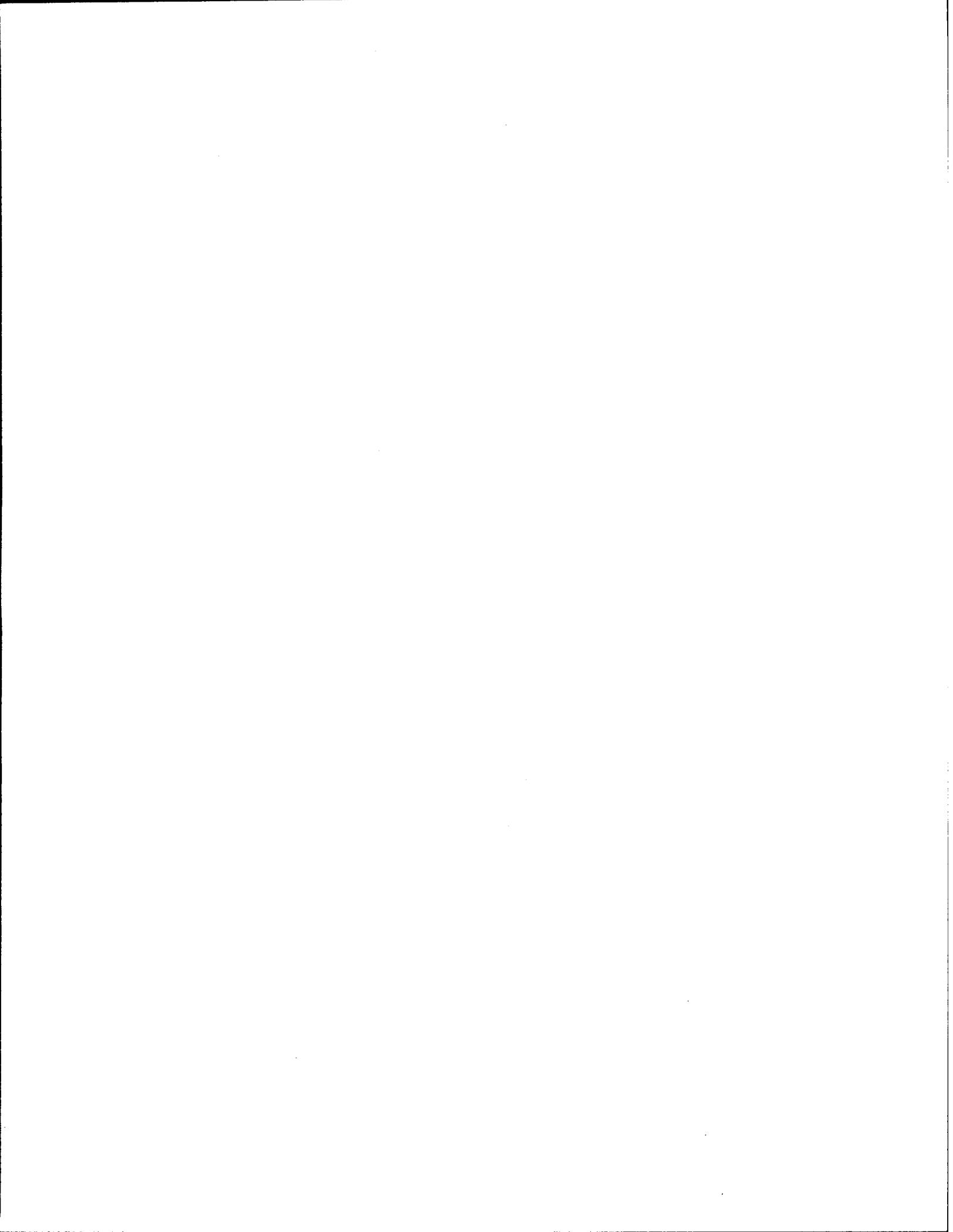
TIER 2 (TERRITORIES 22, 23, 24, AND 25)

CALCULATION OF FILED UNINSURED MOTORISTS LOSS COSTS

(1) Present Basic Limit UM BI Single Car Loss Cost:	\$17.31
(2) UM BI Loss Cost Level Change:	-25.65%
(3) Filed Basic Limit UM BI Single Car Loss Cost:	\$12.87

	(4)	(5)	(6)	(7)	(8)
UM BI Split Limit	UM BI Increased Limits Factor	Filed Single Car UM BI Loss Cost	Filed Single Car UM BI Increment	Filed Per Car Multi-Car UM BI Loss Cost	Filed Per Car Multi-Car UM BI Increment
25/50	1.000	\$ 12.87		\$ 10.30	
50/100	1.320	16.99	\$ 4.12	13.59	\$ 3.29
100/200	1.690	21.75	8.88	17.40	7.10
100/300	1.700	21.88	9.01	17.50	7.20
250/500	2.170	27.93	15.06	22.34	12.04
300/300	2.240	28.83	15.96	23.06	12.76
500/500	2.470	31.79	18.92	25.43	15.13
500/1000	2.480	31.92	19.05	25.54	15.24
1000/1000	2.710	34.88	22.01	27.90	17.60

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PERSONAL AUTO INSURANCE

TABLE D2A-3

TIER 3 (TERRITORIES 26, 27, 28, 29, 30, 31, 32, AND 33)

CALCULATION OF FILED UNINSURED MOTORISTS LOSS COSTS

(1) Present Basic Limit UM BI Single Car Loss Cost:	\$12.10
(2) UM BI Loss Cost Level Change:	-24.71%
(3) Filed Basic Limit UM BI Single Car Loss Cost:	\$9.11

	(4)	(5)	(6)	(7)	(8)
UM BI Split Limit	UM BI Increased Limits Factor	Filed Single Car UM BI Loss Cost	Filed Single Car UM BI Increment	Filed Per Car Multi-Car UM BI Loss Cost	Filed Per Car Multi-Car UM BI Increment
25/50	1.000	\$ 9.11		\$ 7.29	
50/100	1.320	12.03	\$ 2.92	9.62	\$ 2.33
100/200	1.690	15.40	6.29	12.32	5.03
100/300	1.700	15.49	6.38	12.39	5.10
250/500	2.170	19.77	10.66	15.82	8.53
300/300	2.240	20.41	11.30	16.33	9.04
500/500	2.470	22.50	13.39	18.00	10.71
500/1000	2.480	22.59	13.48	18.07	10.78
1000/1000	2.710	24.69	15.58	19.75	12.46

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EXPLANATORY NOTES TO TABLE D2A

- LINE (1) The present 25/50 basic limit Uninsured Motorists Bodily Injury single car loss cost is contained in Arkansas Personal Auto Filing, PP-2007-BRLA2.
- LINE (2) Filed Uninsured Motorists Bodily Injury base loss cost level change as determined on Table D1A, Column (8), Column (12)}.
- LINE (3) The filed basic limit Uninsured Motorists Bodily Injury 25/50 single car loss cost is calculated by applying the Uninsured Motorists Bodily Injury loss cost level change (Line (2)) to the present basic limit Uninsured Motorists Bodily Injury single car loss cost (Line (1)).
- COLUMN (4) Uninsured Motorists Bodily Injury increased limits factor for the policy limit shown.
- COLUMN (5) The filed single car Uninsured Motorists Bodily Injury loss cost is calculated by multiplying the filed basic limit Uninsured Motorists Bodily Injury loss cost (Line (3)) by the increased limits factors in Column (4).
- COLUMN (6) The filed single car increment is calculated as follows:

The filed loss cost for single car policies (shown in Column (5)) minus the filed 25/50 basic limit loss cost shown in Column (5).
- COLUMN (7) The filed per car multi-car Uninsured Motorists Bodily Injury loss cost is calculated by multiplying the filed single car loss costs in Column (5) by (the multi-car discount factor of .80.
- COLUMN (8) The filed per car multi-car increment is calculated as follows:

The filed per car loss cost for multi-car policies (shown in Column (7)) minus the filed 25/50 basic limit per car loss cost shown in Column (7).

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TABLE D2B-1

TIER 1 (TERRITORY 21)

CALCULATION OF FILED UNINSURED MOTORISTS LOSS COSTS

	(1)	(2)	(3)	(4)	(5)
UM BI Single Limit	UM BI Increased Limits Factor	Filed Single Car UM BI Loss Cost	Filed Single Car UM BI Increment	Filed Per Car Multi-Car UM BI Loss Cost	Filed Per Car Multi-Car UM BI Increment
\$50,000	1.260	\$ 29.12		\$ 23.30	
75,000	1.480	34.20	\$ 5.08	27.36	\$ 4.06
100,000	1.650	38.13	9.01	30.50	7.20
200,000	2.030	46.91	17.79	37.53	14.23
300,000	2.240	51.77	22.65	41.42	18.12
500,000	2.470	57.08	27.96	45.66	22.36
1,000,000	2.710	62.63	33.51	50.10	26.80

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TABLE D2B-2

TIER 2 (TERRITORIES 22, 23, 24, AND 25)

CALCULATION OF FILED UNINSURED MOTORISTS LOSS COSTS

	(1)	(2)	(3)	(4)	(5)
UM BI Single Limit	UM BI Increased Limits Factor	Filed Single Car UM BI Loss Cost	Filed Single Car UM BI Increment	Filed Per Car Multi-Car UM BI Loss Cost	Filed Per Car Multi-Car UM BI Increment
\$50,000	1.260	\$ 16.22		\$ 12.98	
75,000	1.480	19.05	\$ 2.83	15.24	\$ 2.26
100,000	1.650	21.24	5.02	16.99	4.01
200,000	2.030	26.13	9.91	20.90	7.92
300,000	2.240	28.83	12.61	23.06	10.08
500,000	2.470	31.79	15.57	25.43	12.45
1,000,000	2.710	34.88	18.66	27.90	14.92

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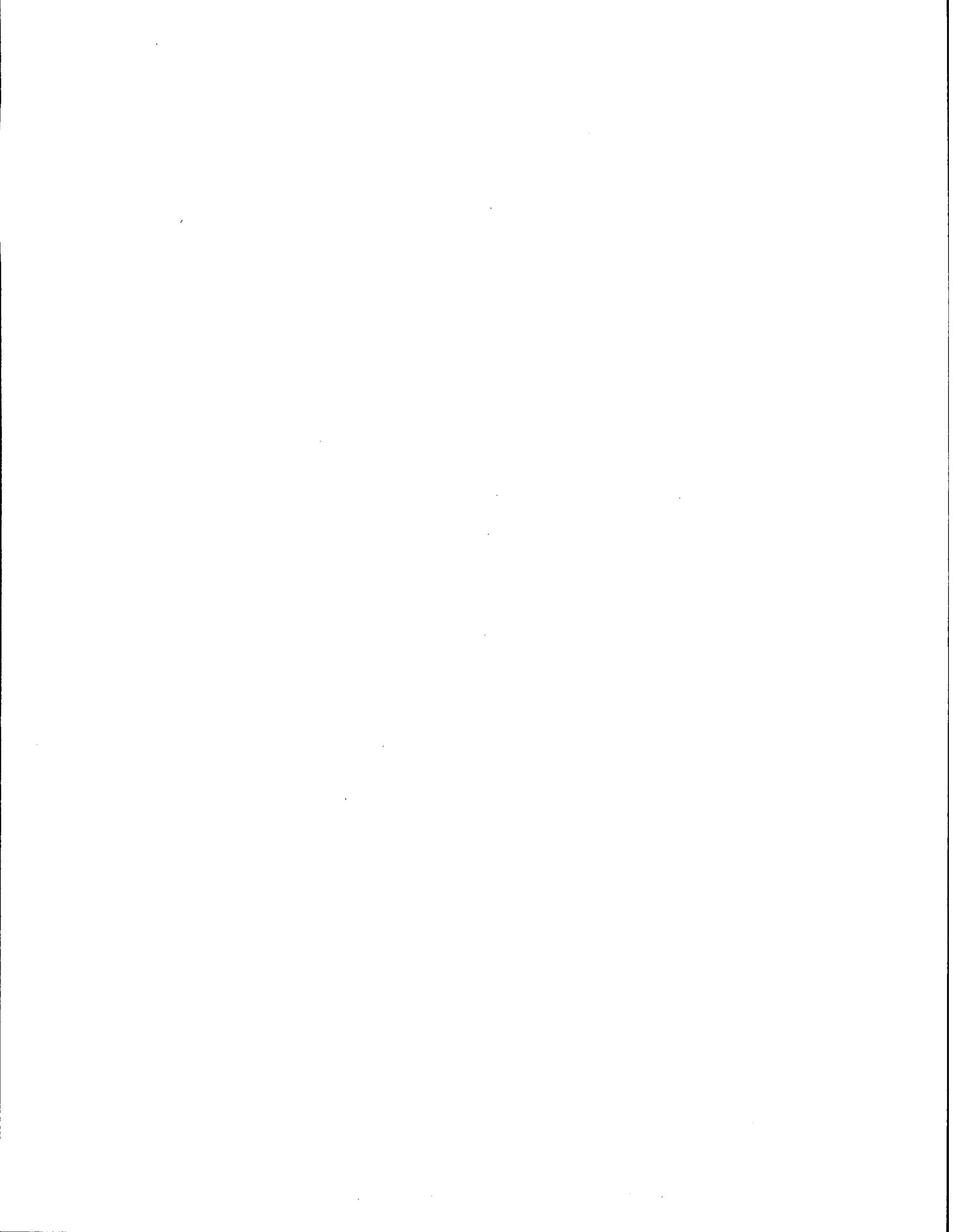
TABLE D2B-3

TIER 3 (TERRITORIES 26, 27, 28, 29, 30, 31, 32, AND 33)

CALCULATION OF FILED UNINSURED MOTORISTS LOSS COSTS

	(1)	(2)	(3)	(4)	(5)
UM BI Single Limit	UM BI Increased Limits Factor	Filed Single Car UM BI Loss Cost	Filed Single Car UM BI Increment	Filed Per Car Multi-Car UM BI Loss Cost	Filed Per Car Multi-Car UM BI Increment
\$50,000	1.260	\$ 11.48		\$ 9.18	
75,000	1.480	13.48	\$ 2.00	10.78	\$ 1.60
100,000	1.650	15.03	3.55	12.02	2.84
200,000	2.030	18.49	7.01	14.79	5.61
300,000	2.240	20.41	8.93	16.33	7.15
500,000	2.470	22.50	11.02	18.00	8.82
1,000,000	2.710	24.69	13.21	19.75	10.57

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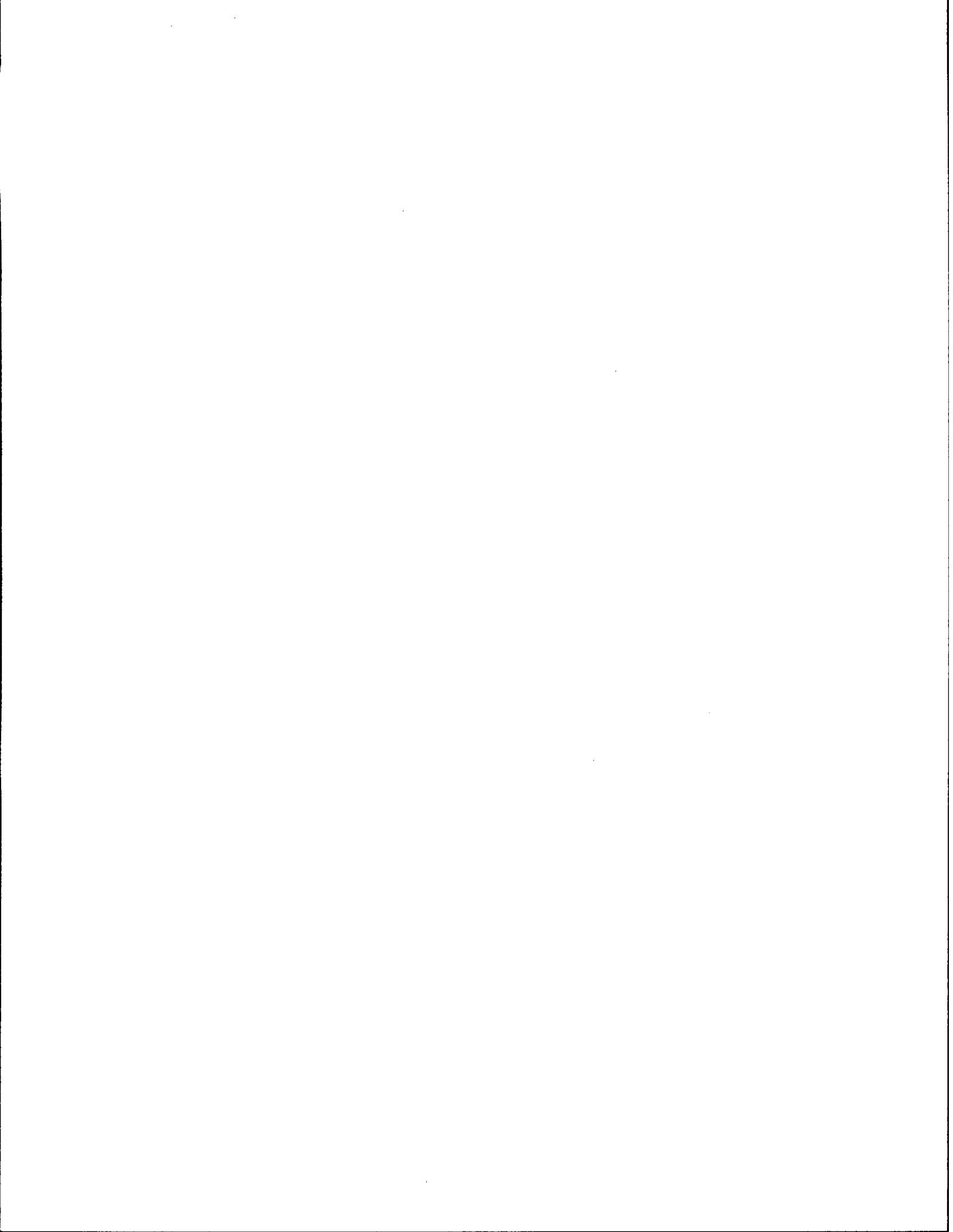
EXPLANATORY NOTES TO TABLE D2B

- COLUMN (1) Uninsured Motorists Bodily Injury increased limits factor for the policy limit shown.
- COLUMN (2) The filed single car Uninsured Motorists Bodily Injury loss costs are calculated by multiplying the filed 25/50 basic limit Uninsured Motorists Bodily Injury loss cost (Table D2A, Line (3)) by the increased limits factors in Column (1).
- COLUMN (3) The filed single car increments are calculated as follows:

The filed loss costs for single car policies (shown in Column (2)) minus the filed \$50,000 basic limit loss cost shown in Column (2).
- COLUMN (4) The filed per car multi-car Uninsured Motorists Bodily Injury loss cost is calculated by multiplying the filed single car loss costs in Column (2) by the multi-car discount factor of .80.
- COLUMN (5) The filed per car multi-car increment is calculated as follows:

The filed per car loss cost for multi-car policies (shown in Column (4)) minus the filed \$50,000 basic limit per car loss cost shown in Column (4).

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PERSONAL AUTO INSURANCE

TABLE D2C-1

TIER 1 (TERRITORY 21)

CALCULATION OF FILED UNINSURED MOTORISTS LOSS COSTS

(1) Present Basic Limit UM PD Single Car Loss Cost	\$20.01
(2) UM PD Loss Cost Level Change	36.18%
(3) Filed Basic Limit UM PD Single Car Loss Cost	\$27.25
(4) Filed Basic Limit UM PD Per Car Multi-Car Loss Cost	\$21.80

	(5) Present Single Car UM PD Limit UM PD Increment	(6) Filed Single Car UM PD Loss Cost	Single Limit	(7) UM BI Increased Limits Factor	(8) Filed Single Car UM BI Loss Cost	(9) Filed Single Car UM PD Loss Cost
\$25,000		\$ 27.25	\$75,000	1.480	\$ 34.20	\$ 28.77
50,000	\$ 0.75	28.00	100,000	1.650	38.13	28.77
100,000	1.52	28.77	200,000	2.030	46.91	28.77
200,000	2.28	29.53	300,000	2.240	51.77	28.77
300,000	3.04	30.29	500,000	2.470	57.08	28.77
500,000	3.80	31.05	1,000,000	2.710	62.63	28.77
1,000,000	4.57	31.82				

Single Limit Discount Factor	(10) Single Limit Discount Factor	(11) Filed Single Car UM BI/PD Loss Cost	(12) Filed Single Car UM BI/PD Increment	(13) Filed Per Car Multi-Car UM BI/PD Loss Cost	(14) Filed Per Car Multi-Car UM BI/PD Increment
\$75,000	0.905	\$ 60.24		\$ 48.19	
100,000	0.910	64.31	\$ 4.07	51.45	\$ 3.26
200,000	0.910	73.09	12.85	58.47	10.28
300,000	0.910	77.95	17.71	62.36	14.17
500,000	0.910	83.26	23.02	66.61	18.42
1,000,000	0.910	88.81	28.57	71.05	22.86

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TABLE D2C-2

TIER 2 (TERRITORIES 22, 23, 24, AND 25)

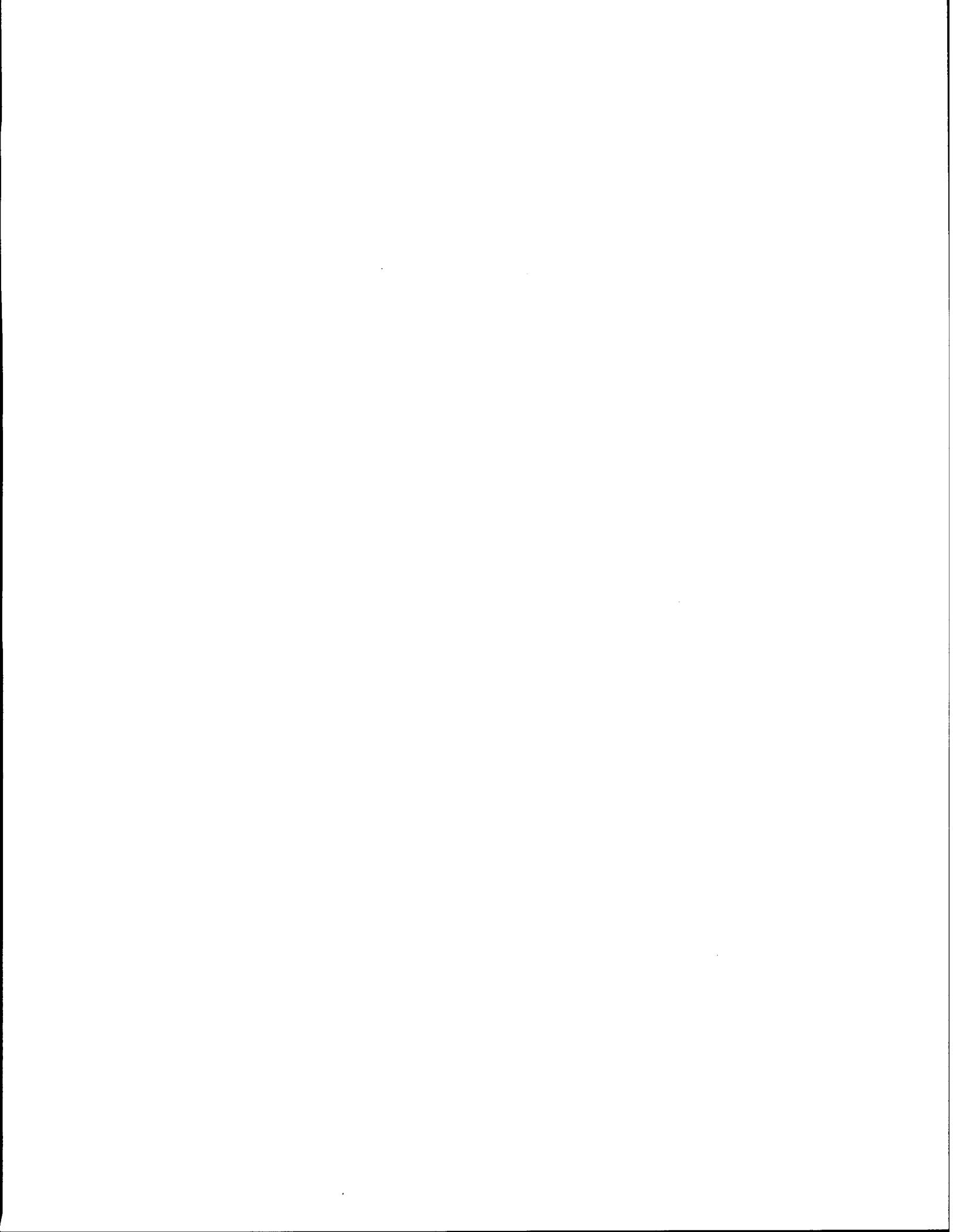
CALCULATION OF FILED UNINSURED MOTORISTS LOSS COSTS

(1) Present Basic Limit UM PD Single Car Loss Cost	\$16.68
(2) UM PD Loss Cost Level Change	20.74%
(3) Filed Basic Limit UM PD Single Car Loss Cost	\$20.14
(4) Filed Basic Limit UM PD Per Car Multi-Car Loss Cost	\$16.11

