

SERFF Tracking Number: ARKS-125455007 State: Arkansas
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #104710 \$250
Company Tracking Number: CA-2008-BRLA1
TOI: 20.0 Commercial Auto Sub-TOI: 20.0001 Business Auto
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-125455007 | State: Arkansas |
| TOI: 20.0 Commercial Auto | SERFF Status: Closed | State Tr Num: #104710 \$250 |
| Sub-TOI: 20.0001 Business Auto | Co Tr Num: CA-2008-BRLA1 | State Status: Fees verified and received |
| Filing Type: Rate | Co Status: | Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding |
| | Author: | Disposition Date: 02/07/2008 |
| | Date Submitted: 01/25/2008 | Disposition Status: Filed |
| Effective Date Requested (New): 07/01/2008 | | Effective Date (New): 07/01/2008 |
| Effective Date Requested (Renewal): 07/01/2008 | | Effective Date (Renewal): 07/01/2008 |

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: 02/07/2008 | |
| State Status Changed: 02/07/2008 | Deemer Date: |
| Corresponding Filing Tracking Number: | |
| Filing Description: | |

Company and Contact

Filing Contact Information

| | |
|-------------------------------------|-------------------------|
| Tonya Burroughs, Compliance analyst | tburroughs@ilmgourp.com |
| 3600 Woodview Trace | (800) 428-1441 [Phone] |

SERFF Tracking Number: ARKS-125455007 State: Arkansas
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Company Tracking Number: CA-2008-BRLA1
TOI: 20.0 Commercial Auto Sub-TOI: 20.0001 Business Auto
Product Name: n/a
Project Name/Number: /

Indianapolis, IN 46268-0600

Filing Company Information

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

SERFF Tracking Number: ARKS-125455007 State: Arkansas
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TOI: 20.0 Commercial Auto Sub-TOI: 20.0001 Business Auto
Product Name: n/a
Project Name/Number: /

Filing Fees

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

SERFF Tracking Number: ARKS-125455007 State: Arkansas
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Company Tracking Number: CA-2008-BRLA1
TOI: 20.0 Commercial Auto Sub-TOI: 20.0001 Business Auto
Product Name: n/a
Project Name/Number: /

Correspondence Summary

Dispositions

| Status | Created By | Created On | Date Submitted |
|--------|------------------|------------|----------------|
| Filed | Llyweyia Rawlins | 02/07/2008 | 02/07/2008 |

SERFF Tracking Number: ARKS-125455007 State: Arkansas
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #104710 \$250
Company Tracking Number: CA-2008-BRLA1
TOI: 20.0 Commercial Auto Sub-TOI: 20.0001 Business Auto
Product Name: n/a
Project Name/Number: /

Disposition

Disposition Date: 02/07/2008

Effective Date (New): 07/01/2008

Effective Date (Renewal): 07/01/2008

Status: Filed

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: ARKS-125455007 State: Arkansas
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #104710 \$250
Company Tracking Number: CA-2008-BRLA1
TOI: 20.0 Commercial Auto Sub-TOI: 20.0001 Business Auto
Product Name: n/a
Project Name/Number: /

| Item Type | Item Name | Item Status | Public Access |
|----------------------------|--|--------------------|----------------------|
| Supporting Document | Uniform Transmittal Document-Property &Filed Casualty | | Yes |
| Supporting Document | ARKS-125455007 | | No |

SERFF Tracking Number: ARKS-125455007 State: Arkansas
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #104710 \$250
Company Tracking Number: CA-2008-BRLA1
TOI: 20.0 Commercial Auto Sub-TOI: 20.0001 Business Auto
Product Name: n/a
Project Name/Number: /

Supporting Document Schedules

Review Status:

Satisfied -Name: ARKS-125455007

02/07/2008

Comments:

Attachments:

ARKS-125455007 1.pdf
ARKS-125455007 2.pdf
ARKS-125455007 3.pdf
ARKS-125455007 4.pdf
ARKS-125455007 5.pdf

ARKS-125455007

LR



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

CK 104710
250.00

January 21, 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.
CA 2008-BRLA1
Revision of Commercial Auto Liability and Physical Damage Loss Costs
REFERENCE FILING
State of Arkansas

Dear Mr. Lacy:

We hereby file the enclosed advisory reference document.