	(5) Present Single Car UM PD Limit Increment	(6) Filed Single Car UM PD Loss Cost		(7) UM BI Increased Limits Factor	(8) Filed Single Car UM BI Loss Cost	(9) Filed Single Car UM PD Loss Cost
\$25,000		\$ 20.14	\$75,000	1.480	\$ 19.05	\$ 21.66
50,000	\$ 0.75	20.89	100,000	1.650	21.24	21.66
100,000	1.52	21.66	200,000	2.030	26.13	21.66
200,000	2.28	22.42	300,000	2.240	28.83	21.66
300,000	3.04	23.18	500,000	2.470	31.79	21.66
500,000	3.80	23.94	1,000,000	2.710	34.88	21.66
1,000,000	4.57	24.71				

	(10) Single Limit Discount Factor	(11) Filed Single Car UM BI/PD Loss Cost	(12) Filed Single Car UM BI/PD Increment	(13) Filed Per Car Multi-Car UM BI/PD Loss Cost	(14) Filed Per Car Multi-Car UM BI/PD Increment
\$75,000	0.905	\$ 38.90		\$ 31.12	
100,000	0.910	40.99	\$ 2.09	32.79	\$ 1.67
200,000	0.910	45.84	6.94	36.67	5.55
300,000	0.910	48.54	9.64	38.83	7.71
500,000	0.910	51.50	12.60	41.20	10.08
1,000,000	0.910	54.59	15.69	43.67	12.55

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PERSONAL AUTO INSURANCE

TABLE D2C-3

TIER 3 (TERRITORIES 26, 27, 28, 29, 30, 31, 32, AND 33)

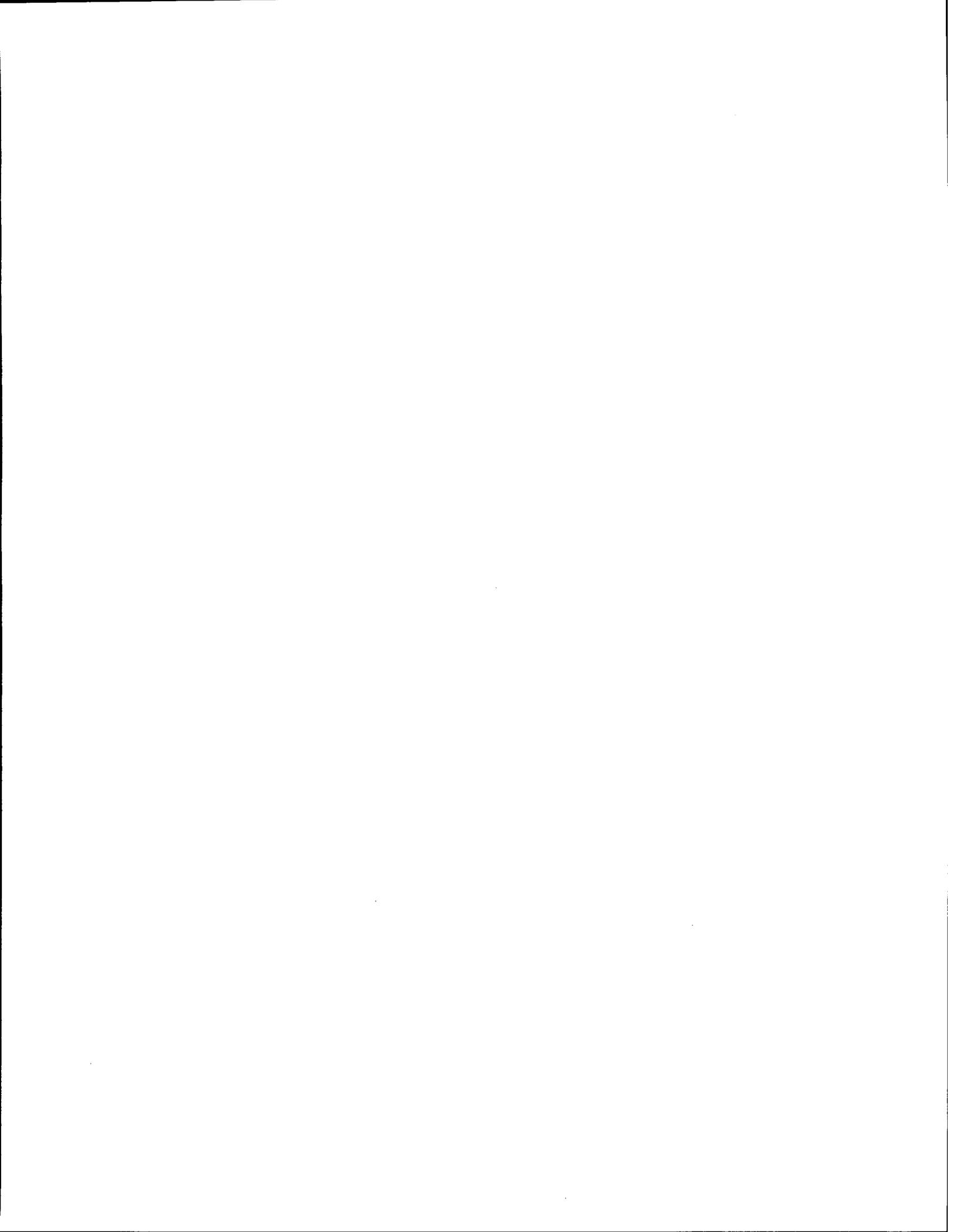
CALCULATION OF FILED UNINSURED MOTORISTS LOSS COSTS

(1) Present Basic Limit UM PD Single Car Loss Cost	\$13.72
(2) UM PD Loss Cost Level Change	-0.73%
(3) Filed Basic Limit UM PD Single Car Loss Cost	\$13.62
(4) Filed Basic Limit UM PD Per Car Multi-Car Loss Cost	\$10.90

UM PD Limit	(5) Present Single Car UM PD Increment	(6) Filed Single Car UM PD Loss Cost	Single Limit	(7) UM BI Increased Limits Factor	(8) Filed Single Car UM BI Loss Cost	(9) Filed Single Car UM PD Loss Cost
\$25,000		\$ 13.62	\$75,000	1.480	\$ 13.48	\$ 15.14
50,000	\$ 0.75	14.37	100,000	1.650	15.03	15.14
100,000	1.52	15.14	200,000	2.030	18.49	15.14
200,000	2.28	15.90	300,000	2.240	20.41	15.14
300,000	3.04	16.66	500,000	2.470	22.50	15.14
500,000	3.80	17.42	1,000,000	2.710	24.69	15.14
1,000,000	4.57	18.19				

Single Limit Discount Factor	(10) Single Limit Discount Factor	(11) Filed Single Car UM BI/PD Loss Cost	(12) Filed Single Car UM BI/PD Increment	(13) Filed Per Car Multi-Car UM BI/PD Loss Cost	(14) Filed Per Car Multi-Car UM BI/PD Increment
\$75,000	0.905	\$ 27.34		\$ 21.87	
100,000	0.910	28.82	\$ 1.48	23.06	\$ 1.19
200,000	0.910	32.27	4.93	25.82	3.95
300,000	0.910	34.19	6.85	27.35	5.48
500,000	0.910	36.28	8.94	29.02	7.15
1,000,000	0.910	38.47	11.13	30.78	8.91

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EXPLANATORY NOTES TO TABLE D2C

- LINE (1) Present \$25,000 basic limit Uninsured Motorists Property Damage single car loss cost contained in Arkansas Personal Auto Filing, PP-2007-BRLA2.
- LINE (2) Filed Uninsured Motorists Property Damage basic loss cost level change as determined on Table D1D, Column (13).
- LINE (3) The filed Uninsured Motorists Property Damage \$25,000 basic limit single car loss cost is calculated by applying the Uninsured Motorists Property Damage loss cost level change (Line (2)) to the present basic limit Uninsured Motorists Property Damage single car loss cost (Line (1)).
- LINE (4) The filed per car multi-car Uninsured Motorists Property Damage \$25,000 basic limit loss cost is calculated by multiplying the filed single car loss cost in Line (3) by the multi-car discount factor of .80.
- COLUMN (5) Present Uninsured Motorists Higher Limits Property Damage single car increments contained in Arkansas Personal Auto Filing, PP-2007-BRLA2.
- COLUMN (6) The filed single car Uninsured Motorists Property Damage loss costs are the sum of the filed basic limit loss cost shown on Line (3) and the present increments shown in Column (5).
- COLUMN (7) Uninsured Motorists Bodily Injury increased limits factor for the policy limit shown.
- COLUMN (8) The filed single car Uninsured Motorists Bodily Injury loss costs are calculated by multiplying the filed basic limit Uninsured Motorists Bodily Injury loss cost (Table D2A, Line (3)) by the increased limits factors in Column (7).
- COLUMN (9) The filed single car Uninsured Motorists Property Damage loss costs are from Column (6). The loss costs shown follow two pricing rules: 1) the charge for the next higher limit is used for limits not available in Column (6), and 2), the maximum charge added is that for \$100,000 regardless of the coverage afforded.

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EXPLANATORY NOTES TO TABLE D2C (Cont'd)

COLUMN (10) The single limit discount factor is derived from the following table:

<u>Policy Limit</u>	<u>Discount Factor</u>
\$ 25,000 or less	.890
\$ 50,000	.900
\$100,000 or more	.910

Straight line interpolation is used for any additional limits. The single limit discount recognizes the fact that combined single limits provide less coverage than comparable split limits.

COLUMN (11) The filed single car Uninsured Motorists Bodily Injury/Property Damage loss cost is the discounted sum of the Bodily Injury and Property Damage portions of the loss cost. The discount applies to the lower of the two loss costs.

Table D2C-3:

$$\$500,000: \$22.50 + (\$15.14 \times .910) = \$36.28$$

COLUMN (12) The filed single car increments are calculated as follows:

The filed loss costs for single car policies (shown in Column (11)) minus the filed basic limit loss cost shown in Column (11).

COLUMN (13) The filed per car multi-car Uninsured Motorists Bodily Injury/Property Damage loss costs are calculated by multiplying the filed single car loss costs in Column (11) by the multi-car discount factor of .80.

COLUMN (14) The filed per car multi-car increments are calculated as follows:

The filed per car loss cost for multi-car policies (shown in Column (13)) minus the filed basic limit per car loss cost shown in Column (13).

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TABLE D3-1

TIER 1

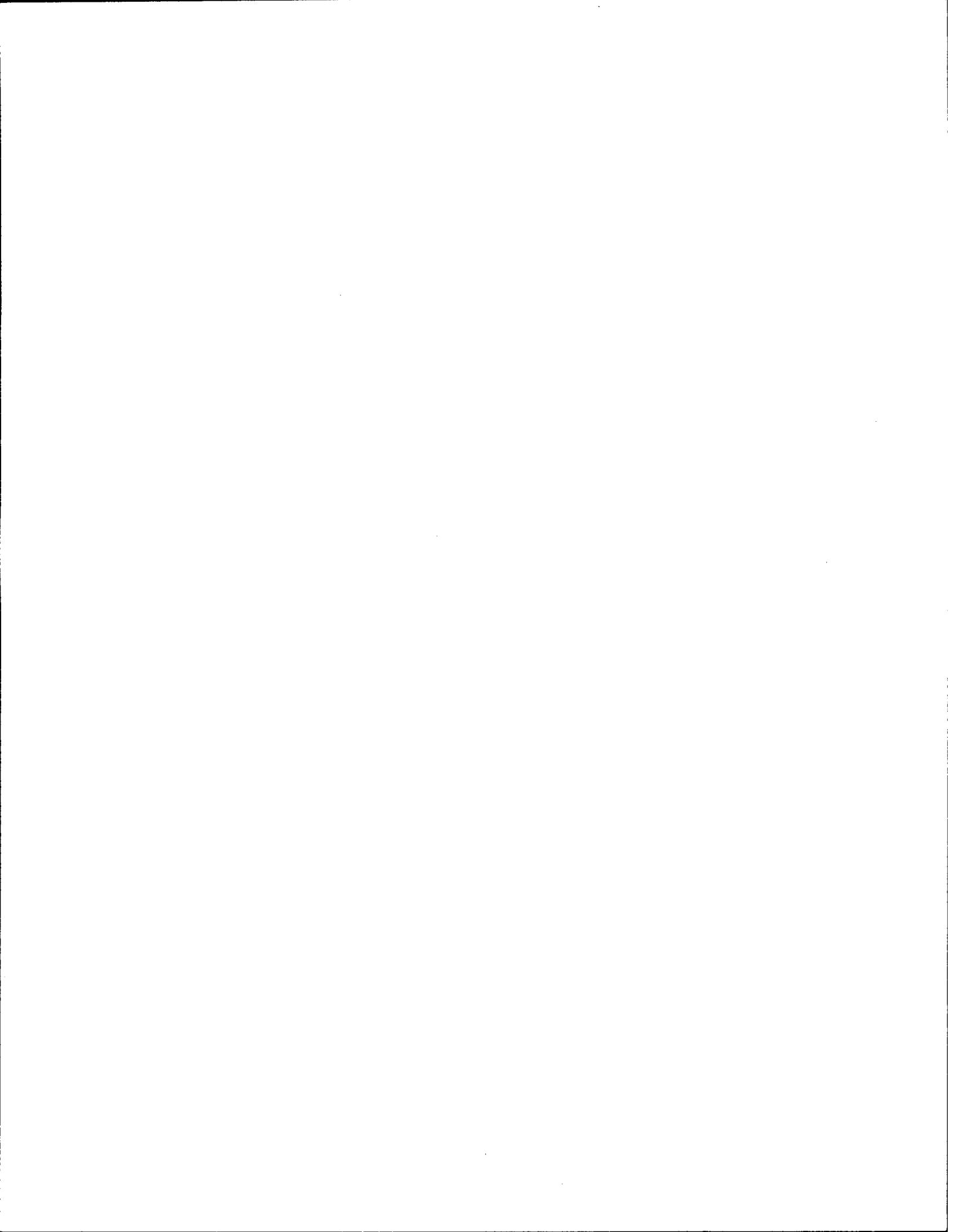
DETERMINATION OF INDICATED DAMAGES REDUCTION
UNDERINSURED MOTORISTS LOSS COSTS

\$100,000/\$300,000 UIM

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
BI Limits of Party at Fault	Distribution of Policy Limits	Total Combined Limit of Coverage	BI ILF of (1)	UMBI ILF for Layer from (1) to (3)	Average Loss Cost for Combined Coverage	Average Loss Cost for BI Limits of Party at Fault	Indicated Loss Cost for Additional Coverage
25/50	0.421	125/350	1.00	1.820	\$234.03	\$128.59	\$105.44
50/100	0.225	150/400	1.23	1.447	228.87	158.17	70.70
75/75	0.001	175/375	1.34	1.345	231.76	172.31	59.45
100/100	0.005	200/400	1.45	1.248	232.70	186.46	46.24
100/200	0.019	200/500	1.48	1.219	231.99	190.31	41.68
100/300	0.230	200/600	1.49	1.218	233.37	191.60	41.77
200/200	0.000	300/500	1.73	1.113	247.60	222.46	25.14
250/500	0.054	350/800	1.84	1.074	254.11	236.61	17.50
300/300	0.024	400/600	1.90	1.067	260.69	244.32	16.37
500/500	0.016	600/800	2.08	1.032	276.03	267.47	8.56
500/1000	0.003	600/1300	2.09	1.028	276.28	268.75	7.53
1000/1000	0.001	1100/1300	2.23	1.011	289.91	286.76	3.15

(9) Cost of all BI limits of at-fault party (sum of (8) x (2)):	\$ 72.49
(10) Portion of at-fault parties insured:	0.641
(11) Cost of coverage for at-fault parties insured (\$ 72.49 x 0.641):	\$ 46.47
(12) 25/50 BI average loss cost (based on year ending 12/31/2007):	\$128.59

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PERSONAL AUTO INSURANCE

TABLE D3-2

TIER 2

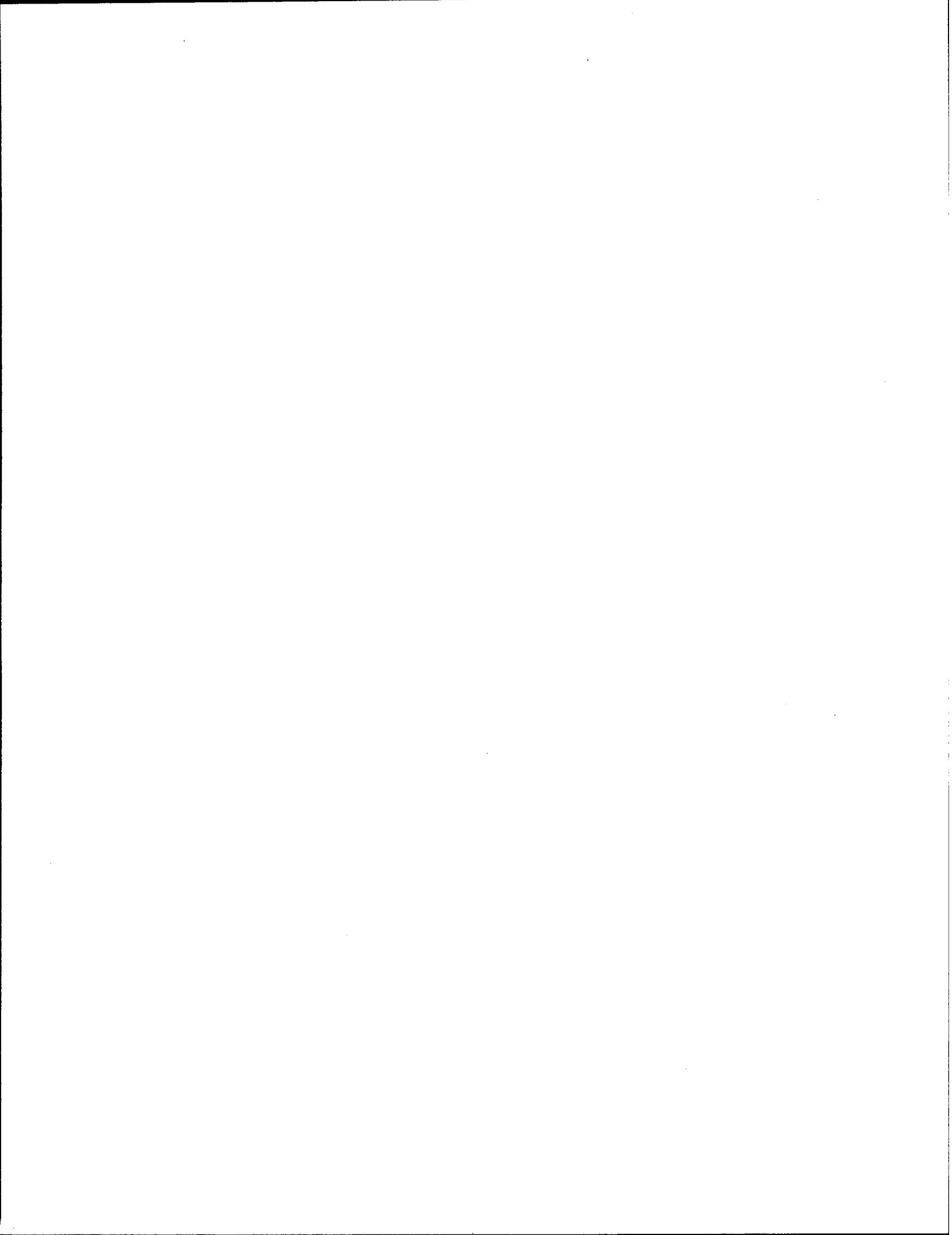
DETERMINATION OF INDICATED DAMAGES REDUCTION
UNDERINSURED MOTORISTS LOSS COSTS

\$100,000/\$300,000 UIM

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
BI Limits of Party at Fault	Distribution of Policy Limits	Total Combined Limit of Coverage	BI ILF of (1)	UMBI ILF for Layer from (1) to (3)	Average Loss Cost for Combined Coverage	Average Loss Cost for BI Limits of Party at Fault	Indicated Loss Cost for Additional Coverage
25/50	0.421	125/350	1.00	1.820	\$178.20	\$ 97.91	\$ 80.29
50/100	0.225	150/400	1.23	1.447	174.26	120.43	53.83
75/75	0.001	175/375	1.34	1.345	176.46	131.20	45.26
100/100	0.005	200/400	1.45	1.248	177.18	141.97	35.21
100/200	0.019	200/500	1.48	1.219	176.64	144.91	31.73
100/300	0.230	200/600	1.49	1.218	177.69	145.89	31.80
200/200	0.000	300/500	1.73	1.113	188.52	169.38	19.14
250/500	0.054	350/800	1.84	1.074	193.49	180.15	13.34
300/300	0.024	400/600	1.90	1.067	198.49	186.03	12.46
500/500	0.016	600/800	2.08	1.032	210.17	203.65	6.52
500/1000	0.003	600/1300	2.09	1.028	210.36	204.63	5.73
1000/1000	0.001	1100/1300	2.23	1.011	220.74	218.34	2.40

(9) Cost of all BI limits of at-fault party {sum of (8) x (2)}:	\$ 55.20
(10) Portion of at-fault parties insured:	0.879
(11) Cost of coverage for at-fault parties insured (\$ 55.20 x 0.879):	\$ 48.52
(12) 25/50 BI average loss cost (based on year ending 12/31/2007):	\$ 97.91

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PERSONAL AUTO INSURANCE

TABLE D3-3

TIER 3

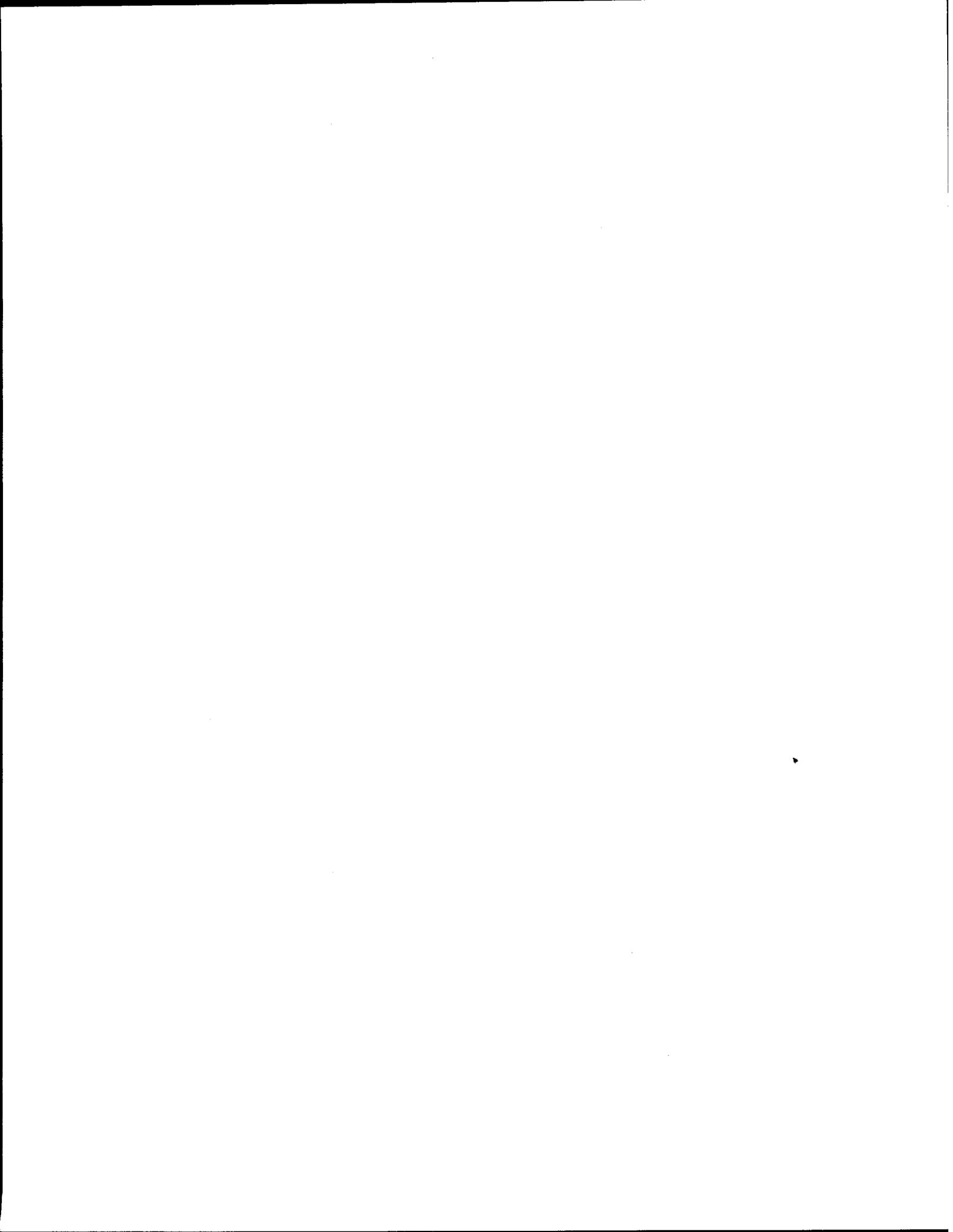
DETERMINATION OF INDICATED DAMAGES REDUCTION
UNDERINSURED MOTORISTS LOSS COSTS

\$100,000/\$300,000 UIM

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<u>BI Limits of Party at Fault</u>	<u>Distribution of Policy Limits</u>	<u>Total Combined Limit of Coverage</u>	<u>BI ILF of (1)</u>	<u>UMBI ILF for Layer from (1) to (3)</u>	<u>Average Loss Cost for Combined Coverage</u>	<u>Average Loss Cost for BI Limits of Party at Fault</u>	<u>Indicated Loss Cost for Additional Coverage</u>
25/50	0.421	125/350	1.00	1.820	\$136.08	\$ 74.77	\$ 61.31
50/100	0.225	150/400	1.23	1.447	133.08	91.97	41.11
75/75	0.001	175/375	1.34	1.345	134.76	100.19	34.57
100/100	0.005	200/400	1.45	1.248	135.30	108.42	26.88
100/200	0.019	200/500	1.48	1.219	134.89	110.66	24.23
100/300	0.230	200/600	1.49	1.218	135.69	111.41	24.28
200/200	0.000	300/500	1.73	1.113	143.97	129.35	14.62
250/500	0.054	350/800	1.84	1.074	147.76	137.58	10.18
300/300	0.024	400/600	1.90	1.067	151.58	142.06	9.52
500/500	0.016	600/800	2.08	1.032	160.50	155.52	4.98
500/1000	0.003	600/1300	2.09	1.028	160.64	156.27	4.37
1000/1000	0.001	1100/1300	2.23	1.011	168.57	166.74	1.83

(9) Cost of all BI limits of at-fault party (sum of (8) x (2)):	\$ 42.15
(10) Portion of at-fault parties insured:	0.894
(11) Cost of coverage for at-fault parties insured (\$ 42.15 x 0.894):	\$ 37.68
(12) 25/50 BI average loss cost (based on year ending 12/31/2007):	\$ 74.77

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PERSONAL AUTO INSURANCE

EXPLANATORY NOTES TO TABLE D3

INTRODUCTION

The explanations that follow clarify Table D3, Determination of Indicated Damages Reduction (with a damages trigger) Underinsured Motorists Loss Costs. Table D3 shows the calculation of the average loss cost for a 100/300 UIM policy purchased, where the tortfeasors have purchased either split limit policies or single limit policies.