ISO does not establish an effective date for Commercial Auto loss costs revisions in Arkansas. Each insurer that elects to utilize this revision is responsible for determining its own effective date and complying with any applicable regulatory requirements. We will distribute this material to our participating insurers and update our electronic deliveries under cover of a Notice bearing a date of July 2008, or the earliest possible subsequent date following your acknowledgement.

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

DJB:dlb
Encl.

~~Approved until withdrawn
or revoked~~

FEB 07 2008

RECEIVED

JAN 24 2008

PROPERTY AND CASUALTY DIVISION
ARKANSAS INSURANCE DEPARTMENT

Arkansas Insurance Department

By: *LK Acknowledge
Filed*

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only

~~Approved until withdrawn or revoked~~

FEB 07 2008

Arkansas Insurance Department
By: *LH acknowledge filed*

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 *filed* **Group NAIC #**

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

5. Company Tracking Number CA-2008-BRLA1

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 *Donald J. Beckel*

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

RECEIVED

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

| | | |
|---|--|---|
| 9. Type of Insurance (TOI) | 20.0 Commercial Auto | JAN 24 2008 |
| 10. Sub-Type of Insurance (Sub-TOI) | 20.0001 and 20.0002 | |
| 11. State Specific Product code(s)(if applicable)[See State Specific Requirements] | | PROPERTY AND CASUALTY DIVISION ARKANSAS INSURANCE DEPARTMENT |
| 12. Company Program Title (Marketing title) | | |
| 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: 07/01/2008 | Renewal: 07/01/2008 |
| 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 | 1/21/08 | |
| 19. Status of filing in domicile | <input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved | |

Property & Casualty Transmittal Document---

| | | |
|------------|--|---------------|
| 20. | This filing transmittal is part of Company Tracking # | CA-2008-BRLA1 |
|------------|--|---------------|

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

Revision of the advisory loss costs for the major Commercial Automobile classes.

| | |
|------------|---|
| 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 #: 104710
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 # | CA-2008-BRLA1 |
|----|---|---------------|

| | | |
|----|--|--|
| 2. | This filing corresponds to form filing number (Company tracking number of form filing, if applicable) | |
|----|--|--|

Rate Increase Rate Decrease Rate Neutral (0%)

| | | |
|----|---|------------|
| 3. | Filing Method (Prior Approval, File & Use, Flex Band, etc.) | File & 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. | -7.9% | -8.1% | N/A | N/A | N/A | 16.7% | -16.7% |

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 | 4.5% |
|----|--|------|

| | | |
|----|--------------------------------------|------------|
| 7. | Effective Date of last rate revision | 08/01/2006 |
|----|--------------------------------------|------------|

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

| 9. | Rule # or Page # Submitted for Review | Replacement or Withdrawn? | Previous state filing number, if required by state |
|----|---------------------------------------|---|--|
| 01 | CA-LC-1 to CA-LC-20 | <input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn | |
| 02 | Rule 90 | <input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn | |
| 03 | | <input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn | |

ARKANSAS

BASIC LIMITS PROSPECTIVE LOSS COST LEVEL – COMMERCIAL AUTOMOBILE

FILING CA-2008-BRLA1

EXECUTIVE SUMMARY

PURPOSE

This document:

- revises the advisory prospective loss costs for the major Commercial Automobile classes. These loss costs represent a -8.1% statewide change from the loss costs currently in effect.
 - provides the analyses used to derive these advisory loss costs.
-

DEFINITION OF
THE ISO ADVISORY
PROSPECTIVE
LOSS COST

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. Throughout this document the words "loss cost" are synonymous with the words "prospective loss cost."