Arkansas Underinsured Motorists Coverage has a Damages Trigger and a Damages Reduction.

Under a damages trigger, Underinsured Motorists Coverage becomes available only if the insured's damages exceed the at-fault party's (tortfeasor's) Bodily Injury Liability limit.

Under a damages reduction, the amount paid by the tortfeasor reduces the amount of actual damages sustained by the insured that the Underinsured Motorists coverage pays for. With this type of reduction, Underinsured Motorists acts as "excess" coverage, in that the full Underinsured Motorists Bodily Injury limit is available in addition to any amounts received from the tortfeasor. As a result, the insured's total recovery from all sources (i.e. the tortfeasor's payment plus any Underinsured Motorists coverage) may well exceed the maximum limit for Underinsured Motorists Bodily Injury under the policy.

The Damages Reduction (with a damages trigger) Underinsured Motorists loss costs are calculated using the Damages Reduction (with a damages trigger) Underinsured Motorists Pricing Model. This model assumes that the Underinsured Motorists coverage provides a layer of Bodily Injury coverage between the tortfeasor's Bodily Injury Liability limit and the sum of the insured's Underinsured Motorists Bodily Injury limit and the tortfeasor's Bodily Injury Liability limit. This calculation is shown for the 100/300 UIM limit in Table D3.

COLUMN (1)

The limits displayed are the most commonly purchased Bodily Injury limits purchased by the tortfeasor. The Underinsured Motorists Bodily Injury coverage is triggered when these limits are exhausted.

COLUMN (2)

For each Bodily Injury Liability policy limit, this is the distribution of policies based on the written car months by policy limit for Bodily Injury Liability for year ending 12/31/2007. This distribution is based on voluntary and assigned risk exposures combined.

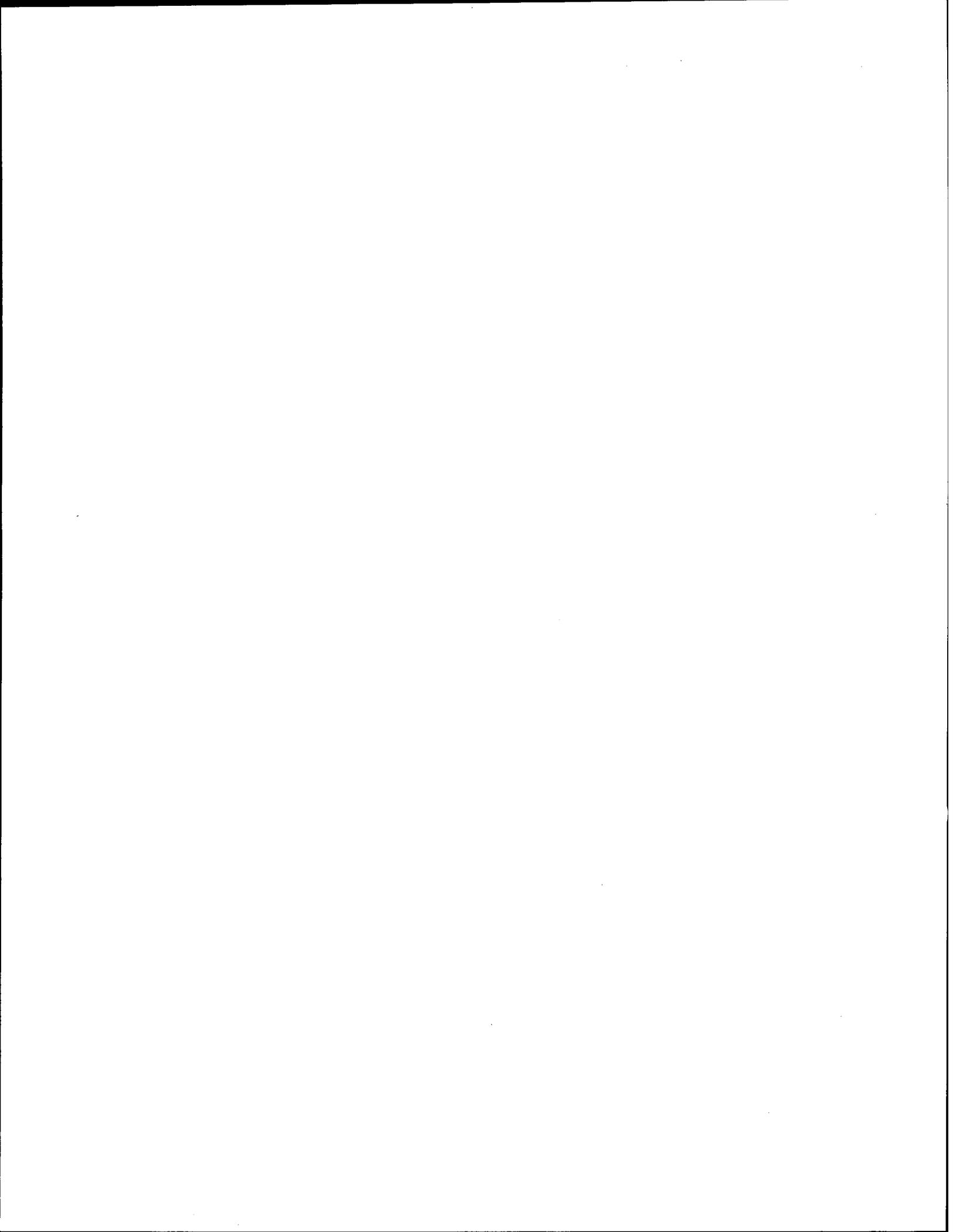
COLUMN (3)

The total combined limit of coverage is the sum of the insured's Underinsured Motorists policy limits and the tortfeasor's Bodily Injury Liability coverage limits.

COLUMN (4)

Bodily Injury increased limits factors for the policy limits in Column (1) to be applied to the 25/50 average Bodily Injury loss cost.

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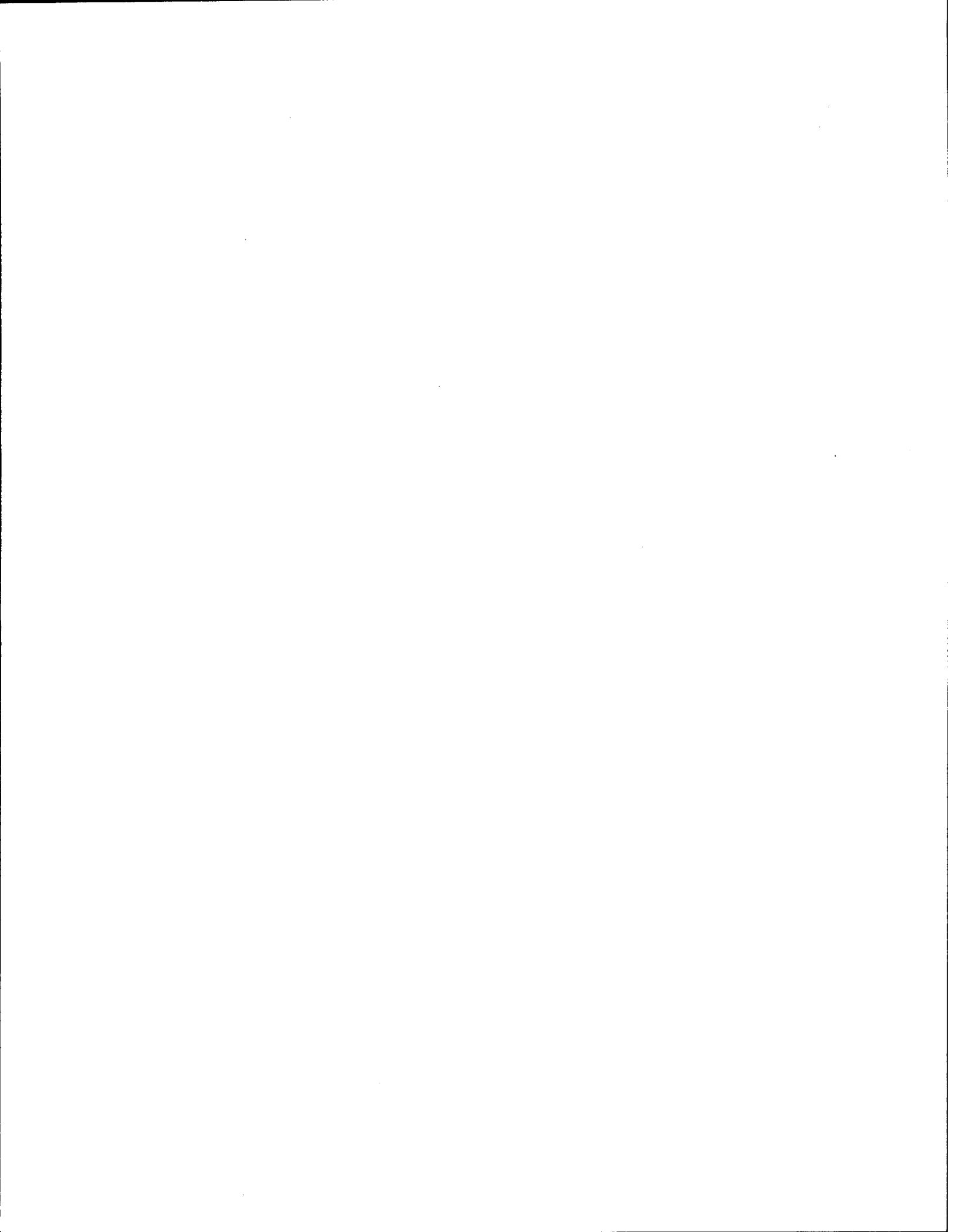


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EXPLANATORY NOTES TO TABLE D3 (Cont'd)

- COLUMN (5) The Uninsured Motorists Bodily Injury increased limits factors in Column (5) are calculated by reindexing the UMBI increased limits factors, as follows:
The UMBI increased limits factor for the combined limit (Column (3)) is divided by the UMBI increased limits factor for the party at-fault's limit (Column (1)).
- Table D3-1, 50/100: $1.910 \div 1.320 = 1.447$
- COLUMN (6) The average loss cost for the total coverage available to the insured is calculated by applying the increased limit factors in Column (4) and Column (5) to the average 25/50 Bodily Injury loss cost of Line (12).
- COLUMN (7) The average Bodily Injury loss cost of the tortfeasor is calculated by multiplying the average 25/50 Bodily Injury loss cost in Line (12) by the increased limit factor for the tortfeasor's Bodily Injury limit (Column (4)).
- COLUMN (8) The indicated loss cost for the additional coverage provided by Underinsured Motorists is the difference between the total combined coverage average loss cost (Column (6)) and the tortfeasor's average loss cost (Column (7)). This amount will cover the insured's losses above the tortfeasor's Bodily Injury Liability limits up to the amounts specified by the limits in Column (3).
- LINE (9) Using the results from Column (8), the indicated overall loss cost of the coverage provided by Underinsured Motorists can be determined. This is accomplished by weighting the indicated loss costs for each limit in Column (8) by the policy limit distribution in Column (2).
- LINES (10) AND (11) Because Underinsured Motorists applies only when the tortfeasor is insured, the indicated Underinsured Motorists charge is adjusted by an estimate of the percentage of drivers in the state that are insured. The percentage is given by:
- $$1 - \left[\frac{\text{(Current Uninsured Motorists claim frequency)}}{\text{(Current Bodily Injury claim frequency)}} \right],$$
- where the claim frequencies are based on voluntary and assigned risks combined. The result is the average loss cost for a given limit of Underinsured Motorists coverage.
- The result for each Underinsured Motorist limit is shown in Table D4B, Column (1).
- LINE (12) The 25/50 average loss cost is based on the latest year of data, year ending 12/31/2007.

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TABLE D4A-1

TIER 1 (TERRITORY 21)

CALCULATION OF OFFSET FOR THE MULTI-CAR DISCOUNT

	(1) Percent Of <u>Exposures</u>	(2) Present <u>Discount</u>
Single Car Policies	25.9%	1.00
Multi-Car Policies	74.1%	<u>0.80</u>
		0.852

(3) Offset = 1.000 / 0.852 = 1.174

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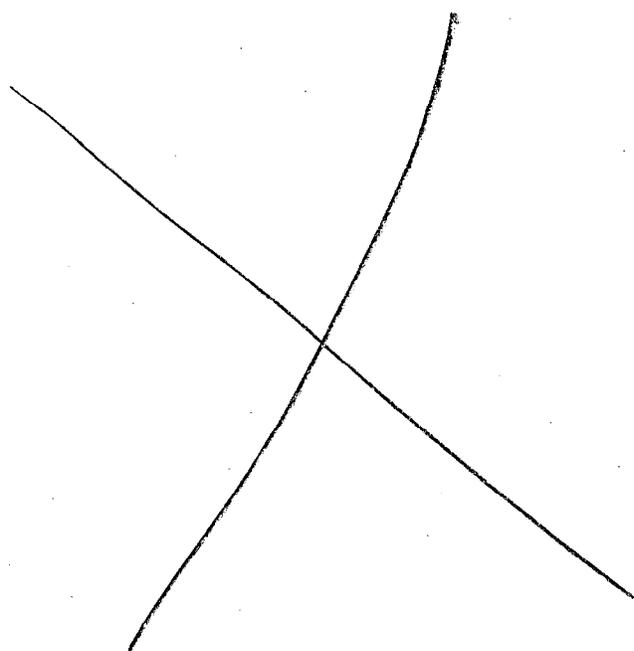
TABLE D4A-2

TIER 2 (TERRITORIES 22, 23, 24, AND 25)

CALCULATION OF OFFSET FOR THE MULTI-CAR DISCOUNT

	(1) Percent Of <u>Exposures</u>	(2) Present <u>Discount</u>
Single Car Policies	20.8%	1.00
Multi-Car Policies	79.2%	<u>0.80</u>
		0.842

(3) Offset = $1.000 / 0.842 = 1.188$



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TABLE D4A-3

TIER 3 (TERRITORIES 26, 27, 28, 29, 30, 31, 32, AND 33)

CALCULATION OF OFFSET FOR THE MULTI-CAR DISCOUNT

	(1) Percent Of <u>Exposures</u>	(2) Present <u>Discount</u>
Single Car Policies	18.5%	1.00
Multi-Car Policies	81.5%	<u>0.80</u>
		0.837

(3) Offset = 1.000 / 0.837 = 1.195

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EXPLANATORY NOTES TO TABLE D4A

- INTRODUCTION** The explanations that follow clarify Table D4A, Calculation of Offset for the Multi-Car Discount.
- Our pricing model for Underinsured Motorists produces average single and multi-car loss costs for this coverage. The calculated offset is applied to the results of the model to produce the filed single car loss cost. It is not applied to the present Underinsured Motorists single car loss costs.
- COLUMN (1)** The percentage of exposures for single car policies is the percentage of single car exposures. The percentage of exposures for multi-car policies is the percentage of multi-car exposures.
- COLUMN (2)** The present multi-car discount factor is 1.00 for single cars and .80 for each car in a multi-car policy.
- The present average discount for all policies is the discount in Column (2) weighted on the percentage of exposures in Column (1).
- LINE (3)** The offset is determined by taking the reciprocal of the present average discount for all policies ($1.000 \div$ Column (2) total).

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TABLE D4B-1

TIER 1 (TERRITORY 21)

CALCULATION OF FILED UNDERINSURED MOTORISTS LOSS COSTS

<u>Split Limits</u>	(1) <u>Single/Multi Combined (A)</u>	(2) <u>Single Car Loss Cost (B)</u>	(3) <u>Per Car Multi-Car Loss Cost (C)</u>
25/50	\$ 17.25	\$ 20.25	\$ 16.20
50/100	29.22	34.30	27.44
100/200	45.93	53.92	43.14
100/300	46.47	54.56	43.65
250/500	72.08	84.62	67.70
300/300	76.50	89.81	71.85
500/500	90.68	106.46	85.17
500/1000	91.19	107.06	85.65
1000/1000	106.39	124.90	99.92

<u>Single Limits</u>	<u>Single/Multi Combined (A)</u>	<u>Single Car Loss Cost (B)</u>	<u>Per Car Multi-Car Loss Cost (C)</u>
\$50,000	\$ 28.68	\$ 33.67	\$ 26.94
75,000	37.67	44.22	35.38
100,000	45.36	53.25	42.60
200,000	64.57	75.81	60.65
300,000	76.50	89.81	71.85
500,000	90.68	106.46	85.17
1,000,000	106.39	124.90	99.92

(A) Column (1) shows the average loss costs by UIM limit which result from Table D3-1.

(B) Column (1) x the UIM offset calculated on Table D4A-1.

(C) Column (2) x the UIM Multi-Car discount shown on Table D4A-1.

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TABLE D4B-2

TIER 2 (TERRITORIES 22, 23, 24, AND 25)

CALCULATION OF FILED UNDERINSURED MOTORISTS LOSS COSTS

<u>Split Limits</u>	(1) <u>Single/Multi Combined (A)</u>	(2) <u>Single Car Loss Cost (B)</u>	(3) <u>Per Car Multi-Car Loss Cost (C)</u>
25/50	\$ 18.01	\$ 21.40	\$ 17.12
50/100	30.51	36.25	29.00
100/200	47.96	56.98	45.58
100/300	48.52	57.64	46.11
250/500	75.26	89.41	71.53
300/300	79.87	94.89	75.91
500/500	94.68	112.48	89.98
500/1000	95.21	113.11	90.49
1000/1000	111.09	131.97	105.58

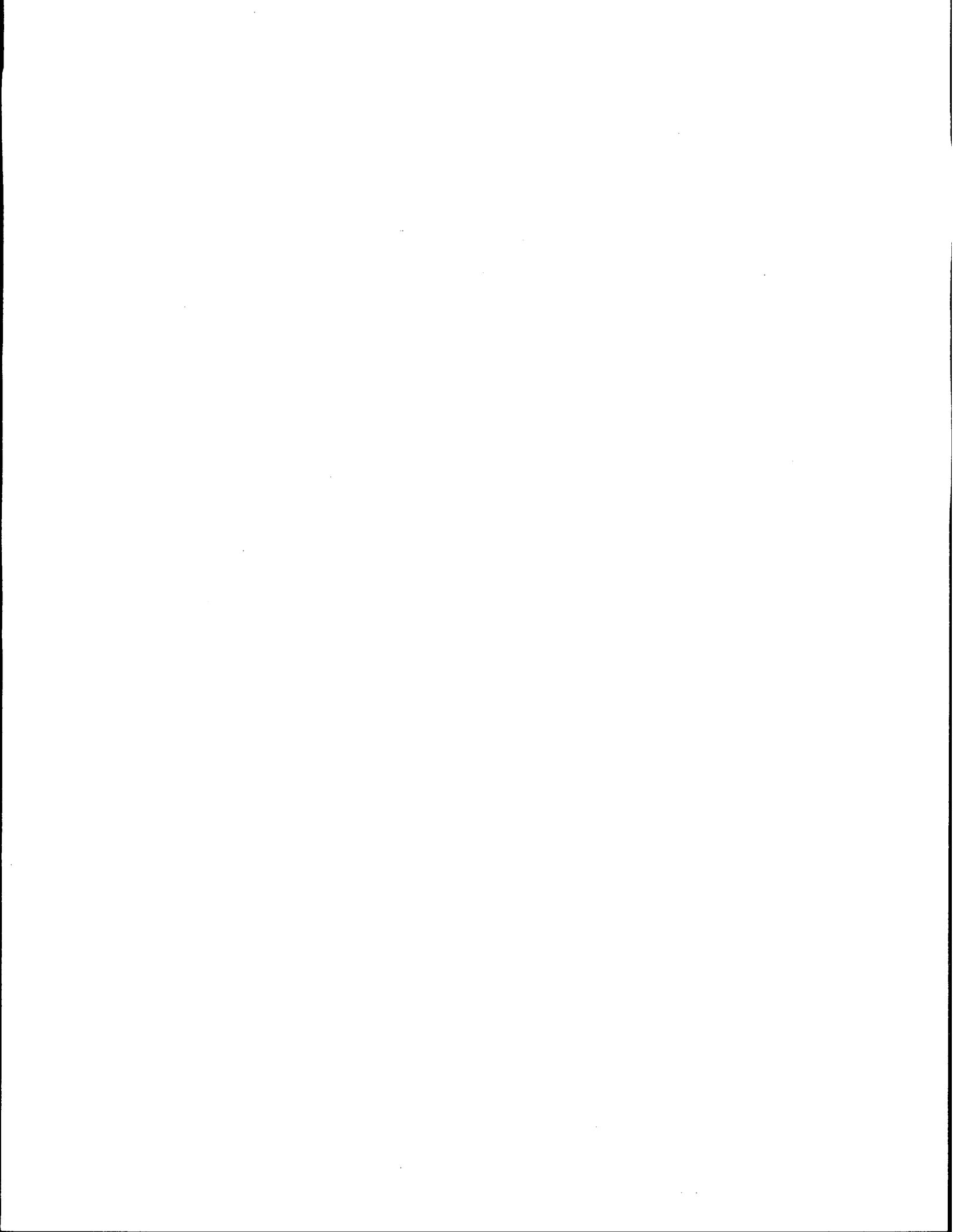
<u>Single Limits</u>	<u>Single/Multi Combined (A)</u>	<u>Single Car Loss Cost (B)</u>	<u>Per Car Multi-Car Loss Cost (C)</u>
\$50,000	\$ 29.95	\$ 35.58	\$ 28.46
75,000	39.33	46.72	37.38
100,000	47.36	56.26	45.01
200,000	67.42	80.09	64.07
300,000	79.87	94.89	75.91
500,000	94.68	112.48	89.98
1,000,000	111.09	131.97	105.58

(A) Column (1) shows the average loss costs by UIM limit which result from Table D3-2.

(B) Column (1) x the UIM offset calculated on Table D4A-2.

(C) Column (2) x the UIM Multi-Car discount shown on Table D4A-2.

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TABLE D4B-3

TIER 3 (TERRITORIES 26, 27, 28, 29, 30, 31, 32, AND 33)

CALCULATION OF FILED UNDERINSURED MOTORISTS LOSS COSTS.

<u>Split Limits</u>	(1) <u>Single/Multi Combined (A)</u>	(2) <u>Single Car Loss Cost (B)</u>	(3) <u>Per Car Multi-Car Loss Cost (C)</u>
25/50	\$ 13.99	\$ 16.72	\$ 13.38
50/100	23.70	28.32	22.66
100/200	37.25	44.51	35.61
100/300	37.68	45.03	36.02
250/500	58.46	69.86	55.89
300/300	62.03	74.13	59.30
500/500	73.53	87.87	70.30
500/1000	73.95	88.37	70.70
1000/1000	86.28	103.10	82.48

<u>Single Limits</u>	<u>Single/Multi Combined (A)</u>	<u>Single Car Loss Cost (B)</u>	<u>Per Car Multi-Car Loss Cost (C)</u>
\$50,000	\$ 23.26	\$ 27.80	\$ 22.24
75,000	30.55	36.51	29.21
100,000	36.79	43.96	35.17
200,000	52.37	62.58	50.06
300,000	62.03	74.13	59.30
500,000	73.53	87.87	70.30
1,000,000	86.28	103.10	82.48

(A) Column (1) shows the average loss costs by UIM limit which result from Table D3-3.

(B) Column (1) x the UIM offset calculated on Table D4A-3.

(C) Column (2) x the UIM Multi-Car discount shown on Table D4A-3.

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TABLE D5A-1

TIER 1 (TERRITORY 21)

PRESENT AND FILED LOSS COSTS

UNINSURED MOTORISTS BODILY INJURY

<u>Basic Limits</u>	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	<u>Present Loss Costs</u>		<u>Filed Loss Costs</u>		<u>Average Loss</u>		<u>Percent</u>
	<u>Single</u>	<u>Per Car</u>	<u>Single</u>	<u>Per Car</u>	<u>Costs Per Car</u>	<u>Change</u>	
	<u>Car</u>	<u>Multi-Car</u>	<u>Car</u>	<u>Multi-Car</u>	<u>Present</u>	<u>Filed</u>	
25/50	\$ 25.78	\$ 20.62	\$ 23.11	\$ 18.49	\$ 21.96	\$ 19.69	- 10.3%
\$50,000 S/L	\$ 32.48	\$ 25.98	\$ 29.12	\$ 23.30	\$ 27.66	\$ 24.81	- 10.3%

Higher Limits Increments

<u>Split Limits</u>	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	<u>Present Loss Costs</u>		<u>Filed Loss Costs</u>		<u>Average Loss</u>		<u>Percent</u>
	<u>Single</u>	<u>Per Car</u>	<u>Single</u>	<u>Per Car</u>	<u>Costs Per Car</u>	<u>Change</u>	
	<u>Car</u>	<u>Multi-Car</u>	<u>Car</u>	<u>Multi-Car</u>	<u>Present</u>	<u>Filed</u>	
50/100	\$ 8.25	\$ 6.60	\$ 7.40	\$ 5.92	\$ 7.03	\$ 6.30	- 10.3%
100/200	17.79	14.24	15.95	12.76	15.16	13.59	- 10.3%
100/300	18.05	14.44	16.18	12.94	15.37	13.78	- 10.3%
250/500	30.16	24.13	27.04	21.63	25.69	23.03	- 10.3%
300/300	31.97	25.58	28.66	22.93	27.24	24.41	- 10.4%
500/500	37.90	30.32	33.97	27.17	32.28	28.93	- 10.4%
500/1000	38.15	30.52	34.20	27.36	32.50	29.13	- 10.4%
1000/1000	44.08	35.27	39.52	31.61	37.55	33.66	- 10.4%

<u>Single Limits</u>	(15)	(16)	(17)	(18)	(19)	(20)	(21)
	<u>Present Loss Costs</u>		<u>Filed Loss Costs</u>		<u>Average Loss</u>		<u>Percent</u>
	<u>Single</u>	<u>Per Car</u>	<u>Single</u>	<u>Per Car</u>	<u>Costs Per Car</u>	<u>Change</u>	
	<u>Car</u>	<u>Multi-Car</u>	<u>Car</u>	<u>Multi-Car</u>	<u>Present</u>	<u>Filed</u>	
\$75,000	\$ 5.67	\$ 4.54	\$ 5.08	\$ 4.06	\$ 4.83	\$ 4.32	- 10.3%
100,000	10.06	8.05	9.01	7.20	8.57	7.67	- 10.4%
200,000	19.85	15.88	17.79	14.23	16.91	15.15	- 10.3%
300,000	25.27	20.22	22.65	18.12	21.53	19.29	- 10.3%
500,000	31.20	24.96	27.96	22.36	26.58	23.81	- 10.4%
1,000,000	37.38	29.91	33.51	26.80	31.84	28.54	- 10.3%

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TABLE D5A-2

TIER 2 (TERRITORIES 22, 23, 24, AND 25)

PRESENT AND FILED LOSS COSTS

UNINSURED MOTORISTS BODILY INJURY

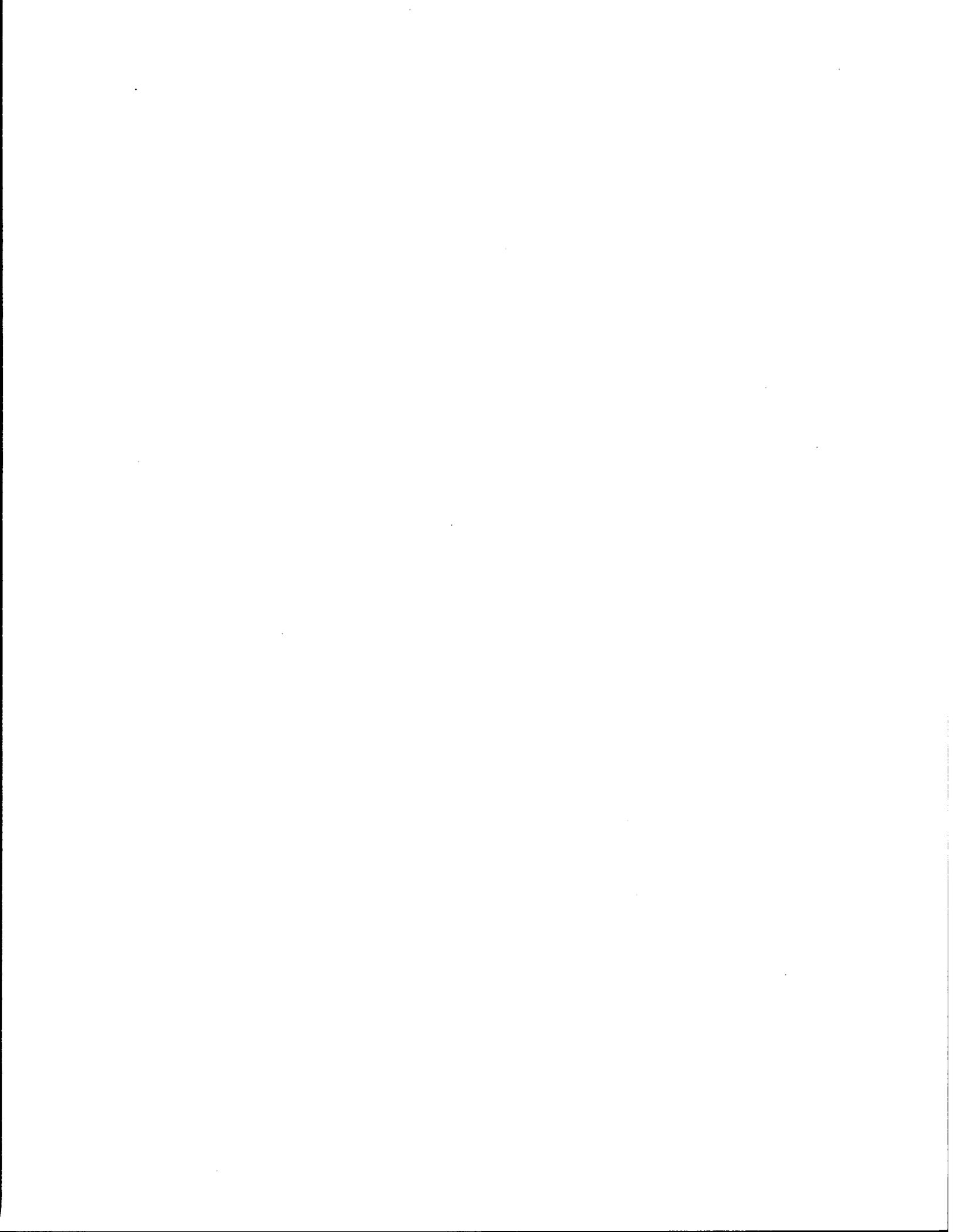
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	<u>Present Loss Costs</u>		<u>Filed Loss Costs</u>		<u>Average Loss</u>		<u>Percent</u>
	<u>Single</u>	<u>Per Car</u>	<u>Single</u>	<u>Per Car</u>	<u>Costs Per Car</u>		
<u>Car</u>	<u>Multi-Car</u>	<u>Car</u>	<u>Multi-Car</u>	<u>Present</u>	<u>Filed</u>	<u>Change</u>	
<u>Basic Limits</u>							
25/50	\$ 17.31	\$ 13.85	\$ 12.87	\$ 10.30	\$ 14.57	\$ 10.83	- 25.7%
\$50,000 S/L	\$ 21.81	\$ 17.45	\$ 16.22	\$ 12.98	\$ 18.36	\$ 13.65	- 25.7%

Higher Limits Increments

	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	<u>Present Loss Costs</u>		<u>Filed Loss Costs</u>		<u>Average Loss</u>		<u>Percent</u>
	<u>Single</u>	<u>Per Car</u>	<u>Single</u>	<u>Per Car</u>	<u>Costs Per Car</u>		
<u>Car</u>	<u>Multi-Car</u>	<u>Car</u>	<u>Multi-Car</u>	<u>Present</u>	<u>Filed</u>	<u>Change</u>	
<u>Split Limits</u>							
50/100	\$ 5.54	\$ 4.43	\$ 4.12	\$ 3.29	\$ 4.66	\$ 3.46	- 25.7%
100/200	11.94	9.55	8.88	7.10	10.05	7.47	- 25.7%
100/300	12.12	9.69	9.01	7.20	10.20	7.58	- 25.7%
250/500	20.25	16.20	15.06	12.04	17.04	12.67	- 25.7%
300/300	21.46	17.17	15.96	12.76	18.06	13.43	- 25.7%
500/500	25.45	20.36	18.92	15.13	21.42	15.92	- 25.7%
500/1000	25.62	20.49	19.05	15.24	21.56	16.03	- 25.7%
1000/1000	29.60	23.68	22.01	17.60	24.91	18.52	- 25.7%

	(15)	(16)	(17)	(18)	(19)	(20)	(21)
	<u>Present Loss Costs</u>		<u>Filed Loss Costs</u>		<u>Average Loss</u>		<u>Percent</u>
	<u>Single</u>	<u>Per Car</u>	<u>Single</u>	<u>Per Car</u>	<u>Costs Per Car</u>		
<u>Car</u>	<u>Multi-Car</u>	<u>Car</u>	<u>Multi-Car</u>	<u>Present</u>	<u>Filed</u>	<u>Change</u>	
<u>Single Limits</u>							
\$75,000	\$ 3.81	\$ 3.05	\$ 2.83	\$ 2.26	\$ 3.21	\$ 2.38	- 25.7%
100,000	6.75	5.40	5.02	4.01	5.68	4.22	- 25.7%
200,000	13.33	10.66	9.91	7.92	11.22	8.33	- 25.7%
300,000	16.96	13.57	12.61	10.08	14.28	10.61	- 25.7%
500,000	20.95	16.76	15.57	12.45	17.63	13.10	- 25.7%
1,000,000	25.10	20.08	18.66	14.92	21.12	15.70	- 25.7%

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TABLE D5A-3

TIER 3 (TERRITORIES 26, 27, 28, 29, 30, 31, 32, AND 33)

PRESENT AND FILED LOSS COSTS

UNINSURED MOTORISTS BODILY INJURY

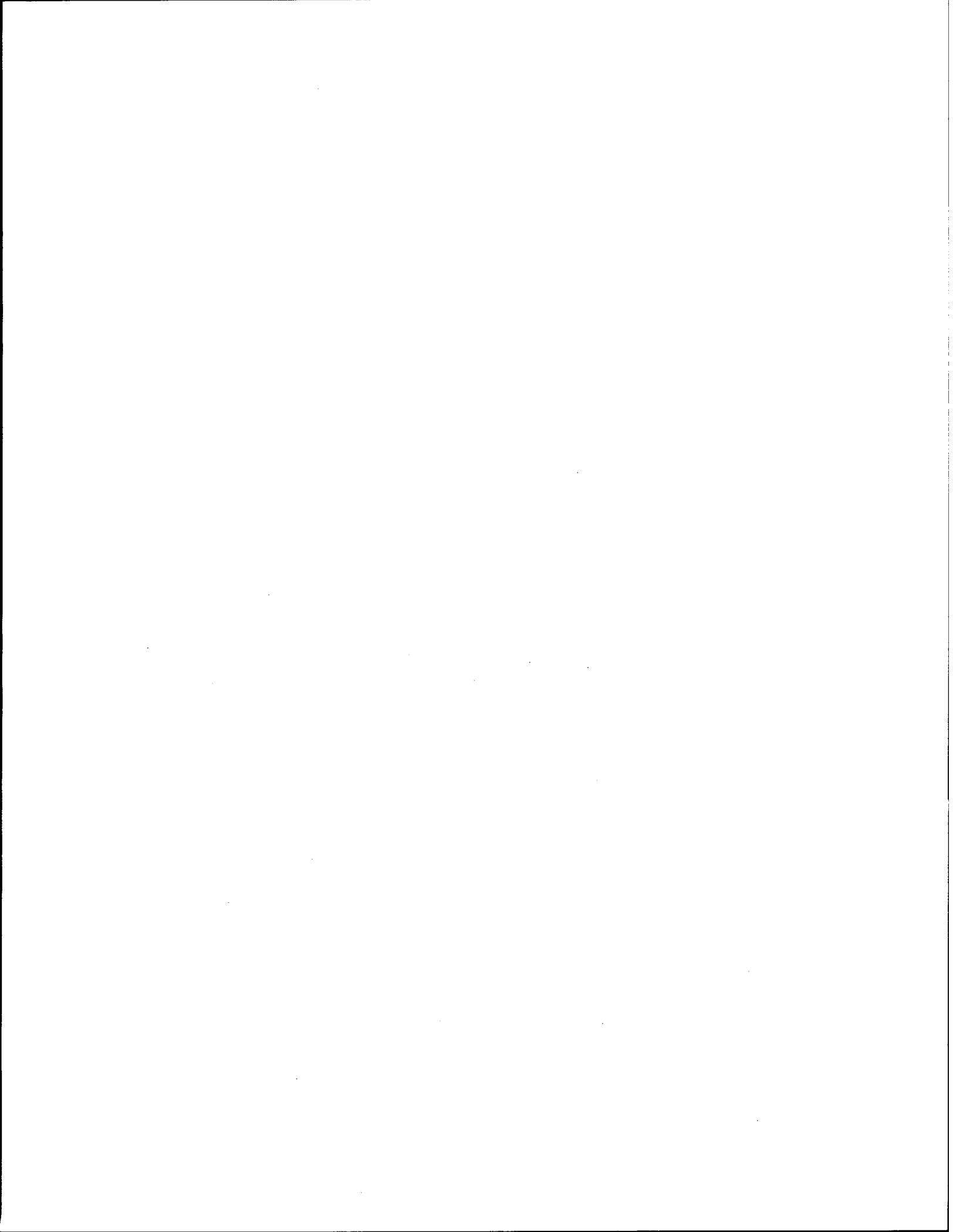
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Present Loss Costs		Filed Loss Costs		Average Loss		Percent Change
	Single	Per Car	Single	Per Car	Costs Per Car		
Car	Multi-Car	Car	Multi-Car	Present	Filed		
<u>Basic Limits</u>							
25/50	\$ 12.10	\$ 9.68	\$ 9.11	\$ 7.29	\$ 10.13	\$ 7.63	- 24.7%
\$50,000 S/L	\$ 15.25	\$ 12.20	\$ 11.48	\$ 9.18	\$ 12.76	\$ 9.61	- 24.7%

Higher Limits Increments

	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Present Loss Costs		Filed Loss Costs		Average Loss		Percent Change
	Single	Per Car	Single	Per Car	Costs Per Car		
Car	Multi-Car	Car	Multi-Car	Present	Filed		
<u>Split Limits</u>							
50/100	\$ 3.87	\$ 3.10	\$ 2.92	\$ 2.33	\$ 3.24	\$ 2.44	- 24.7%
100/200	8.35	6.68	6.29	5.03	6.99	5.26	- 24.7%
100/300	8.47	6.78	6.38	5.10	7.09	5.34	- 24.7%
250/500	14.16	11.33	10.66	8.53	11.85	8.92	- 24.7%
300/300	15.00	12.00	11.30	9.04	12.56	9.46	- 24.7%
500/500	17.79	14.23	13.39	10.71	14.89	11.21	- 24.7%
500/1000	17.91	14.33	13.48	10.78	14.99	11.28	- 24.7%
1000/1000	20.69	16.55	15.58	12.46	17.32	13.04	- 24.7%

	(15)	(16)	(17)	(18)	(19)	(20)	(21)
	Present Loss Costs		Filed Loss Costs		Average Loss		Percent Change
	Single	Per Car	Single	Per Car	Costs Per Car		
Car	Multi-Car	Car	Multi-Car	Present	Filed		
<u>Single Limits</u>							
\$75,000	\$ 2.66	\$ 2.13	\$ 2.00	\$ 1.60	\$ 2.23	\$ 1.67	- 24.7%
100,000	4.72	3.78	3.55	2.84	3.95	2.97	- 24.7%
200,000	9.31	7.45	7.01	5.61	7.79	5.87	- 24.7%
300,000	11.85	9.48	8.93	7.15	9.92	7.48	- 24.6%
500,000	14.64	11.71	11.02	8.82	12.25	9.23	- 24.7%
1,000,000	17.54	14.03	13.21	10.57	14.68	11.06	- 24.7%

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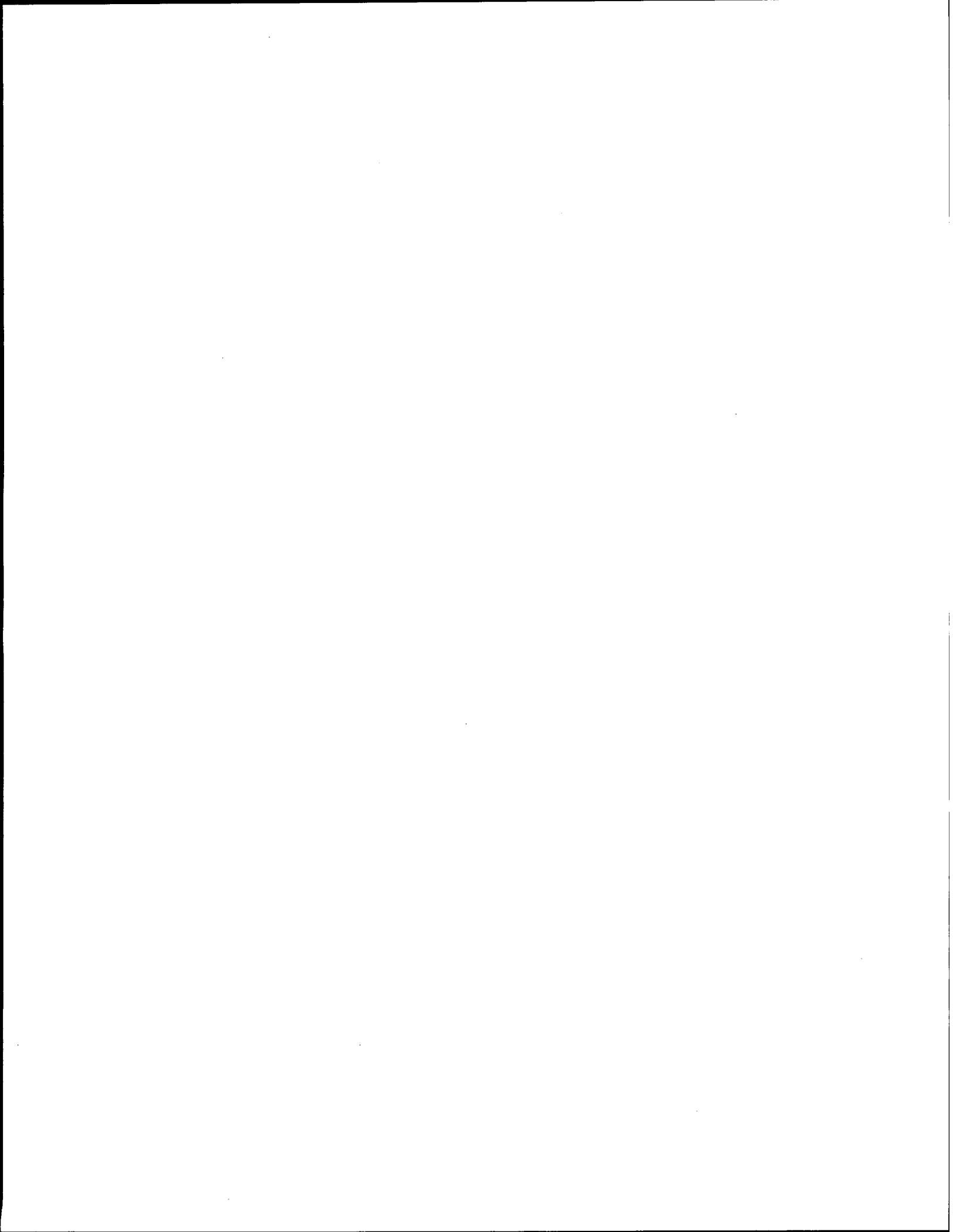


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EXPLANATORY NOTES TO TABLE D5A

- COLUMN (1) The present loss costs shown for single car are contained in Arkansas Personal Automobile Filing, PP-2007-BRLA2.
- COLUMN (2) The present loss costs shown for per car multi-car are contained in Arkansas Personal Automobile Filing, PP-2007-BRLA2.
- COLUMN (3) The filed single car loss cost for the 25/50 basic limit was derived on Table D2A, Line (3). The filed single car loss cost for the \$50,000 limit was derived on Table D2B, Column (2).
- COLUMN (4) The filed per car multi-car loss cost for the 25/50 basic limit is from Table D2A, Column (7). The filed per car multi-car loss cost at the \$50,000 limit is derived on Table D2B, Column (4).
- COLUMN (5) This column is the present average per car loss cost calculated by weighting the present single and per car multi-car loss costs on the present exposure distribution found in Table D4A, Column (1). The present single car loss costs are shown in Column (1). The present per car multi-car loss costs are shown in Column (2).
- COLUMN (6) This column is the filed average per car loss cost calculated by weighting the filed single and per car multi-car loss costs on the present exposure distribution found in Table D4A, Column (1). The filed single car loss costs are shown in Column (3). The filed per car multi-car loss costs are shown in Column (4).
- COLUMN (7) The percent change is the filed average loss cost per car in Column (6), divided by the present average loss cost per car in Column (5).
- COLUMN (8) The present single car loss costs shown are the higher split limit increments contained in Arkansas Personal Automobile Filing, PP-2007-BRLA2.
- COLUMN (9) The present per car multi-car loss costs shown are the higher split limit increments contained in Arkansas Personal Auto Filing, PP-2007-BRLA2.
- COLUMN (10) The filed single car loss cost increments shown are from Table D2A, Column (6).
- COLUMN (11) The filed per car multi-car loss cost increments shown are from Table D2A, Column (8).
- COLUMN (12) This column is the present average per car loss cost increments calculated by weighting the present single and per car multi-car loss cost increments on the present exposure distribution found in Table D4A, Column (1). The present single car loss cost increments are shown in Column (8). The present per car multi-car loss cost increments are shown in Column (9).

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EXPLANATORY NOTES TO TABLE D5A (Cont'd)

COLUMN (13) This column is the filed average per car loss cost increments calculated by weighting the filed single and per car multi-car loss cost increments on the present exposure distribution found in Table D4A, Column (1). The filed single car loss cost increments are shown in Column (10). The filed per car multi-car loss cost increments are shown in Column (11).

COLUMN (14) The percent change is the filed Total Limits Loss Costs change (Basic Limits plus the UM BI Higher Limits increments). The average filed per car loss cost for the 25/50 basic limit from Column (6), is added to the applicable higher limit loss cost increment in Column (13) and divided by the corresponding present loss cost derived similarly from Column (5) and (12).

Table D5A-1:

50/100:	Present Loss Cost	=	\$21.96	+	\$7.03	=	\$28.99
	Filed Loss Cost	=	\$19.69	+	\$6.30	=	\$25.99
	Percent Change	=	\$25.99	/	\$28.99	=	-10.3%

COLUMN (15) The present single car loss costs shown are the higher single limit increments contained in Arkansas Personal Auto Filing, PP-2007-BRLA2.

COLUMN (16) The present per car multi-car loss costs shown are the higher single limit increments contained in Arkansas Personal Auto Filing, PP-2007-BRLA2.

COLUMN (17) The filed single car loss cost increments shown are from Table D2B, Column (3).

COLUMN (18) The filed per car multi-car loss cost increments shown are from Table D2B, Column (5).

COLUMN (19) This column is the present average per car loss cost increments calculated by weighting the present single and per car multi-car loss cost increments on the present exposure distribution found in Table D4A, Column (1). The present single car loss cost increments are shown in Column (15). The present per car multi-car loss cost increments are shown in Column (16).

COLUMN (20) This column is the filed average per car loss cost increments calculated by weighting the filed single and per car multi-car loss cost increments on the present exposure distribution found in Table D4A, Column (1). The filed single car loss cost increments are shown in Column (17). The filed per car multi-car loss cost increments are shown in Column (18).