GARAGEKEEPERS'
COLLISION -
EDITORIAL
CHANGE

We have made an editorial change to the Garagekeepers' Collision loss cost table to specify that Direct Coverage (Excess) is calculated by multiplying the Legal Liability loss cost for the desired deductible by the factor of 1.15. This change is needed because at the time the Statistical Reporting Codes were removed from this table, we inadvertently replaced 'Multiply the Coverage 311 premium by 1.15.' with 'Multiply the Legal Liability \$100 Deductible premium by 1.15.'

REVISED LOSS
COST CHANGES

The statewide advisory loss cost level changes are:

| <u>Trucks, Tractors & Trailers</u> | <u>Indicated</u> | <u>Filed</u> |
|--|------------------|--------------|
| Single Limit Liability | -11.5% | -11.5% |
| Physical Damage | | |
| Other than Collision | -2.5% | -2.5% |
| Collision | 1.7% | 1.7% |
| Total Trucks, Tractors & Trailers | -9.1% | -9.1% |

REVISED LOSS
COST CHANGES
(CONT'D)

| | | | |
|--------------------------------|--------|--|--------|
| <u>Private Passenger Types</u> | | | |
| Single Limit Liability | -1.9% | | -1.9% |
| Physical Damage | | | |
| Other than Collision | -4.2% | | -4.2% |
| Collision | 2.5% | | 2.5% |
| Total Private Passenger Types | -1.3% | | -1.3% |
| | | | |
| <u>Garages</u> | | | |
| Single Limit Liability | -2.3% | | -10.0% |
| Physical Damage | | | |
| Dealers | | | |
| Other than Collision | -7.4% | | -7.4% |
| Collision | -9.8% | | -9.8% |
| Keepers | | | |
| Other than Collision | -3.2% | | -3.2% |
| Collision | -14.8% | | -14.8% |
| Total Garages | -6.5% | | -8.4% |
| | | | |
| <u>Grand Total</u> | -7.9% | | -8.1% |

Loss cost level changes are relative to the current loss costs.

INDICATED VS.
FILED

Indicated changes are based on standard ISO methodology, utilizing a 07/01/2008 trend effective date. The filed loss cost level changes are the same as the indicated with the following exceptions: For Garage Dealers Liability, -10.0% was selected to better reflect the consistent good experience.

PRIOR ISO
REVISIONS

The latest selected revisions in this state are:

| <u>Filing</u> | CA-06-BRLA1 | CA-05-BRLA1 | CA-04-BRLA1 |
|---------------------------|-------------|-------------|-------------|
| Rate Level/ Loss Costs | Loss Costs | Loss Costs | Loss Costs |
| <u>Dates</u> | | | |
| Filed | 01/20/06 | 01/24/05 | 01/13/04 |
| Approved | 01/30/06 | 02/04/05 | 01/26/04 |
| Effective | 08/01/06 | 08/01/05 | 08/01/04 |
| <u>Changes</u> | | | |
| Indicated | +4.5% | -5.3% | -9.2% |
| Filed | +4.5% | -5.1% | -9.2% |
| Approved | +4.5% | -5.1% | -9.2% |

HISTORICAL
SOURCE DATA

The data used in this document is:

- ISO reporting companies' voluntary experience.
 - Accident year data through year ended 12/31/2006 for all coverages.
-

ADJUSTMENTS TO
REPORTED
EXPERIENCE

Loss Trend

To adjust the loss data to levels expected to prevail during the period when the revised loss costs will be in effect, historical losses have been multiplied by trend factors. These trend factors are based on the changes in claim cost and claim frequency that are expected to arise between the historical experience period and the prospective period during which the revised loss costs are anticipated to be in effect. Claim cost trend data through first quarter 2007 and claim frequency trend data through fourth quarter 2006 were used in selecting the following annual liability trend factors:

| <u>Coverage</u> | <u>Annual Trend Factor</u> |
|---------------------------------------|--------------------------------|
| All Liability Coverages: | |
| Bodily Injury | +1.5% |
| Property Damage | +5.7% |
| Trucks, Tractors & Trailers OTC | +1.5% |
| Trucks, Tractors & Trailers Collision | +3.0% |
| PPT and Garages OTC | +1.5% |
| PPT and Garages Collision | +2.5% |