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EXPLANATORY NOTES TO TABLE D5A (Cont'd)

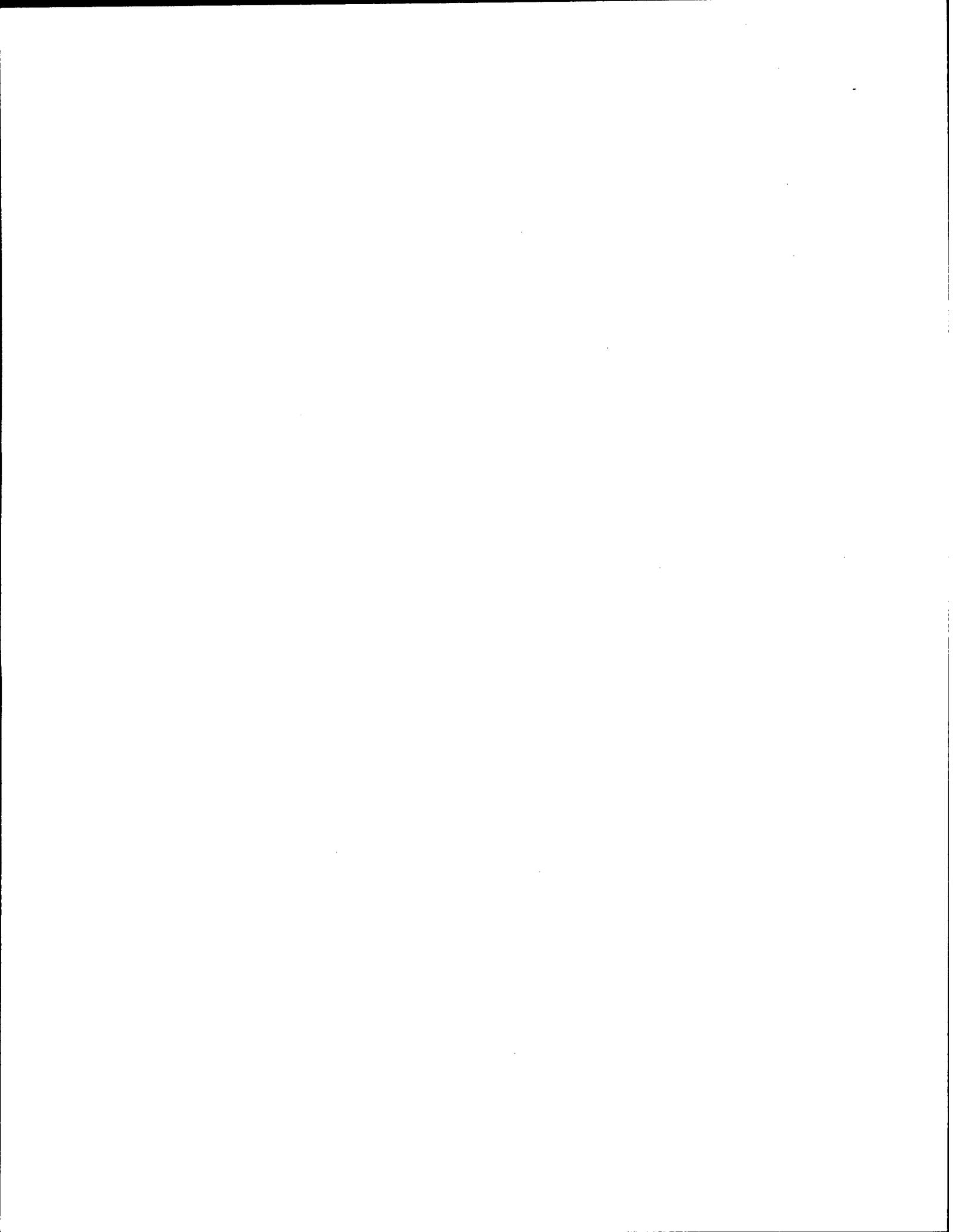
COLUMN (21)

The percent change is the filed Total Limits Loss Cost change (Basic Limits plus Higher Limits increments). The average filed per car loss cost for the \$50,000 limit from Column (6), is added to the applicable higher limit loss cost increment in Column (20) and divided by the corresponding present loss cost derived similarly from Column (5) and (19).

Table D5A-1:

\$75,000:	Present Loss Cost	=	\$27.66	+	\$4.83	=	\$32.49
	Filed Loss Cost	=	\$24.81	+	\$4.32	=	\$29.13
	Percent Change	=	\$29.13	/	\$32.49	=	-10.3%

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TABLE D5B-1

TIER 1 (TERRITORY 21)

PRESENT AND FILED LOSS COSTS

UNINSURED MOTORISTS BODILY INJURY WITH PROPERTY DAMAGE

Basic Limits	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Present Loss Costs		Filed Loss Costs		Average Loss		Percent Change
	Single Car	Per Car Multi-Car	Single Car	Per Car Multi-Car	Costs Per Car Present	Costs Per Car Filed	
25/50/25	\$ 45.79	\$ 36.63	\$ 50.36	\$ 40.29	\$ 39.00	\$ 42.90	+ 10.0%
\$75,000 S/L	\$ 57.63	\$ 46.10	\$ 60.24	\$ 48.19	\$ 49.09	\$ 51.32	+ 4.5%

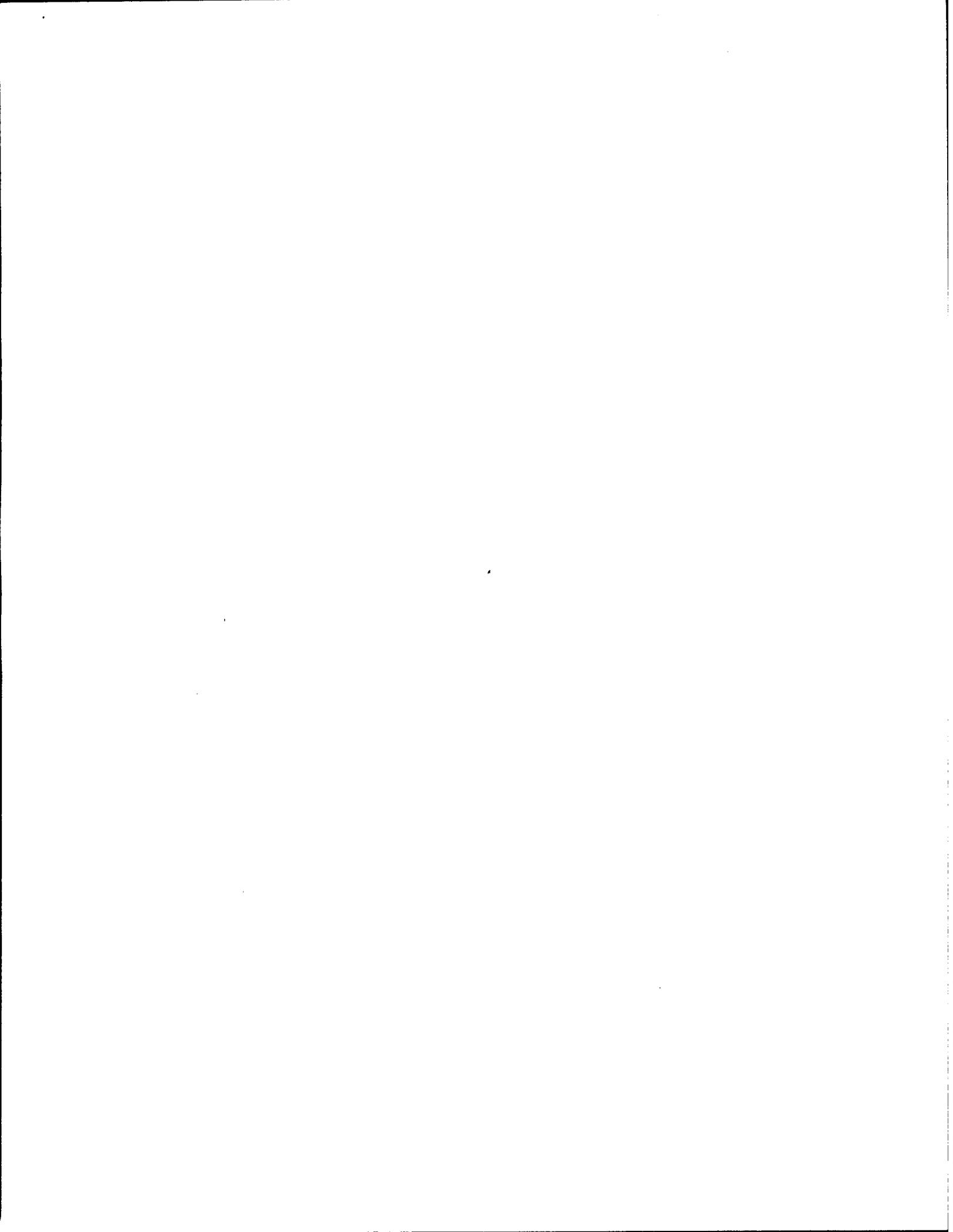
Higher Limits Increments

Split Limits	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Present Loss Costs		Filed Loss Costs		Average Loss		Percent Change
	Single Car	Per Car Multi-Car	Single Car	Per Car Multi-Car	Costs Per Car Present	Costs Per Car Filed	
50/100	\$ 8.25	\$ 6.60	\$ 7.40	\$ 5.92	\$ 7.03	\$ 6.30	+ 6.9%
100/200	17.79	14.24	15.95	12.76	15.16	13.59	+ 4.3%
100/300	18.05	14.44	16.18	12.94	15.37	13.78	+ 4.2%
250/500	30.16	24.13	27.04	21.63	25.69	23.03	+ 1.9%
300/300	31.97	25.58	28.66	22.93	27.24	24.41	+ 1.6%
500/500	37.90	30.32	33.97	27.17	32.28	28.93	+ 0.8%
500/1000	38.15	30.52	34.20	27.36	32.50	29.13	+ 0.7%
1000/1000	44.08	35.27	39.52	31.61	37.55	33.66	0.0%

Property Damage	(15)	(16)	(17)
	Present Loss Costs		Present Average
	Single Car	Per Car Multi-Car	Loss Cost Per Car
\$50,000	\$ 0.75	\$ 0.60	\$ 0.64
100,000	1.52	1.22	1.30
200,000	2.28	1.82	1.94
300,000	3.04	2.43	2.59
500,000	3.80	3.04	3.24
1,000,000	4.57	3.66	3.90

Single Limits	(18)	(19)	(20)	(21)	(22)	(23)	(24)
	Present Loss Costs		Filed Loss Costs		Average Loss		Percent Change
	Single Car	Per Car Multi-Car	Single Car	Per Car Multi-Car	Costs Per Car Present	Costs Per Car Filed	
\$100,000	\$ 4.50	\$ 3.60	\$ 4.07	\$ 3.26	\$ 3.83	\$ 3.47	+ 3.5%
200,000	14.29	11.44	12.85	10.28	12.18	10.95	+ 1.6%
300,000	19.71	15.77	17.71	14.17	16.79	15.09	+ 0.8%
500,000	25.64	20.52	23.02	18.42	21.85	19.61	0.0%
1,000,000	31.82	25.46	28.57	22.86	27.11	24.34	- 0.7%

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TABLE D5B-2

TIER 2 (TERRITORIES 22, 23, 24, AND 25)

PRESENT AND FILED LOSS COSTS

UNINSURED MOTORISTS BODILY INJURY WITH PROPERTY DAMAGE

<u>Basic Limits</u>	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	<u>Present Loss Costs</u>		<u>Filed Loss Costs</u>		<u>Average Loss</u>		<u>Percent</u>
	<u>Single</u>	<u>Per Car</u>	<u>Single</u>	<u>Per Car</u>	<u>Costs Per Car</u>	<u>Change</u>	
	<u>Car</u>	<u>Multi-Car</u>	<u>Car</u>	<u>Multi-Car</u>	<u>Present</u>	<u>Filed</u>	
25/50/25	\$ 33.99	\$ 27.19	\$ 33.01	\$ 26.41	\$ 28.60	\$ 27.78	- 2.9%
\$75,000 S/L	\$ 42.09	\$ 33.67	\$ 38.90	\$ 31.12	\$ 35.42	\$ 32.75	- 7.5%

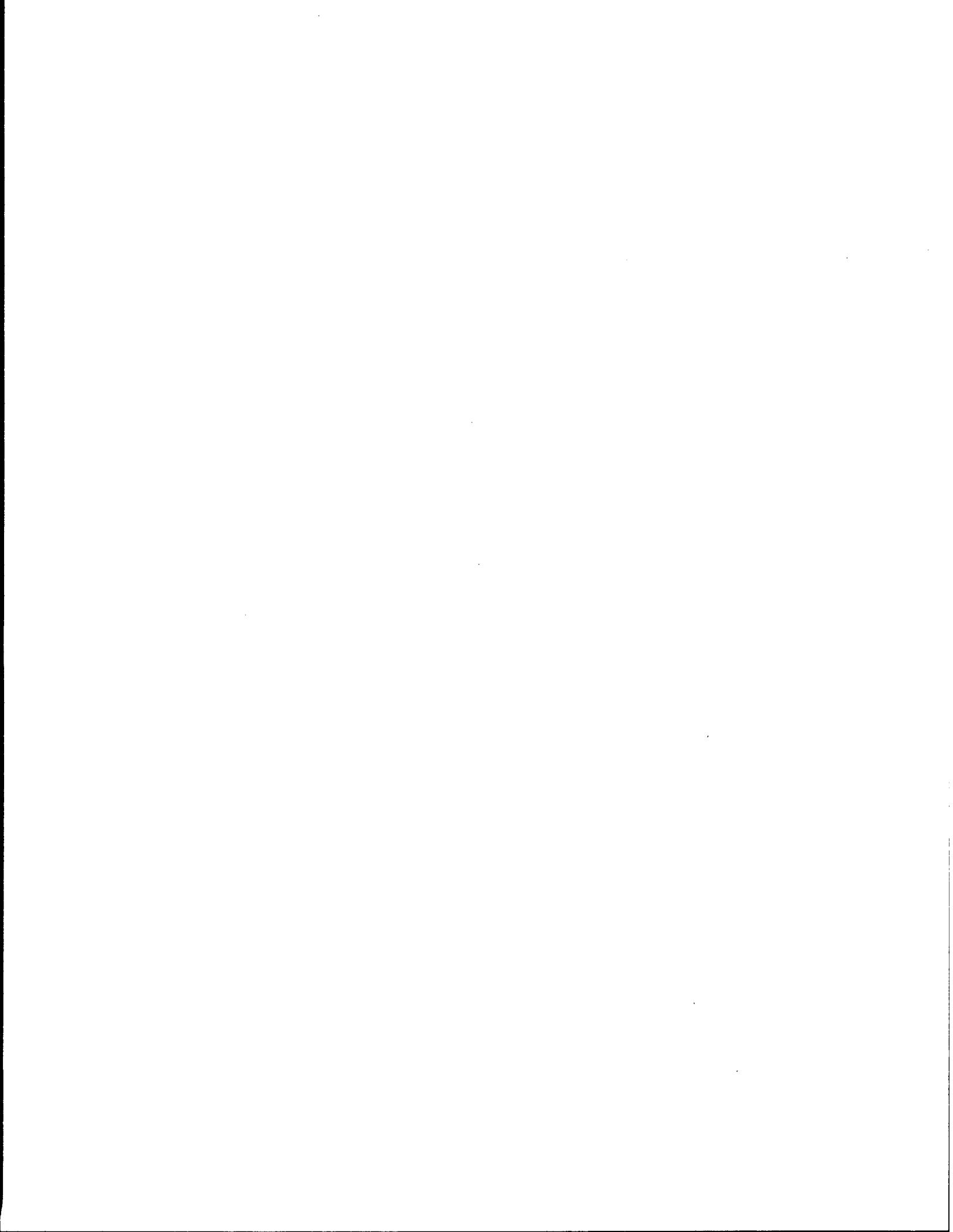
Higher Limits Increments

<u>Split Limits</u>	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	<u>Present Loss Costs</u>		<u>Filed Loss Costs</u>		<u>Average Loss</u>		<u>Percent</u>
	<u>Single</u>	<u>Per Car</u>	<u>Single</u>	<u>Per Car</u>	<u>Costs Per Car</u>	<u>Change</u>	
	<u>Car</u>	<u>Multi-Car</u>	<u>Car</u>	<u>Multi-Car</u>	<u>Present</u>	<u>Filed</u>	
50/100	\$ 5.54	\$ 4.43	\$ 4.12	\$ 3.29	\$ 4.07	\$ 3.46	- 4.4%
100/200	11.94	9.55	8.88	7.10	8.78	7.47	- 5.7%
100/300	12.12	9.69	9.01	7.20	8.91	7.58	- 5.7%
250/500	20.25	16.20	15.06	12.04	14.90	12.67	- 7.0%
300/300	21.46	17.17	15.96	12.76	15.78	13.43	- 7.1%
500/500	25.45	20.36	18.92	15.13	18.72	15.92	- 7.7%
500/1000	25.62	20.49	19.05	15.24	18.84	16.03	- 7.7%
1000/1000	29.60	23.68	22.01	17.60	21.77	18.52	- 8.1%

<u>Property</u> <u>Damage</u>	(15)	(16)	(17)
	<u>Present Loss Costs</u>		<u>Present Average</u>
	<u>Single</u>	<u>Per Car</u>	<u>Loss Cost</u>
	<u>Car</u>	<u>Multi-Car</u>	<u>Per Car</u>
\$50,000	\$ 0.75	\$ 0.60	\$ 0.63
100,000	1.52	1.22	1.28
200,000	2.28	1.82	1.92
300,000	3.04	2.43	2.56
500,000	3.80	3.04	3.20
1,000,000	4.57	3.66	3.85

<u>Single Limits</u>	(18)	(19)	(20)	(21)	(22)	(23)	(24)
	<u>Present Loss Costs</u>		<u>Filed Loss Costs</u>		<u>Average Loss</u>		<u>Percent</u>
	<u>Single</u>	<u>Per Car</u>	<u>Single</u>	<u>Per Car</u>	<u>Costs Per Car</u>	<u>Change</u>	
	<u>Car</u>	<u>Multi-Car</u>	<u>Car</u>	<u>Multi-Car</u>	<u>Present</u>	<u>Filed</u>	
\$100,000	\$ 3.03	\$ 2.43	\$ 2.09	\$ 1.67	\$ 2.56	\$ 1.76	- 9.1%
200,000	9.61	7.69	6.94	5.55	8.09	5.84	- 11.3%
300,000	13.24	10.59	9.64	7.71	11.14	8.11	- 12.2%
500,000	17.23	13.79	12.60	10.08	14.51	10.60	- 13.2%
1,000,000	21.38	17.11	15.69	12.55	18.00	13.20	- 14.0%

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TABLE D5B-3

TIER 3 (TERRITORIES 26, 27, 28, 29, 30, 31, 32, AND 33)

PRESENT AND FILED LOSS COSTS

UNINSURED MOTORISTS BODILY INJURY WITH PROPERTY DAMAGE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	<u>Present Loss Costs</u>		<u>Filed Loss Costs</u>		<u>Average Loss</u>		<u>Percent</u>
	<u>Single</u>	<u>Per Car</u>	<u>Single</u>	<u>Per Car</u>	<u>Costs Per Car</u>		
<u>Car</u>	<u>Multi-Car</u>	<u>Car</u>	<u>Multi-Car</u>	<u>Present</u>	<u>Filed</u>		
<u>Basic Limits</u>							
25/50/25	\$ 25.82	\$ 20.66	\$ 22.73	\$ 18.19	\$ 21.61	\$ 19.03	- 11.9%
\$75,000 S/L	\$ 31.70	\$ 25.36	\$ 27.34	\$ 21.87	\$ 26.53	\$ 22.89	- 13.7%

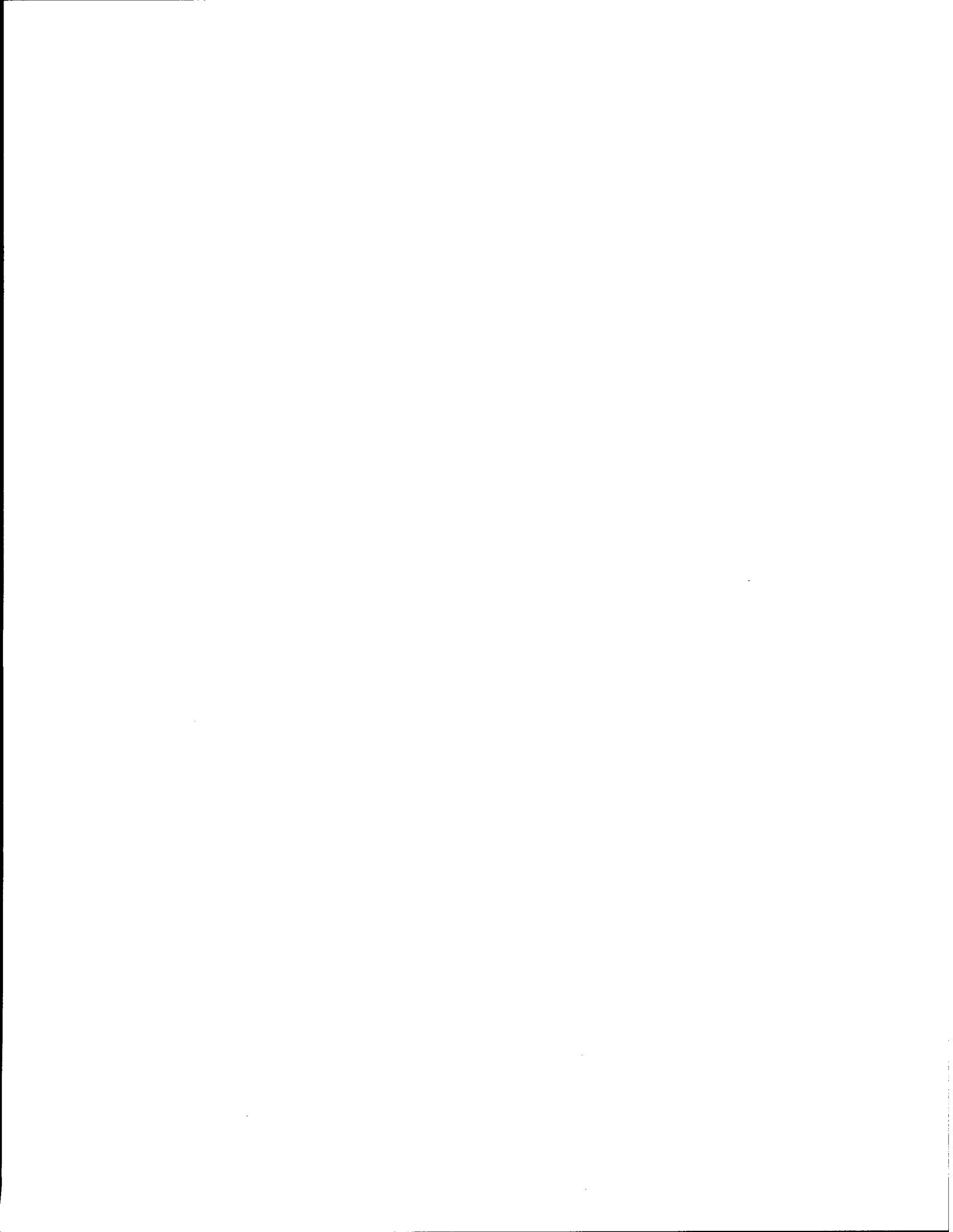
Higher Limits Increments

	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	<u>Present Loss Costs</u>		<u>Filed Loss Costs</u>		<u>Average Loss</u>		<u>Percent</u>
	<u>Single</u>	<u>Per Car</u>	<u>Single</u>	<u>Per Car</u>	<u>Costs Per Car</u>		
<u>Car</u>	<u>Multi-Car</u>	<u>Car</u>	<u>Multi-Car</u>	<u>Present</u>	<u>Filed</u>		
<u>Split Limits</u>							
50/100	\$ 3.87	\$ 3.10	\$ 2.92	\$ 2.33	\$ 3.24	\$ 2.44	- 13.6%
100/200	8.35	6.68	6.29	5.03	6.99	5.26	- 15.1%
100/300	8.47	6.78	6.38	5.10	7.09	5.34	- 15.1%
250/500	14.16	11.33	10.66	8.53	11.85	8.92	- 16.5%
300/300	15.00	12.00	11.30	9.04	12.56	9.46	- 16.6%
500/500	17.79	14.23	13.39	10.71	14.89	11.21	- 17.2%
500/1000	17.91	14.33	13.48	10.78	14.99	11.28	- 17.2%
1000/1000	20.69	16.55	15.58	12.46	17.32	13.04	- 17.6%

	(15)	(16)	(17)
	<u>Present Loss Costs</u>		<u>Present Average</u>
	<u>Single</u>	<u>Per Car</u>	<u>Loss Cost</u>
<u>Property</u>			
<u>Damage</u>	<u>Car</u>	<u>Multi-Car</u>	<u>Per Car</u>
\$50,000	\$ 0.75	\$ 0.60	\$ 0.63
100,000	1.52	1.22	1.28
200,000	2.28	1.82	1.91
300,000	3.04	2.43	2.54
500,000	3.80	3.04	3.18
1,000,000	4.57	3.66	3.83

	(18)	(19)	(20)	(21)	(22)	(23)	(24)
	<u>Present Loss Costs</u>		<u>Filed Loss Costs</u>		<u>Average Loss</u>		<u>Percent</u>
	<u>Single</u>	<u>Per Car</u>	<u>Single</u>	<u>Per Car</u>	<u>Costs Per Car</u>		
<u>Car</u>	<u>Multi-Car</u>	<u>Car</u>	<u>Multi-Car</u>	<u>Present</u>	<u>Filed</u>		
<u>Single Limits</u>							
\$100,000	\$ 2.14	\$ 1.71	\$ 1.48	\$ 1.19	\$ 1.79	\$ 1.24	- 14.8%
200,000	6.73	5.38	4.93	3.95	5.63	4.12	- 16.0%
300,000	9.27	7.42	6.85	5.48	7.76	5.73	- 16.5%
500,000	12.06	9.65	8.94	7.15	10.10	7.48	- 17.1%
1,000,000	14.96	11.97	11.13	8.91	12.52	9.31	- 17.5%