OCN Trend

To recognize the trend in the Original Cost New (OCN) relativities for Trucks, Tractors & Trailers and Private Passenger Type's physical damage, aggregate loss costs at current level have been multiplied by trend factors. The selected annual OCN trend factors for Trucks, Tractors & Trailers are +1.5% and +2.4% for OTC and Collision respectively. For Private Passenger Types, the OCN Trend factors are +1.5% and +1.1% for OTC and Collision respectively.

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

TEN LARGEST
COMPANY/
GROUPS
IN THIS REVIEW

LIABILITY (ASLOB 19.4)

1. Travelers Indemnity Co
2. Continental Casualty Co
3. Progressive Casualty Insurance Co
4. W.R. Berkley Corp
5. Canal Insurance Co
6. Liberty Mutual Insurance Co
7. Zurich American Insurance Co
8. Cincinnati Insurance Co
9. Old Republic Insurance Co
10. State Auto Mutual Insurance Co

PHYSICAL DAMAGE (ASLOB 21.2)

1. Progressive Casualty Insurance Co
2. Travelers Indemnity Co
3. W.R. Berkley Corp
4. Great American Insurance Co
5. Cincinnati Insurance Co
6. Allstate Insurance Co
7. Canal Insurance Co
8. Old Republic Insurance Co
9. Daimler Chrysler Insurance Co
10. Federated Mutual Insurance Co

Insurers are listed in descending order based on the percent of statewide written premium volume from Annual Statement Page 15 for the year ending 12/31/2006 for the Annual Statement Line of Business (ASLOB) indicated.

MARKET SHARE

The market share of ISO participating insurers used in this review as measured by Annual Statement Page 15 written premium for the year ending 12/31/2006 is:

Liability (ASLOB 19.4)

39.2%

Physical Damage (ASLOB 21.2)

38.8%

COMPANY
DECISION

We encourage each insurer to decide independently whether the judgments made and the procedures or data used by 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 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 company'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 company 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
COMMERCIAL AUTOMOBILE
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ARKANSAS
STATEWIDE LOSS COST LEVEL CHANGES (A)

| Coverages | Aggregate Loss Cost at Current Level (B) | Loss Cost Changes (C) |
|--|---|--------------------------|
| TRUCKS, TRACTORS & TRAILERS (D) | | |
| Single Limit Liability | \$ 33,798,711 | -11.5% |
| Physical Damage | | |
| Other Than Collision | 1,990,495 | -2.5% |
| Collision | 6,165,671 | +1.7% |
| Combined | 8,156,166 | +0.7% |
| Total Trucks, Tractors & Trailers | 41,954,877 | -9.1% |
| PRIVATE PASSENGER TYPES | | |
| Single Limit Liability | 5,213,922 | -1.9% |
| Physical Damage | | |
| Other Than Collision | 410,218 | -4.2% |
| Collision | 1,188,308 | +2.5% |
| Combined | 1,598,526 | +0.8% |
| Total Private Passenger Types | 6,812,448 | -1.3% |
| GARAGES | | |
| Dealers Single Limit Liability | 916,993 | -10.0% |
| Physical Damage | | |
| Garage Dealers | | |
| Other Than Collision | 1,784,932 | -7.4% |
| Collision | 405,912 | -9.8% |
| Combined | 2,190,844 | -7.8% |
| Garage Keepers | | |
| Other Than Collision | 273,393 | -3.2% |
| Collision | 200,962 | -14.8% |
| Combined | 474,355 | -8.1% |
| Garage Dealers and Keepers Combined | 2,665,199 | -7.9% |
| Total Garages | 3,582,192 | -8.4% |
| GRAND TOTAL ALL COVERAGES | 52,349,517 | -8.1% |
| TOTAL LIABILITY | 39,929,626 | -10.2% |
| TOTAL PHYSICAL DAMAGE | 12,419,891 | -1.1% |

(A) An implementation date of 07/01/2008 is assumed for purposes of trending.