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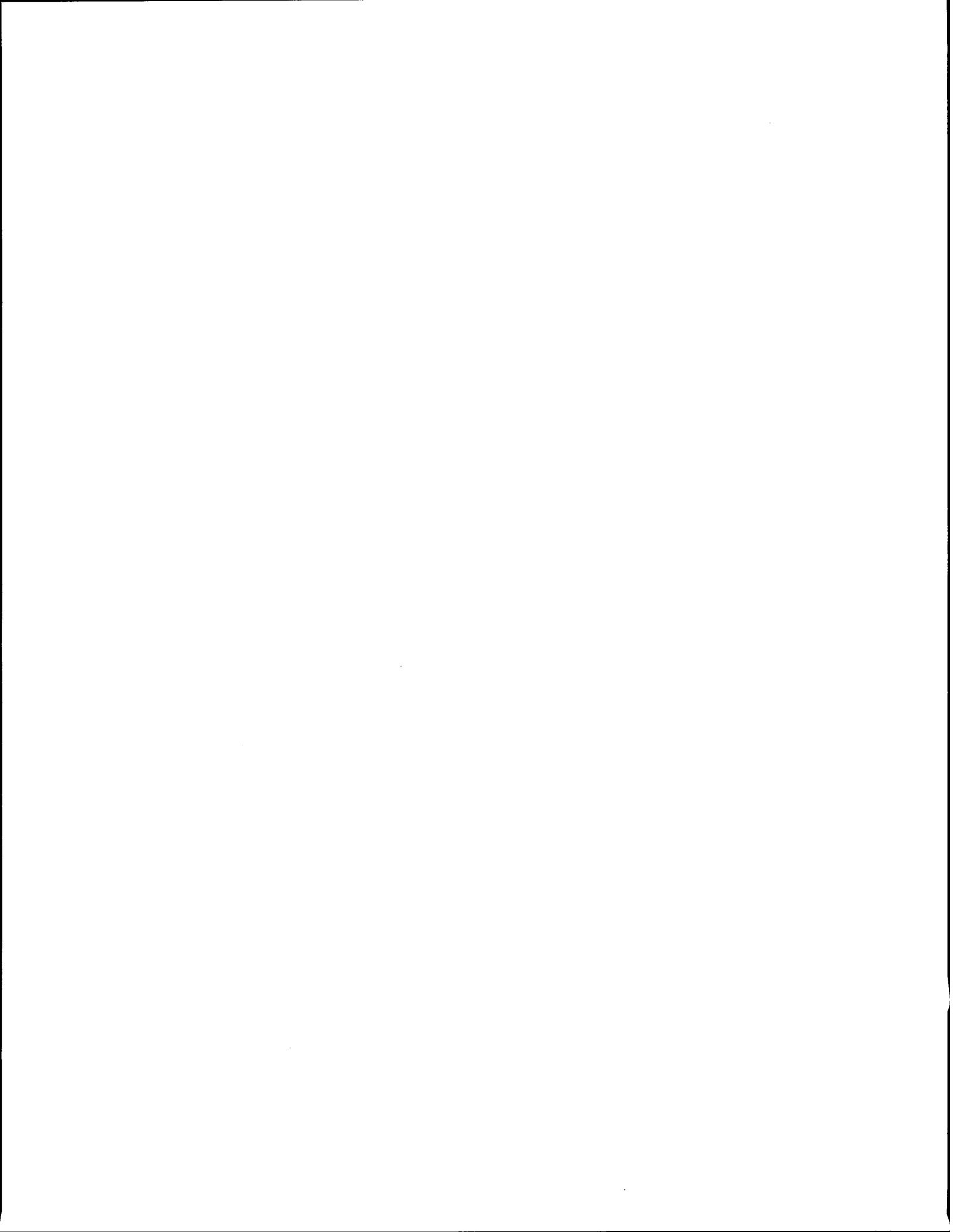


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EXPLANATORY NOTES TO TABLE D5B

- COLUMN (1) Present loss costs shown for single car are contained in Arkansas Personal Auto Filing, PP-2007-BRLA2.
- COLUMN (2) Present loss costs shown for per car multi-car are contained in Arkansas Personal Auto Filing, PP-2007-BRLA2.
- COLUMN (3) The filed single car loss cost for the 25/50/25 basic limit was calculated by adding the Uninsured Motorists single car loss cost at the 25/50 limit from Table D2A, Line (3) to the filed single car Uninsured Motorists Property Damage loss cost at the \$25,000 limit from Table D2C Line (3). The filed single car loss cost for the \$75,000 limit was derived on Table D2C Column (11).
- COLUMN (4) The filed per car multi-car loss cost for the 25/50/25 basic limit was calculated by adding the filed per car multi-car loss cost at the 25/50 limit from Table D2A, Column (7) to the filed per car multi-car Uninsured Motorists Property Damage loss cost at the \$25,000 limit from Table D2C, Line (4). The filed combined per car multi-car Uninsured Motorists Bodily Injury and Property Damage loss cost at the \$75,000 limit is derived on Table D2C, Column (13).
- COLUMN (5) This column is the present average per car loss cost calculated by weighting the present single and per car multi-car loss costs from Columns (1) and (2) on the present exposure distribution found in Table D4A, Column (1).
- COLUMN (6) This column is the filed average per car loss cost calculated by weighting the filed single and per car multi-car loss costs from Columns (3) and (4) on the present exposure distribution found in Table D4A, Column (1).
- COLUMN (7) The percent change is the filed average loss cost per car in Column (6), divided by the present average loss cost per car in Column (5).
- COLUMN (8) The present Uninsured Motorists Property Damage single car loss costs shown are the higher limit increments contained in Arkansas Personal Auto Filing, PP-2007-BRLA2.
- COLUMN (9) The present Uninsured Motorists Property Damage per car multi-car loss costs shown are the higher limit increments contained in Arkansas Personal Auto Filing, PP-2007-BRLA2.
- COLUMN (10) This column is the present average per car higher limit loss cost increments calculated by weighting the present single and per car multi-car loss cost increments from Columns (8) and (9) on the present exposure distribution found in Table D4A, Column (1).
- COLUMN (11) The present single car loss costs shown are the higher single limit increments contained in Arkansas Personal Auto Filing, PP-2007-BRLA2.

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EXPLANATORY NOTES TO TABLE D5B (Cont'd)

- COLUMN (12) The present per car multi-car loss costs shown are the higher single limit increments contained in Arkansas Personal Auto Filing, PP-2007-BRLA2.
- COLUMN (13) The filed single car loss cost increments shown are from Table D2C, Column (12).
- COLUMN (14) The filed per car multi-car loss cost increments shown are from Table D2C, Column (14).
- COLUMN (15) This column is the present average per car higher limit loss cost increments calculated by weighting the present single and per car multi-car loss cost from Columns (11) and (12) on the present exposure distribution found in Table D4A, Column (1).
- COLUMN (16) This column is the filed average per car loss cost increments calculated by weighting the filed single and per car multi-car loss costs from Columns (13) and (14) on the present exposure distribution found in Table D4A, Column (1).
- COLUMN (17) The percent change is the filed Total Limits Loss Cost change (Basic Limits plus Higher Limits increments). The average filed per car loss cost for the \$75,000 limit from Column (6), is added to the applicable higher limit loss cost increment in Column (16) and divided by the corresponding present loss cost derived similarly from Column (5) and (15).

Table D5B-1:

\$100,000:	Present Loss Cost	=	\$49.09	+	\$ 3.83	=	\$52.92
	Filed Loss Cost	=	\$51.32	+	\$ 3.47	=	\$54.79
	Percent Change	=	\$54.79	/	\$52.92	=	+3.5%

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TABLE D5C-1

TIER 1 (TERRITORY 21)

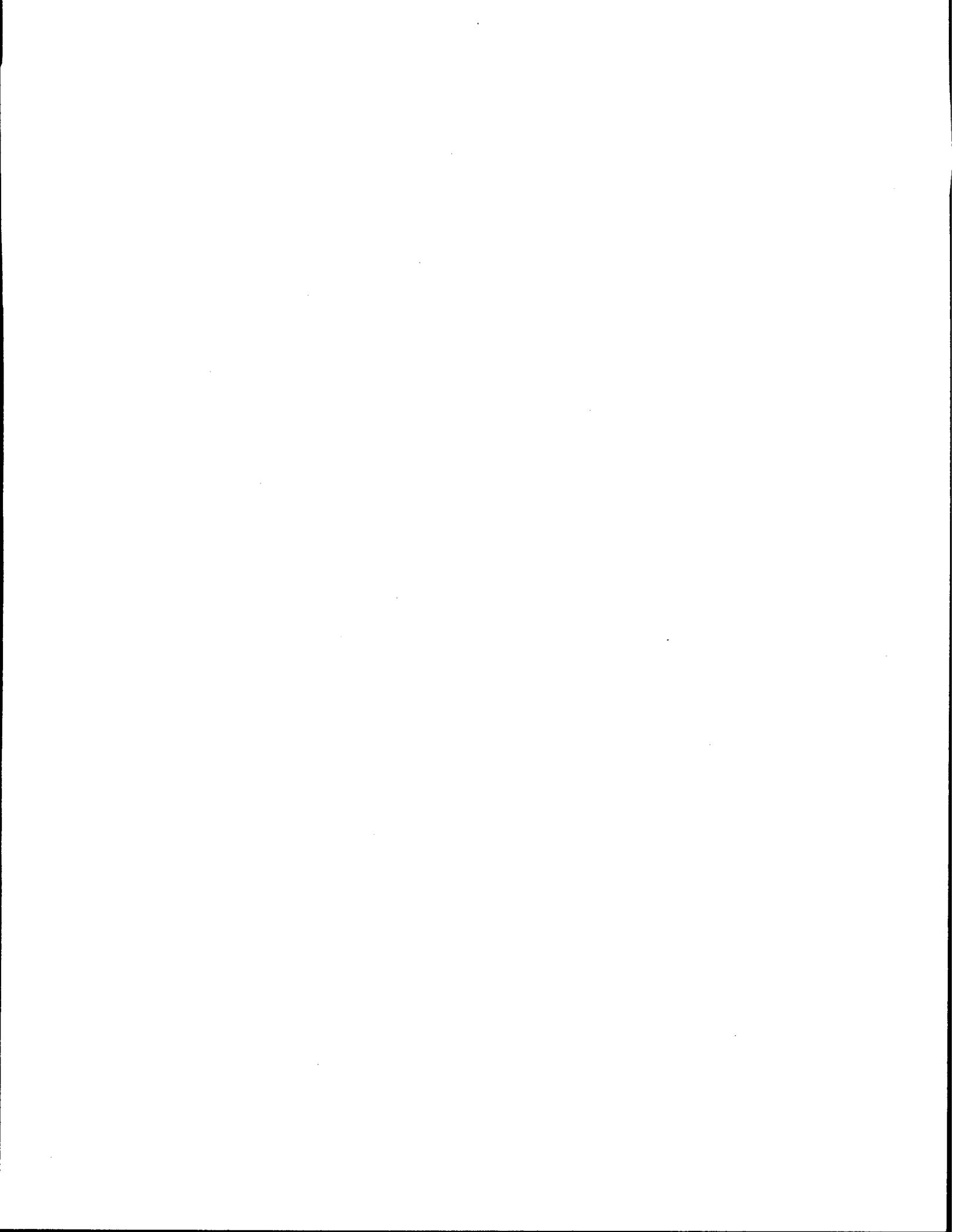
PRESENT AND FILED LOSS COSTS

UNDERINSURED MOTORISTS BODILY INJURY

<u>Split Limits</u>	(1)	(2)	(3)	(4)	(5)	(6)	(7) <u>Percent Change</u>
	<u>Present Loss Costs</u>		<u>Filed Loss Costs</u>		<u>Average Loss Costs Per Car</u>		
	<u>Single Car</u>	<u>Per Car Multi-Car</u>	<u>Single Car</u>	<u>Per Car Multi-Car</u>	<u>Present</u>	<u>Filed</u>	
25/50	\$ 25.70	\$ 20.56	\$ 20.25	\$ 16.20	\$ 21.89	\$ 17.25	- 21.2%
50/100	43.63	34.90	34.30	27.44	37.16	29.22	- 21.4%
100/200	68.73	54.98	53.92	43.14	58.54	45.93	- 21.5%
100/300	69.50	55.60	54.56	43.65	59.20	46.48	- 21.5%
250/500	108.20	86.56	84.62	67.70	92.16	72.08	- 21.8%
300/300	114.91	91.93	89.81	71.85	97.88	76.50	- 21.8%
500/500	136.42	109.14	106.46	85.17	116.21	90.68	- 22.0%
500/1000	137.19	109.75	107.06	85.65	116.86	91.20	- 22.0%
1000/1000	160.37	128.30	124.90	99.92	136.61	106.39	- 22.1%

<u>Single Limits</u>	(8)	(9)	(10)	(11)	(12)	(13)	(14) <u>Percent Change</u>
	<u>Present Loss Costs</u>		<u>Filed Loss Costs</u>		<u>Average Loss Costs Per Car</u>		
	<u>Single Car</u>	<u>Per Car Multi-Car</u>	<u>Single Car</u>	<u>Per Car Multi-Car</u>	<u>Present</u>	<u>Filed</u>	
\$50,000	\$ 42.81	\$ 34.25	\$ 33.67	\$ 26.94	\$ 36.47	\$ 28.68	- 21.4%
75,000	56.30	45.04	44.22	35.38	47.96	37.67	- 21.5%
100,000	67.84	54.27	53.25	42.60	57.78	45.36	- 21.5%
200,000	96.86	77.49	75.81	60.65	82.51	64.58	- 21.7%
300,000	114.91	91.93	89.81	71.85	97.88	76.50	- 21.8%
500,000	136.42	109.14	106.46	85.17	116.21	90.68	- 22.0%
1,000,000	160.37	128.30	124.90	99.92	136.61	106.39	- 22.1%

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TABLE D5C-2

TIER 2 (TERRITORIES 22, 23, 24, AND 25)

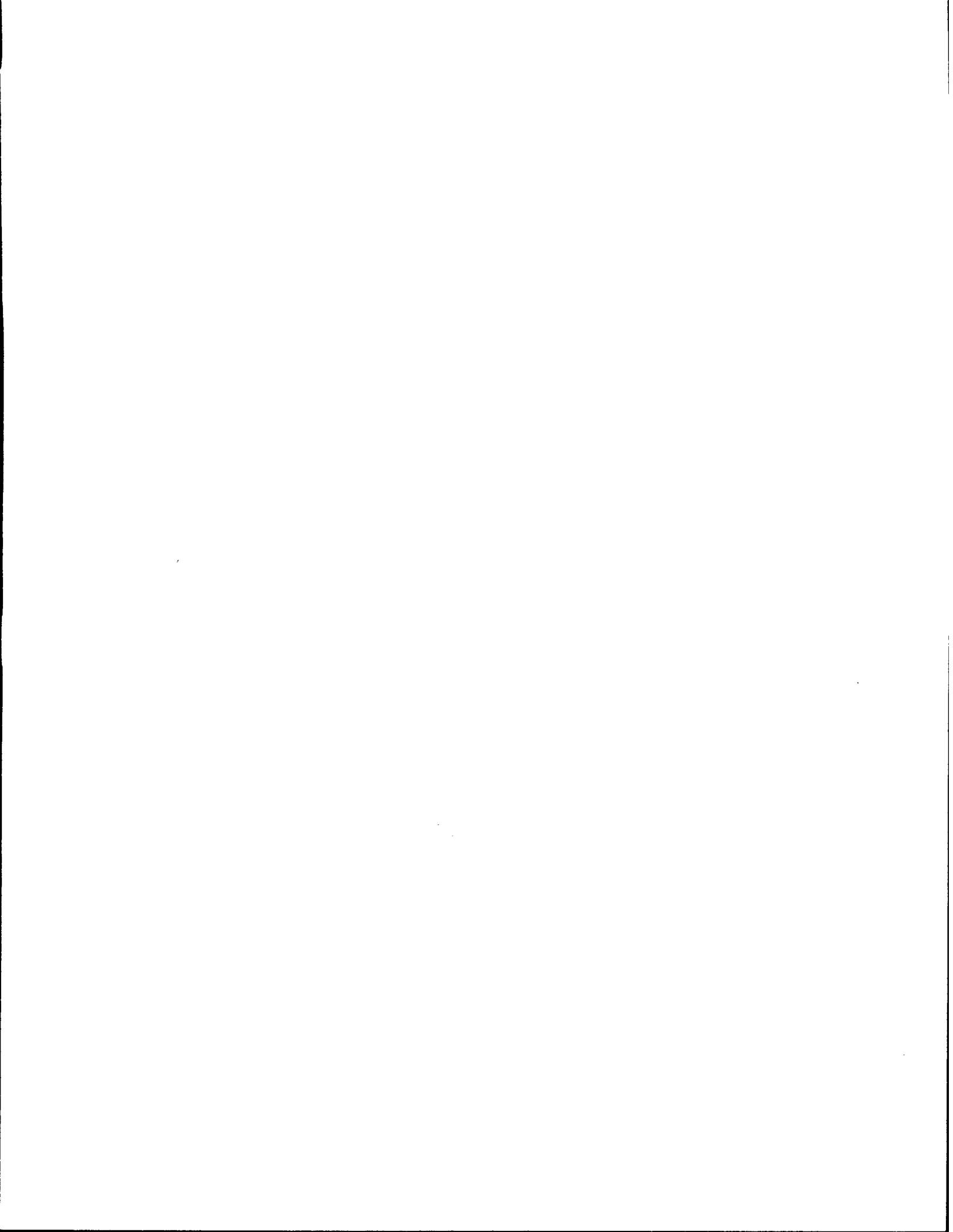
PRESENT AND FILED LOSS COSTS

UNDERINSURED MOTORISTS BODILY INJURY

<u>Split Limits</u>	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	<u>Present Loss Costs</u> Single Car	<u>Per Car</u> Multi-Car	<u>Filed Loss Costs</u> Single Car	<u>Per Car</u> Multi-Car	<u>Average Loss Costs Per Car</u> Present Filed		
25/50	\$ 26.38	\$ 21.10	\$ 21.40	\$ 17.12	\$ 22.20	\$ 18.01	- 18.9%
50/100	44.80	35.84	36.25	29.00	37.70	30.51	- 19.1%
100/200	70.58	56.46	56.98	45.58	59.40	47.95	- 19.3%
100/300	71.38	57.10	57.64	46.11	60.07	48.51	- 19.2%
250/500	111.12	88.90	89.41	71.53	93.52	75.25	- 19.5%
300/300	118.00	94.40	94.89	75.91	99.31	79.86	- 19.6%
500/500	140.09	112.07	112.48	89.98	117.90	94.66	- 19.7%
500/1000	140.88	112.70	113.11	90.49	118.56	95.19	- 19.7%
1000/1000	164.69	131.75	131.97	105.58	138.60	111.07	- 19.9%

<u>Single Limits</u>	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	<u>Present Loss Costs</u> Single Car	<u>Per Car</u> Multi-Car	<u>Filed Loss Costs</u> Single Car	<u>Per Car</u> Multi-Car	<u>Average Loss Costs Per Car</u> Present Filed		
\$50,000	\$ 43.97	\$ 35.18	\$ 35.58	\$ 28.46	\$ 37.01	\$ 29.94	- 19.1%
75,000	57.81	46.25	46.72	37.38	48.65	39.32	- 19.2%
100,000	69.68	55.74	56.26	45.01	58.64	47.35	- 19.3%
200,000	99.47	79.58	80.09	64.07	83.72	67.40	- 19.5%
300,000	118.00	94.40	94.89	75.91	99.31	79.86	- 19.6%
500,000	140.09	112.07	112.48	89.98	117.90	94.66	- 19.7%
1,000,000	164.69	131.75	131.97	105.58	138.60	111.07	- 19.9%

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INSURANCE SERVICES OFFICE, INC.

ARKANSAS
PERSONAL AUTO INSURANCE

TABLE D5C-3

TIER 3 (TERRITORIES 26, 27, 28, 29, 30, 31, 32, AND 33)

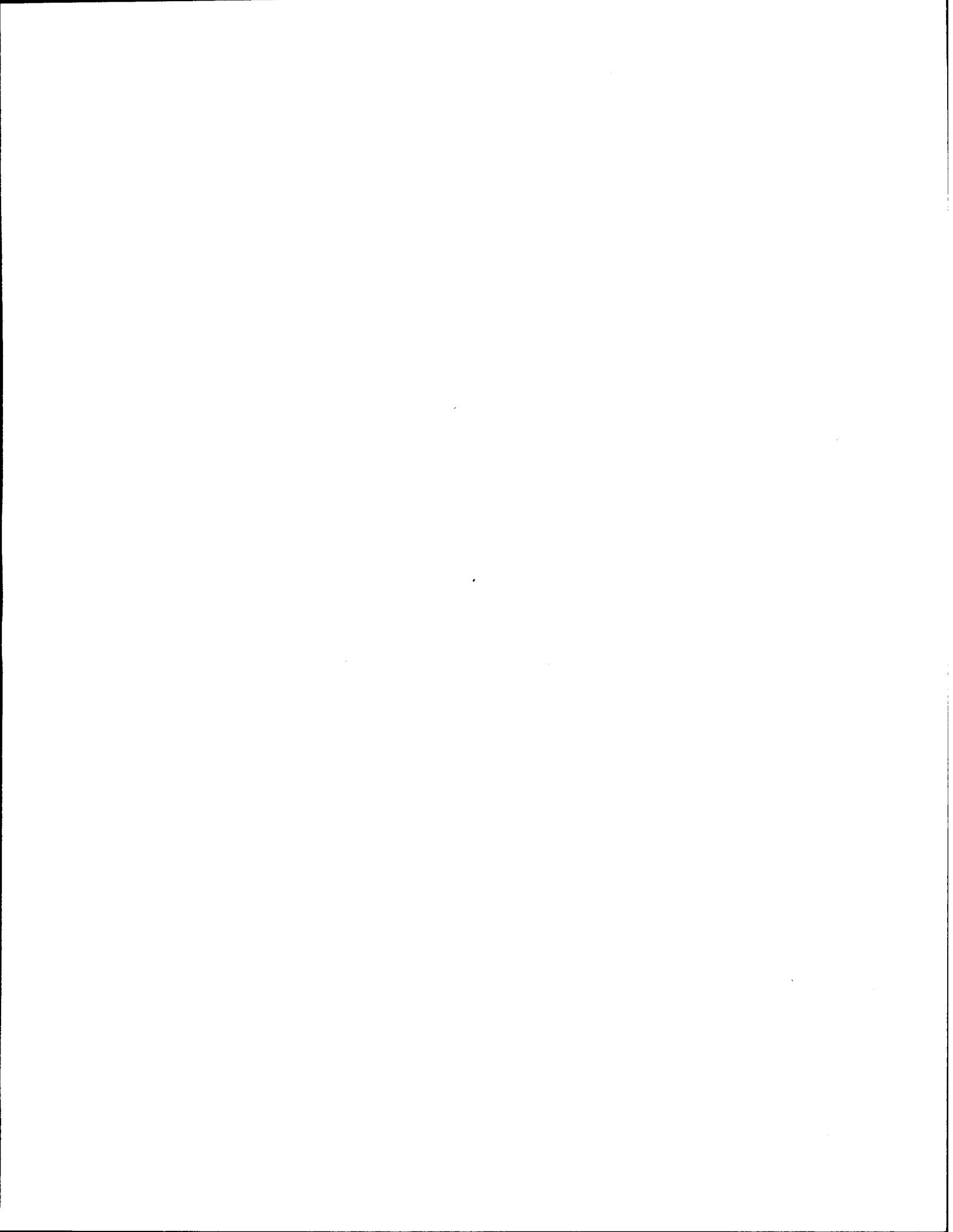
PRESENT AND FILED LOSS COSTS

UNDERINSURED MOTORISTS BODILY INJURY

<u>Split Limits</u>	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	<u>Present Single Car</u>	<u>Loss Costs Per Car Multi-Car</u>	<u>Filed Single Car</u>	<u>Loss Costs Per Car Multi-Car</u>	<u>Average Loss Costs Present</u>	<u>Per Car Filed</u>	<u>Percent Change</u>
25/50	\$ 20.45	\$ 16.36	\$ 16.72	\$ 13.38	\$ 17.12	\$ 14.00	- 18.2%
50/100	34.74	27.79	28.32	22.66	29.08	23.71	- 18.5%
100/200	54.72	43.78	44.51	35.61	45.80	37.26	- 18.6%
100/300	55.35	44.28	45.03	36.02	46.33	37.69	- 18.6%
250/500	86.15	68.92	69.86	55.89	72.11	58.47	- 18.9%
300/300	91.51	73.21	74.13	59.30	76.60	62.04	- 19.0%
500/500	108.62	86.90	87.87	70.30	90.92	73.55	- 19.1%
500/1000	109.23	87.38	88.37	70.70	91.42	73.97	- 19.1%
1000/1000	127.68	102.14	103.10	82.48	106.86	86.29	- 19.2%

<u>Single Limits</u>	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	<u>Present Single Car</u>	<u>Loss Costs Per Car Multi-Car</u>	<u>Filed Single Car</u>	<u>Loss Costs Per Car Multi-Car</u>	<u>Average Loss Costs Present</u>	<u>Per Car Filed</u>	<u>Percent Change</u>
\$50,000	\$ 34.09	\$ 27.27	\$ 27.80	\$ 22.24	\$ 28.53	\$ 23.27	- 18.4%
75,000	44.83	35.86	36.51	29.21	37.52	30.56	- 18.6%
100,000	54.01	43.21	43.96	35.17	45.21	36.80	- 18.6%
200,000	77.13	61.70	62.58	50.06	64.55	52.38	- 18.9%
300,000	91.51	73.21	74.13	59.30	76.60	62.04	- 19.0%
500,000	108.62	86.90	87.87	70.30	90.92	73.55	- 19.1%
1,000,000	127.68	102.14	103.10	82.48	106.86	86.29	- 19.2%

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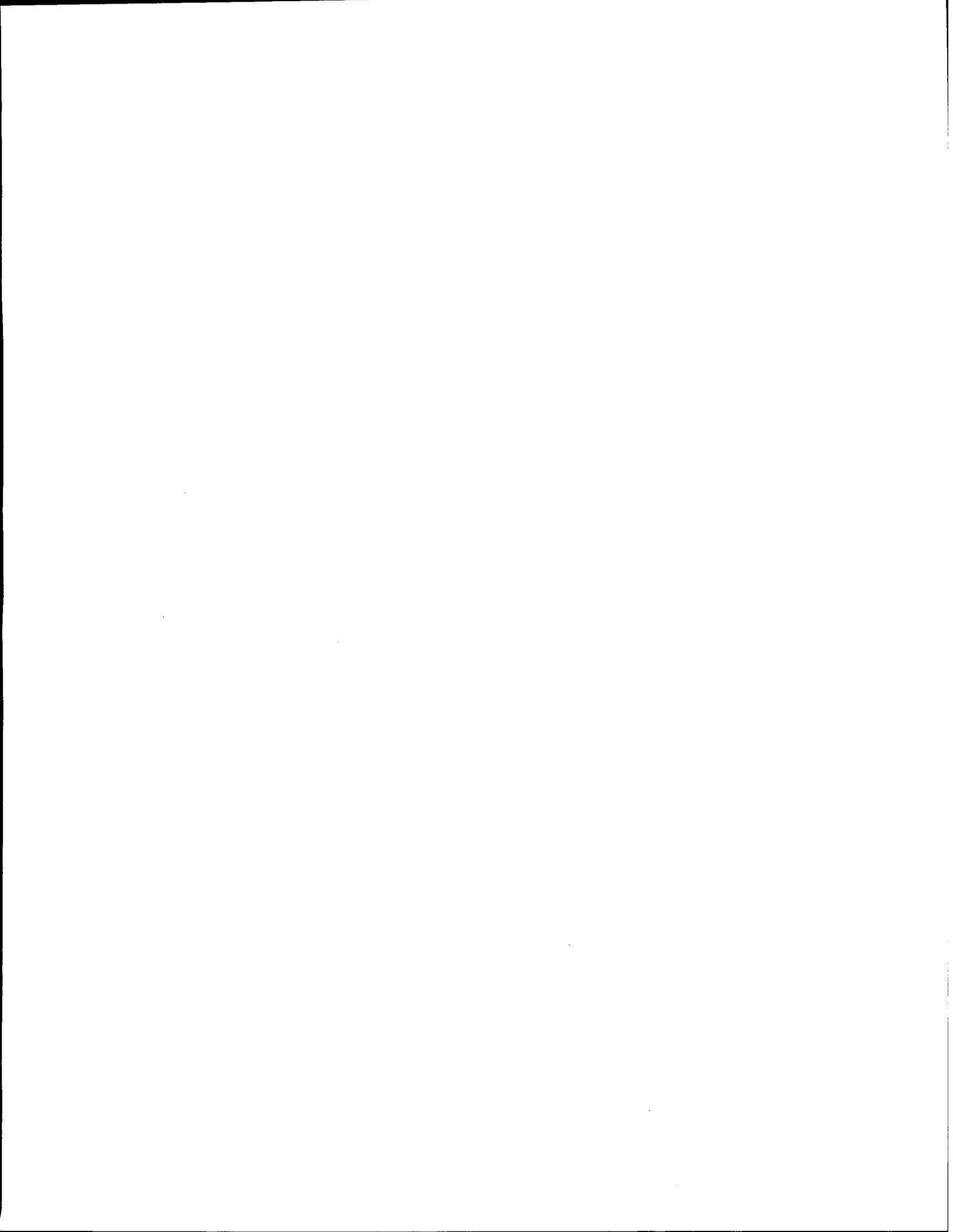


ARKANSAS
PERSONAL AUTO INSURANCE

EXPLANATORY NOTES TO TABLE D5C

- COLUMN (1) The present loss costs shown for single car are contained in Arkansas Personal Automobile Filing, PP-2007-BRLA2.
- COLUMN (2) The present loss costs shown for per car multi-car are contained in Arkansas Personal Automobile Filing, PP-2007-BRLA2.
- The filed single car loss cost for the 25/50 and higher split limits are from Table D4B, Column (2).
- COLUMN (4) The filed per car multi-car loss cost for the 25/50 and higher split limits are from Table D4B, Column (3).
- COLUMN (5) This column is the present average per car loss cost calculated by weighting the present single and per car multi-car loss costs on the present exposure distribution found in Table D4A, Column (1). The present single car loss costs are shown in Column (1). The present per car multi-car loss costs are shown in Column (2).
- COLUMN (6) This column is the filed average per car loss cost calculated by weighting the filed single and per car multi-car loss costs on the present exposure distribution found in Table D4A, Column (1). The filed single car loss costs are shown in Column (3). The filed per car multi-car loss costs are shown in Column (4).
- COLUMN (7) The percent change is the filed average loss costs per car in Column (6), divided by the present average loss cost per car in Column (5).
- COLUMN (8) The present single car loss costs shown are the higher single limit increments contained in Arkansas Personal Automobile Filing, PP-2007-BRLA2.
- COLUMN (9) The present per car multi-car loss costs shown are the higher single limit increments contained in Arkansas Personal Automobile Filing, PP-2007-BRLA2.

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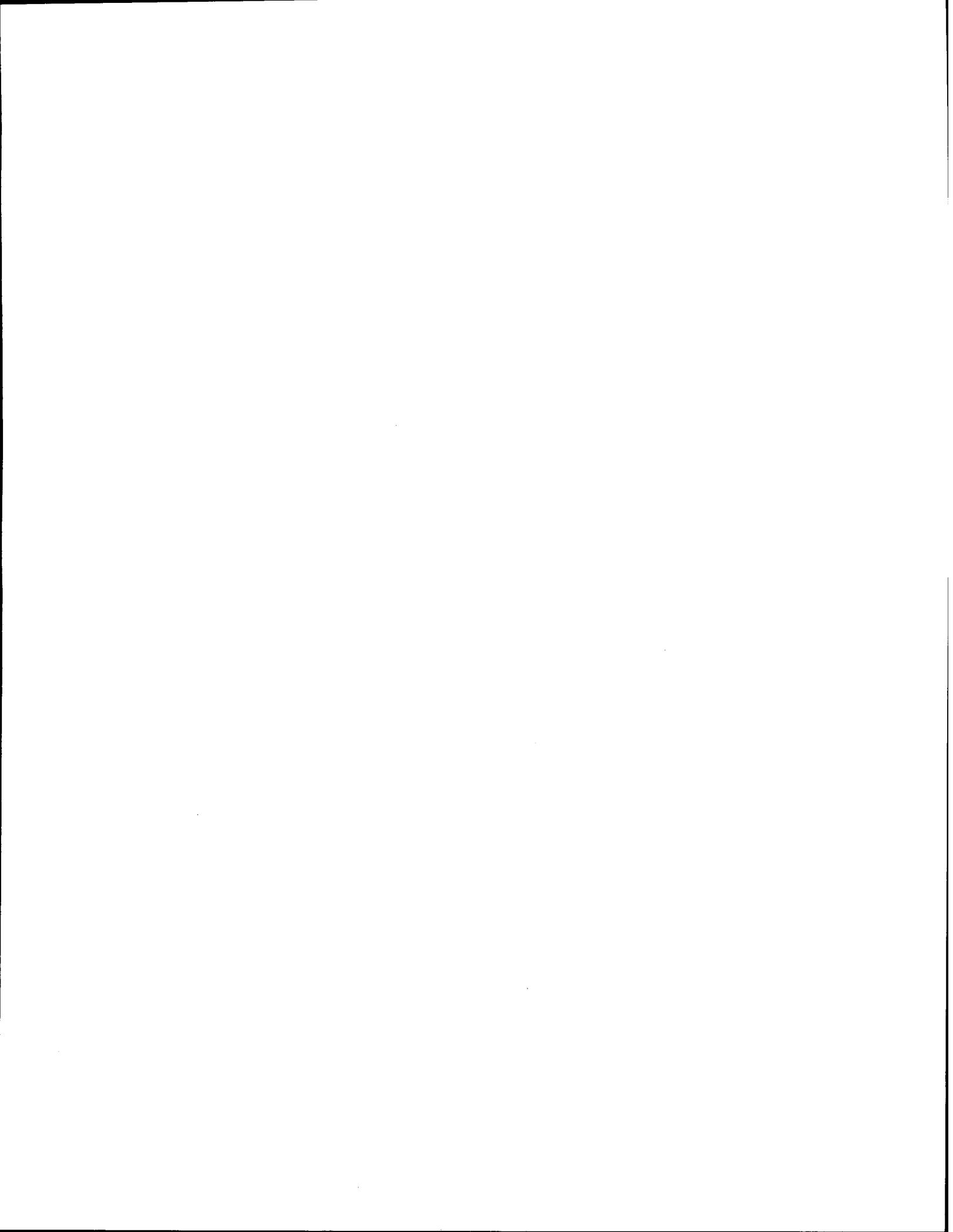


ARKANSAS
PERSONAL AUTO INSURANCE

EXPLANATORY NOTES TO TABLE D5C (Cont'd)

- COLUMN (10) The filed single car loss costs at the \$50,000 and higher single limits are from Table D4B, Column (2).
- COLUMN (11) The filed per car multi-car loss costs for the \$50,000 and higher single limits are from Table D4B, Column (3).
- COLUMN (12) This column is the present average per car loss cost increments calculated by weighting the present single and per car multi-car loss cost increments on the present exposure distribution found in Table D4A, Column (1). The present single car loss cost increments are shown in Column (8). The present per car multi-car loss cost increments are shown in Column (9).
- COLUMN (13) This column is the filed average per car loss cost increments calculated by weighting the filed single and per car multi-car loss cost increments on the present exposure distribution found in Table D4A, Column (1). The filed single car loss cost increments are shown in Column (10). The filed per car multi-car loss cost increments are shown in Column (11).
- COLUMN (14) The percent change is the filed average loss cost per car in Column (13), divided by the present average loss cost per car in Column (12).

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PERSONAL AUTO INSURANCE
TABLE D6A-1

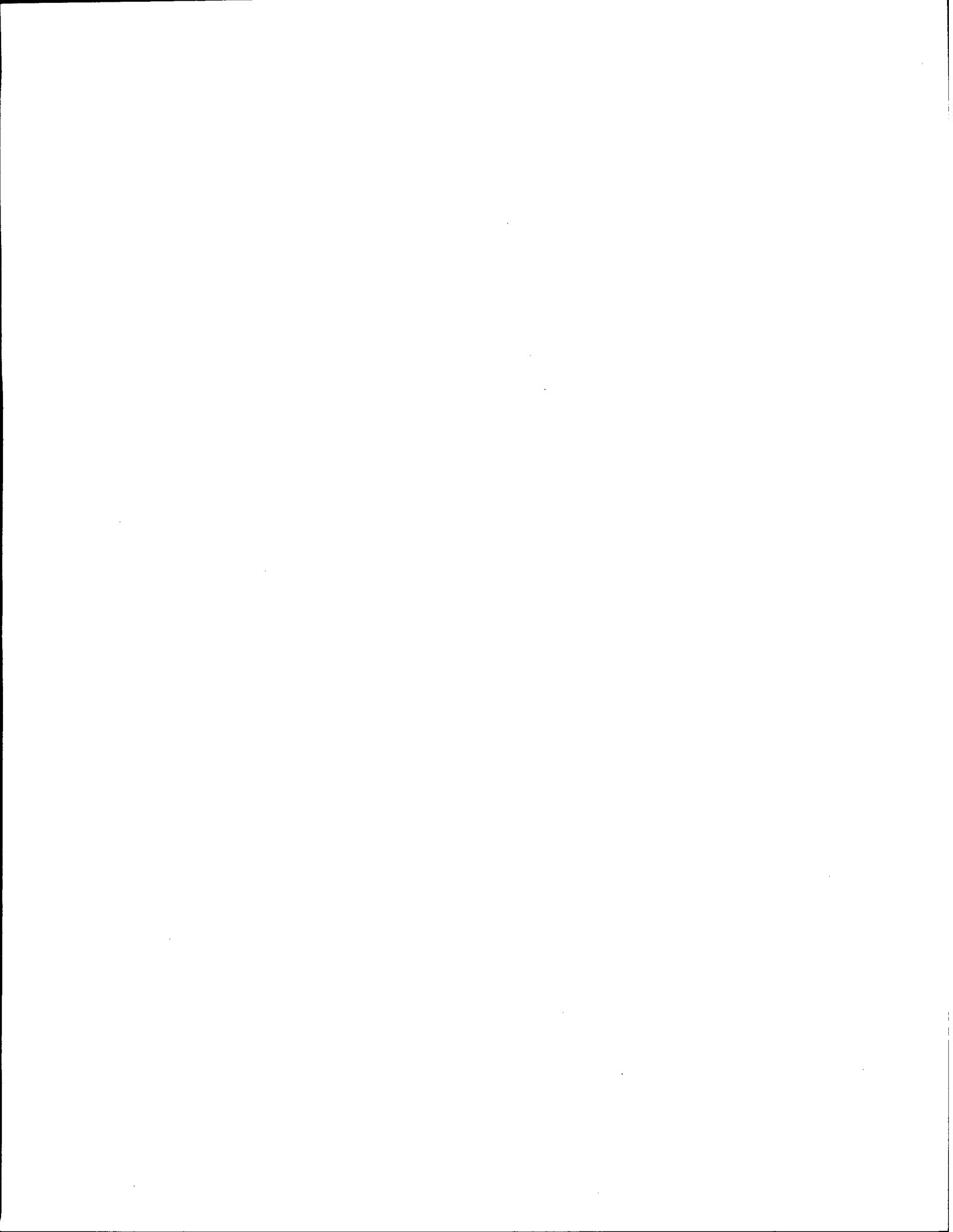
TIER 1 (TERRITORY 21)

CALCULATION OF PRESENT AND FILED AVERAGE LOSS COSTS
UNINSURED MOTORISTS

	(1)	(2)	(3)
<u>Split Limits</u>	<u># of Written Car Months</u>	<u>Present Loss Cost</u>	<u>Filed Loss Cost</u>
All Other	551	\$ 29.05	\$ 26.04
25/50	388,094	21.96	19.69
50/100	167,809	28.99	25.99
100/200	19,824	37.12	33.28
100/300	172,122	37.33	33.47
300/300	8,569	49.20	44.10
250/500	47,584	47.65	42.72
500/1000	2,592	54.46	48.82
1000/1000	1,609	59.51	53.35
Total	808,754	\$ 29.05	\$ 26.04
<u>Single Limits</u>	<u># of Written Car Months</u>	<u>Present Loss Cost</u>	<u>Filed Loss Cost</u>
All Other	322	\$ 47.76	\$ 42.82
\$50,000	233	27.66	24.81
75,000	1,125	32.49	29.13
100,000	4,580	36.23	32.48
200,000	194	44.57	39.96
300,000	5,441	49.19	44.10
500,000	10,321	54.24	48.62
1,000,000	60	59.50	53.35
Total	22,276	\$ 47.76	\$ 42.82

(4) Average Present Loss Cost: \$29.55
 (5) Average Filed Loss Cost: \$26.49
 (6) Total Filed Change: - 10.4%

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ARKANSAS
 PERSONAL AUTO INSURANCE
 TABLE D6A-2

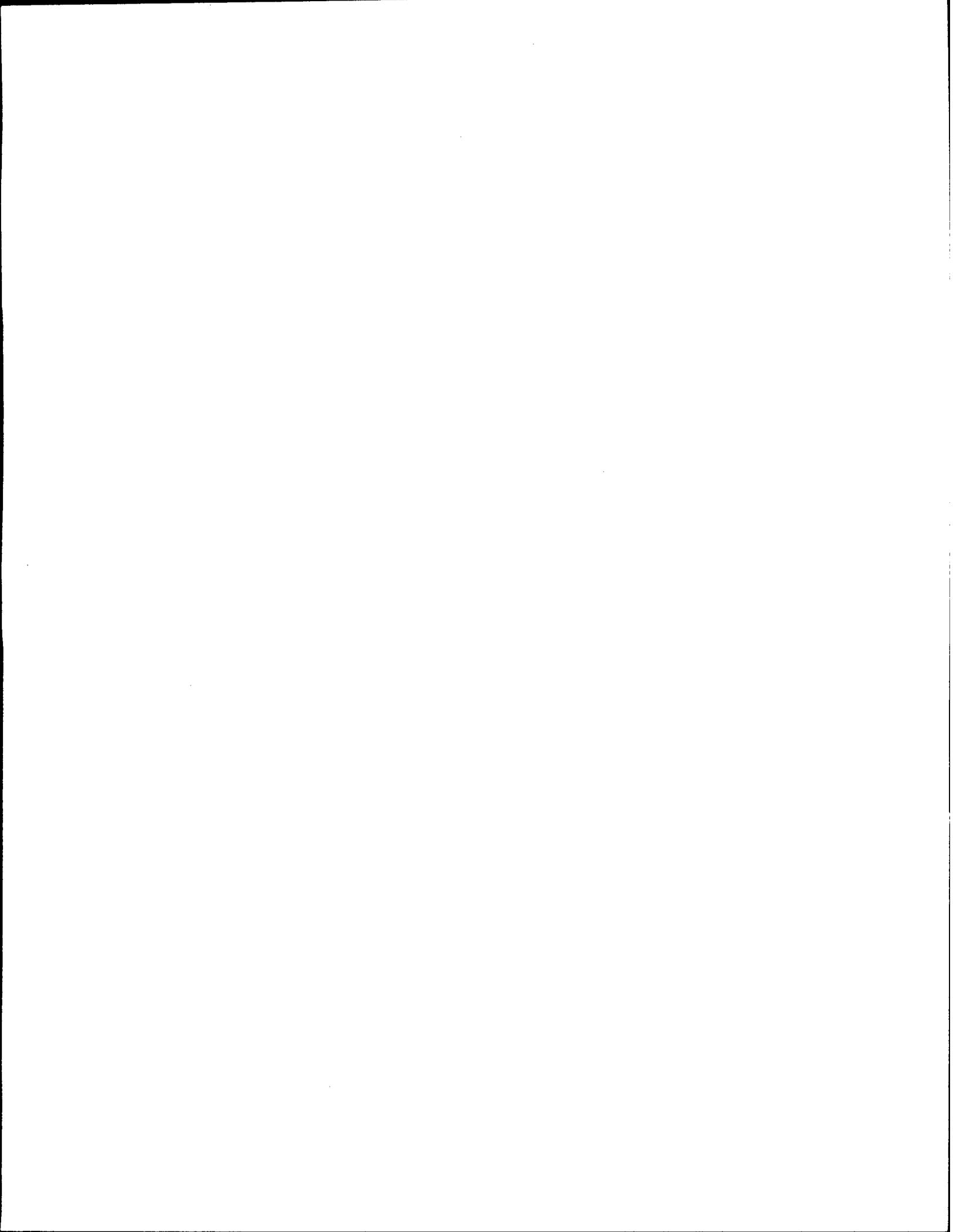
TIER 2 (TERRITORIES 22, 23, 24, AND 25)

CALCULATION OF PRESENT AND FILED AVERAGE LOSS COSTS
 UNINSURED MOTORISTS

	(1)	(2)	(3)
<u>Split Limits</u>	<u># of Written Car Months</u>	<u>Present Loss Cost</u>	<u>Filed Loss Cost</u>
All Other	551	\$ 19.27	\$ 14.32
25/50	388,094	14.57	10.83
50/100	167,809	19.23	14.29
100/200	19,824	24.62	18.30
100/300	172,122	24.77	18.41
300/300	8,569	32.63	24.26
250/500	47,584	31.61	23.50
500/1000	2,592	36.13	26.86
1000/1000	1,609	39.48	29.35
Total	808,754	\$ 19.27	\$ 14.32
<u>Single Limits</u>	<u># of Written Car Months</u>	<u>Present Loss Cost</u>	<u>Filed Loss Cost</u>
All Other	322	\$ 31.69	\$ 23.56
\$50,000	233	18.36	13.65
75,000	1,125	21.57	16.03
100,000	4,580	24.04	17.87
200,000	194	29.58	21.98
300,000	5,441	32.64	24.26
500,000	10,321	35.99	26.75
1,000,000	60	39.48	29.35
Total	22,276	\$ 31.69	\$ 23.56

(4) Average Present Loss Cost: \$19.60
 (5) Average Filed Loss Cost: \$14.57
 (6) Total Filed Change: - 25.7%

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ARKANSAS
PERSONAL AUTO INSURANCE
TABLE D6A-3

TIER 3 (TERRITORIES 26, 27, 28, 29, 30, 31, 32, AND 33)

CALCULATION OF PRESENT AND FILED AVERAGE LOSS COSTS
UNINSURED MOTORISTS

	(1)	(2)	(3)
<u>Split Limits</u>	<u># of Written Car Months</u>	<u>Present Loss Cost</u>	<u>Filed Loss Cost</u>
All Other	551	\$ 13.40	\$ 10.09
25/50	388,094	10.13	7.63
50/100	167,809	13.37	10.07
100/200	19,824	17.12	12.89
100/300	172,122	17.22	12.97
300/300	8,569	22.69	17.09
250/500	47,584	21.98	16.55
500/1000	2,592	25.12	18.91
1000/1000	1,609	27.45	20.67
Total	808,754	\$ 13.40	\$ 10.09
<u>Single Limits</u>	<u># of Written Car Months</u>	<u>Present Loss Cost</u>	<u>Filed Loss Cost</u>
All Other	322	\$ 22.02	\$ 16.59
\$50,000	233	12.76	9.61
75,000	1,125	14.99	11.28
100,000	4,580	16.71	12.58
200,000	194	20.55	15.48
300,000	5,441	22.68	17.09
500,000	10,321	25.01	18.84
1,000,000	60	27.44	20.67
Total	22,276	\$ 22.02	\$ 16.59

(4) Average Present Loss Cost: \$13.63
 (5) Average Filed Loss Cost: \$10.26
 (6) Total Filed Change: - 24.7%

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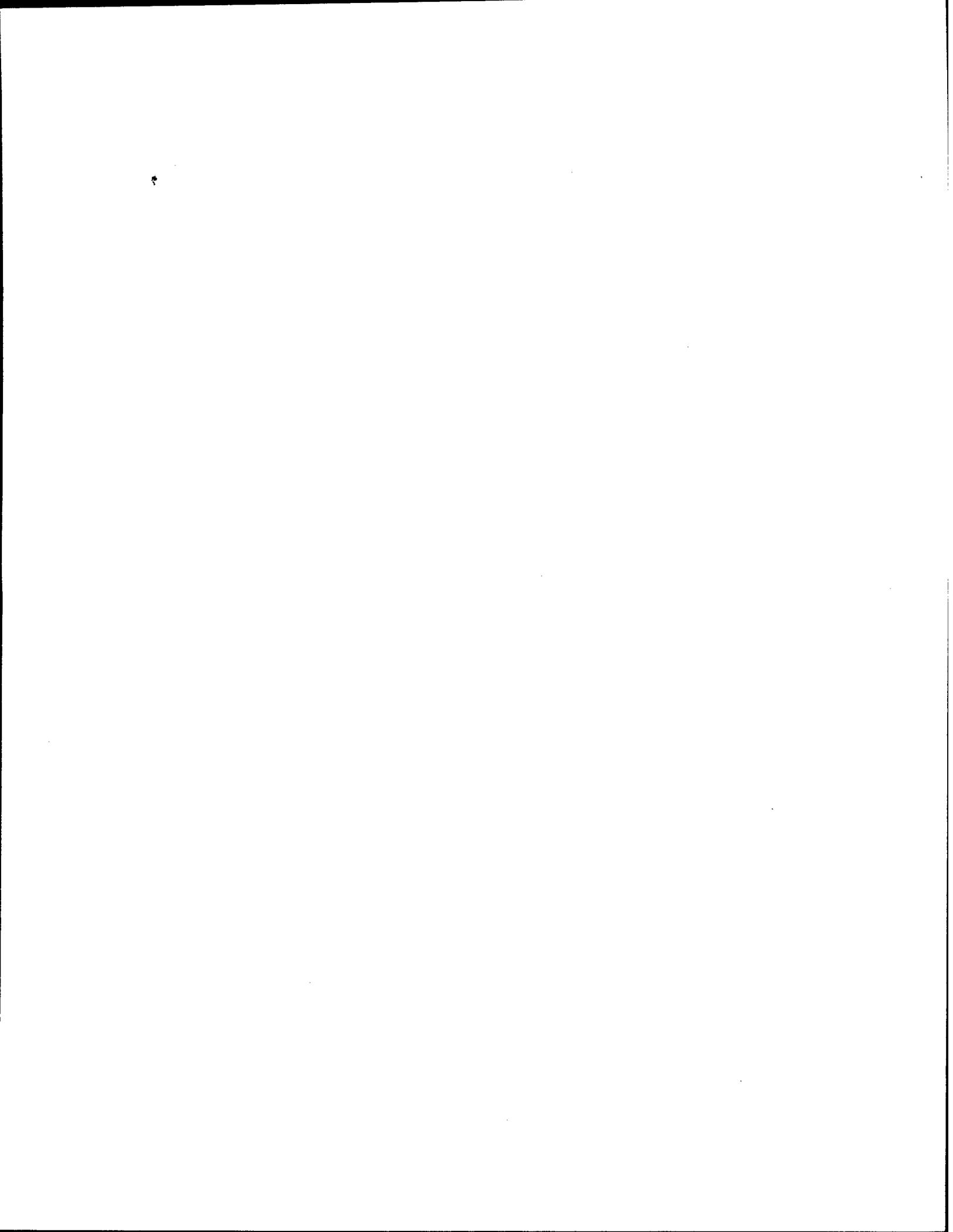


ARKANSAS
PERSONAL AUTO INSURANCE

EXPLANATORY NOTES TO TABLE D6A

- COLUMN (1) The written car months by policy limit for Uninsured Motorists Bodily Injury coverages are those exposures which have been written during the latest accident year ending 12/31/2007.
- COLUMNS (2) AND (3) The present loss costs are total limits loss costs calculated by adding the present basic limits loss costs shown in Table D5A, Column (5), to the applicable higher limits increments shown in Table D5A, Columns (12) and (19). The filed loss costs are similarly calculated using the loss costs and increments shown in Table D5A, Columns (6), (13), and (20).
- For "All Other" policy limits, the present and filed loss costs are an average of the present and filed loss costs for the other policy limits shown weighted on the written car months in Column (1).
- The average split and single limit present loss costs are a weighted average of the loss costs in Column (2) weighted on the written car months in Column (1). The average split and single limit filed loss costs are similarly calculated using the loss costs in Column (3).
- LINES (4) AND (5) The average present loss cost is the weighted average of the split and single limit average loss costs weighted on the total written car months in Column (1). The average filed loss cost is similarly calculated.
- Table D6A-1:
- UM Average Present Loss Cost:
 $((\$29.05 \times 808,754 + \$47.76 \times 22,276) / (808,754 + 22,276)) = \29.55
- UM Average Filed Loss Cost:
 $((\$26.04 \times 808,754 + \$42.82 \times 22,276) / (808,754 + 22,276)) = \26.49
- LINE (6) The total filed change is the average filed loss cost in Line (5) divided by the average present loss cost in Line (4).

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PERSONAL AUTO INSURANCE
TABLE D6B-1

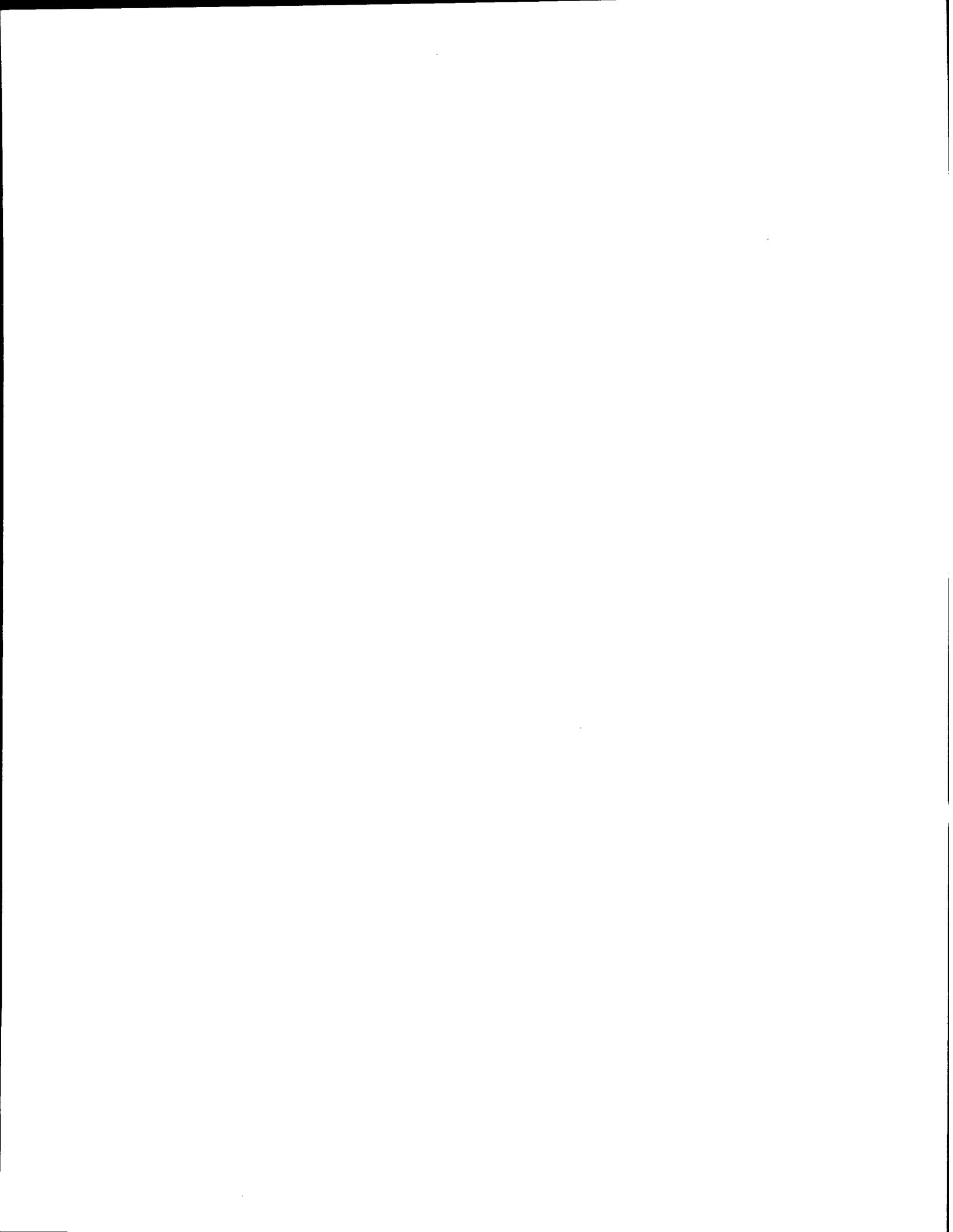
TIER 1 (TERRITORY 21)

CALCULATION OF PRESENT AND FILED AVERAGE LOSS COSTS
UNDERINSURED MOTORISTS

	(1)	(2)	(3)
<u>Split Limits</u>	<u># of Written Car Months</u>	<u>Present Loss Cost</u>	<u>Filed Loss Cost</u>
All Other	487	\$ 40.64	\$ 31.92
25/50	329,636	21.89	17.25
50/100	157,277	37.16	29.22
100/200	19,553	58.54	45.93
100/300	162,907	59.20	46.48
300/300	10,899	97.88	76.50
250/500	46,201	92.16	72.08
500/1000	2,604	116.86	91.20
1000/1000	1,567	136.61	106.39
Total	731,131	\$ 40.64	\$ 31.92
<u>Single Limits</u>	<u># of Written Car Months</u>	<u>Present Loss Cost</u>	<u>Filed Loss Cost</u>
All Other	324	\$ 95.47	\$ 74.59
\$50,000	264	36.47	28.68
75,000	605	47.96	37.67
100,000	4,428	57.78	45.36
200,000	146	82.51	64.58
300,000	1,414	97.88	76.50
500,000	10,039	116.21	90.68
1,000,000	36	136.61	106.39
Total	17,256	\$ 95.47	\$ 74.59

(4) Average Present Loss Cost: \$41.90
 (5) Average Filed Loss Cost: \$32.90
 (6) Total Filed Change: - 21.5%

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ARKANSAS
 PERSONAL AUTO INSURANCE
 TABLE D6B-2

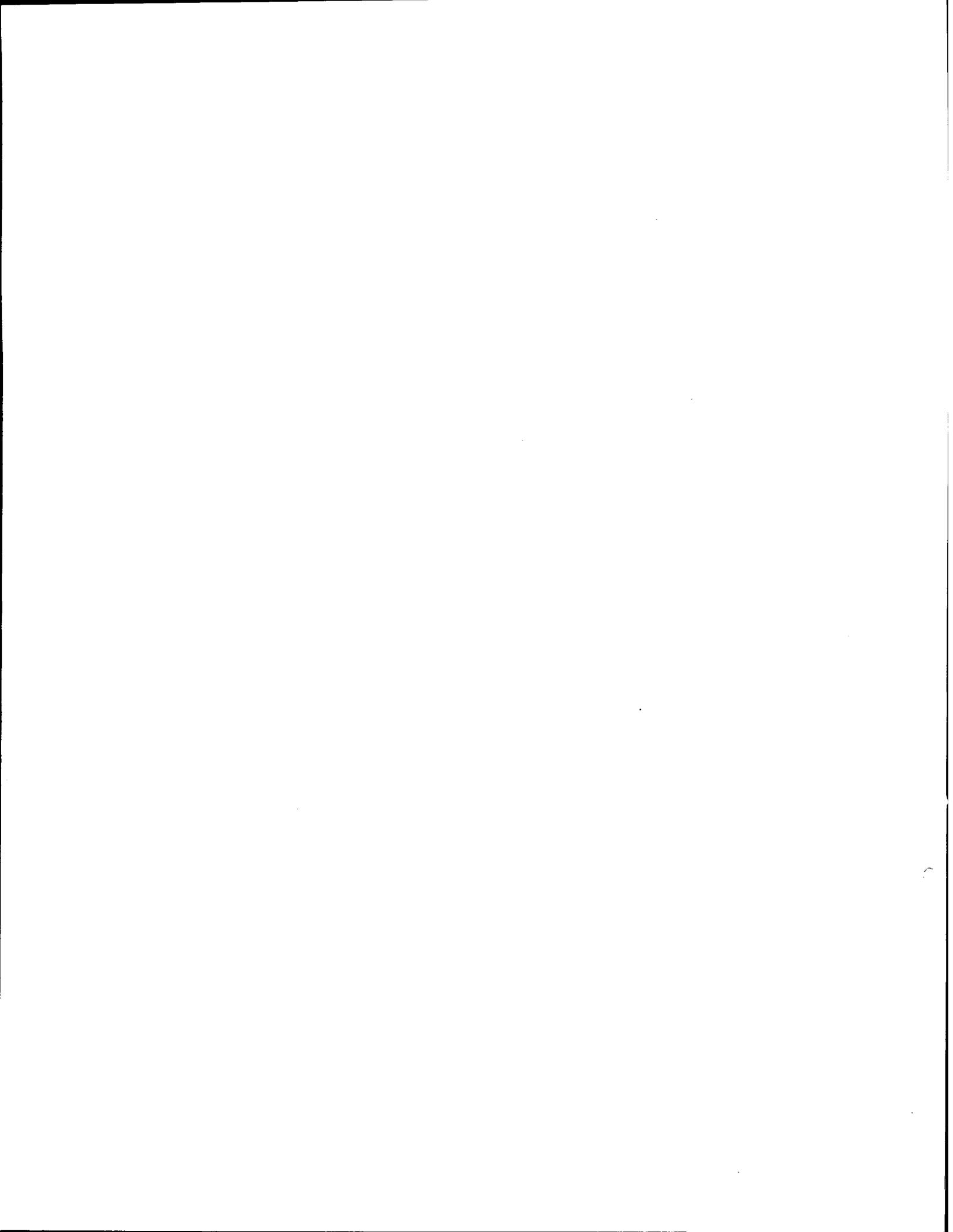
TIER 2 (TERRITORIES 22, 23, 24, AND 25)

CALCULATION OF PRESENT AND FILED AVERAGE LOSS COSTS
 UNDERINSURED MOTORISTS

	(1)	(2)	(3)
<u>Split Limits</u>	<u># of Written Car Months</u>	<u>Present Loss Cost</u>	<u>Filed Loss Cost</u>
All Other	487	\$ 41.23	\$ 33.32
25/50	329,636	22.20	18.01
50/100	157,277	37.70	30.51
100/200	19,553	59.40	47.95
100/300	162,907	60.07	48.51
300/300	10,899	99.31	79.86
250/500	46,201	93.52	75.25
500/1000	2,604	118.56	95.19
1000/1000	1,567	138.60	111.07
Total	731,131	\$ 41.23	\$ 33.32
<u>Single Limits</u>	<u># of Written Car Months</u>	<u>Present Loss Cost</u>	<u>Filed Loss Cost</u>
All Other	324	\$ 96.86	\$ 77.87
\$50,000	264	37.01	29.94
75,000	605	48.65	39.32
100,000	4,428	58.64	47.35
200,000	146	83.72	67.40
300,000	1,414	99.31	79.86
500,000	10,039	117.90	94.66
1,000,000	36	138.60	111.07
Total	17,256	\$ 96.86	\$ 77.87

(4) Average Present Loss Cost: \$42.51
 (5) Average Filed Loss Cost: \$34.35
 (6) Total Filed Change: - 19.2%

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 PERSONAL AUTO INSURANCE
 TABLE D6B-3

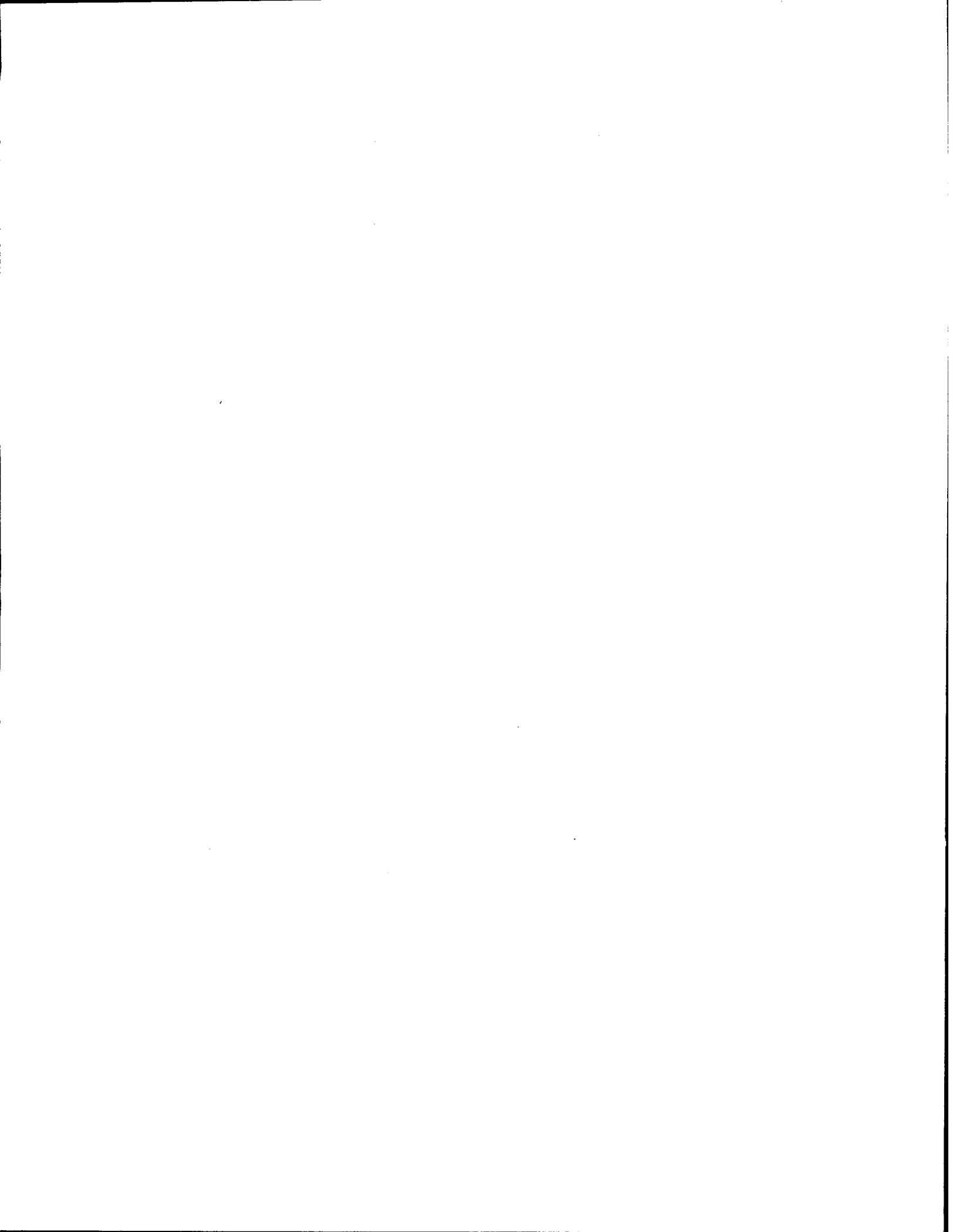
TIER 3 (TERRITORIES 26, 27, 28, 29, 30, 31, 32, AND 33)

CALCULATION OF PRESENT AND FILED AVERAGE LOSS COSTS
 UNDERINSURED MOTORISTS

	(1)	(2)	(3)
<u>Split Limits</u>	<u># of Written Car Months</u>	<u>Present Loss Cost</u>	<u>Filed Loss Cost</u>
All Other	487	\$ 31.80	\$ 25.89
25/50	329,636	17.12	14.00
50/100	157,277	29.08	23.71
100/200	19,553	45.80	37.26
100/300	162,907	46.33	37.69
300/300	10,899	76.60	62.04
250/500	46,201	72.11	58.47
500/1000	2,604	91.42	73.97
1000/1000	1,567	106.86	86.29
Total	731,131	\$ 31.80	\$ 25.89
<u>Single Limits</u>	<u># of Written Car Months</u>	<u>Present Loss Cost</u>	<u>Filed Loss Cost</u>
All Other	324	\$ 74.70	\$ 60.50
\$50,000	264	28.53	23.27
75,000	605	37.52	30.56
100,000	4,428	45.21	36.80
200,000	146	64.55	52.38
300,000	1,414	76.60	62.04
500,000	10,039	90.92	73.55
1,000,000	36	106.86	86.29
Total	17,256	\$ 74.70	\$ 60.50

(4) Average Present Loss Cost: \$32.79
 (5) Average Filed Loss Cost: \$26.69
 (6) Total Filed Change: - 18.6%

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PERSONAL AUTO INSURANCE

EXPLANATORY NOTES TO TABLE D6B

COLUMN (1) The written car months by policy limit for Underinsured Motorists Bodily Injury coverages are those exposures which have been written during the latest accident year ending 12/31/2007.

COLUMNS (2) AND (3) The present loss costs are the total limits loss costs shown in Table D5C, Columns (5) and (12). The filed loss costs are the total limits loss costs shown in Table D5C, Columns (6) and (13).

For "All Other" policy limits, the present and filed loss costs are an average of the present and filed loss costs for the other policy limits shown weighted on the written car months in Column (1).

The average split and single limit present loss costs are a weighted average of the loss costs in Column (2) weighted on the written car months in Column (1). The average split and single limit filed loss costs are similarly calculated using the loss costs in Column (3).

LINES (4) AND (5) The average present loss cost is the weighted average of the split and single limit average loss costs weighted on the total written car months in Column (1). The average filed loss cost is similarly calculated.

Table D6B-1:

UIM Average Present Loss Cost:

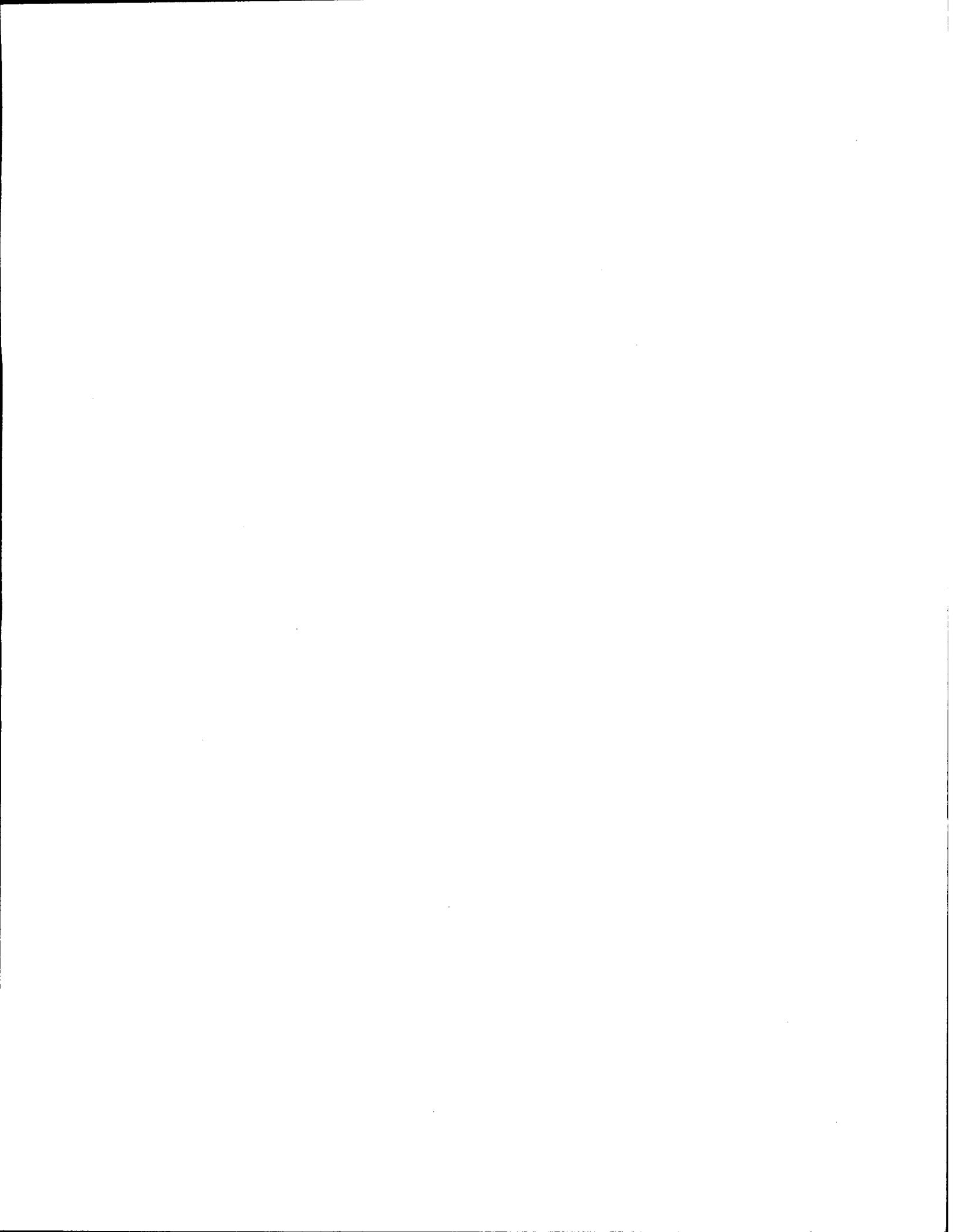
$$((\$40.64 \times 731,131 + \$95.47 \times 17,256)/(731,131 + 17,256)) = \$41.90$$

UIM Average Filed Loss Cost:

$$((\$31.92 \times 731,131 + \$74.59 \times 17,256)/(731,131 + 17,256)) = \$32.90$$

LINE (6) The total filed change is the average filed loss cost in Line (5) divided by the average present loss cost in Line (4).

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PERSONAL AUTO INSURANCE

TABLE D7A

CALCULATION OF STATEWIDE PERCENT CHANGE
UNINSURED MOTORISTS

Tier	(1) <u>Exposures (a)</u>	(2) <u>Average Present Loss Cost (b)</u>	(3) <u>Average Filed Loss Cost (c)</u>	(4) <u>Percent Change (d)</u>
1	8,270	\$29.55	\$26.49	-10.4%
2	94,816	19.60	14.57	-25.7%
3	208,381	13.63	10.26	-24.7%
Statewide	311,467	\$15.87	\$12.00	-24.4%

- (a) Latest year earned exposures from Table D1B, Column (1).
- (b) Tier loss costs are from Table D6A, Line (4). Statewide loss cost is Column (2) weighted on exposures in Column (1).
- (c) Tier loss costs are from Table D6A, Line (5). Statewide loss cost is Column (3) weighted on exposures in Column (1).
- (d) Column (4) = Column (3) / Column (2).

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PERSONAL AUTO INSURANCE

TABLE D7B

CALCULATION OF STATEWIDE PERCENT CHANGE
UNDERINSURED MOTORISTS

	(1)	(2)	(3)	(4)
		Average Present Loss Cost (b)	Average Filed Loss Cost (c)	Percent Change (d)
<u>Tier</u>	<u>Exposures (a)</u>			
1	6,410	\$41.90	\$32.90	-21.5%
2	79,485	42.51	34.35	-19.2%
3	158,799	32.79	26.69	-18.6%
Statewide	244,964	\$36.19	\$29.34	-18.9%

(a) Tier loss costs are from Table D6B, Line (4). Statewide loss cost is Column (2) weighted on exposures in Column (1).

(b) Tier loss costs are from Table D6B, Line (5). Statewide loss cost is Column (3) weighted on exposures in Column (1).

(c) Column (4) = Column (3) / Column (2).

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