(B) Accident Year ending 12/31/2006 Aggregate Loss Cost at Current Level for all coverages.

The liability loss costs are on a Total Limits basis.

(C) Loss Cost changes are calculated on a \$100,000 CSL Basic Limits basis for liability and on an all deductibles combined basis for physical damage.

(D) Classes related to Trucks, Tractors & Trailers, such as the Public Automobile classes, are impacted by the Trucks, Tractors & Trailers loss cost level changes.

INSURANCE SERVICES OFFICE, INC.

ARKANSAS

TERRITORY LOSS COST LEVEL CHANGES

FOR TRUCKS, TRACTORS AND TRAILERS POLICY COVERAGES

PHYSICAL DAMAGE

| TERRITORY CODE | COMPREHENSIVE | COLLISION | SPECIFIED CAUSES OF LOSS |
|-------------------|---------------|-----------|-----------------------------|
| 101 | 2.9% | 0.0% | 2.0% |
| 103 | 0.0% | 4.3% | 0.0% |
| 105 | -2.4% | -0.9% | -1.7% |
| 106 | -3.7% | 3.1% | -3.4% |
| 108 | 0.0% | 1.9% | 0.0% |
| 109 | -4.1% | 2.0% | -4.3% |
| 110 | -4.1% | 4.9% | -5.7% |
| 111 | -4.2% | 0.5% | -2.9% |

INSURANCE SERVICES OFFICE, INC.

ARKANSAS

REVISED BASE LOSS COSTS BY TERRITORY
FOR TRUCKS, TRACTORS AND TRAILERS POLICY COVERAGES

| TERRITORY CODE | LIABILITY | | PHYSICAL DAMAGE | | SPECIFIED CAUSES OF LOSS (d) |
|-------------------|------------------|----------------------|-------------------|---------------|---------------------------------|
| | \$100,000 CSL | \$500 MED PAY (a) | COMPREHENSIVE (b) | COLLISION (c) | |
| 101 | 402 | 14 | 70 | 203 | 50 |
| 103 | 318 | 11 | 68 | 194 | 49 |
| 105 | 282 | 10 | 80 | 212 | 58 |
| 106 | 315 | 11 | 79 | 201 | 57 |
| 108 | 320 | 12 | 87 | 211 | 63 |
| 109 | 294 | 11 | 93 | 203 | 67 |
| 110 | 327 | 12 | 70 | 191 | 50 |
| 111 | 209 | 8 | 91 | 203 | 66 |

(a) THE LOSS COSTS FOR MEDICAL PAYMENTS HAVE BEEN CALCULATED BY A RELATIVITY OF 0.036 TO THE TRUCKS, TRACTORS, & TRAILERS CSL LIABILITY LOSS COSTS.

(b) COMPREHENSIVE BASE LOSS COST IS THE \$15,001-\$20,000 OCN, AGE 1, \$500 DEDUCTIBLE LOSS COST.

(c) COLLISION BASE LOSS COST IS THE \$15,001-\$20,000 OCN, AGE 1, \$500 DEDUCTIBLE LOSS COST.

(d) THE LOSS COSTS FOR SPECIFIED CAUSES OF LOSS HAVE BEEN CALCULATED BY A RELATIVITY OF 0.720 TO THE TRUCKS, TRACTORS & TRAILERS COMPREHENSIVE BASE LOSS COSTS.

INSURANCE SERVICES OFFICE, INC.

ARKANSAS

REVISED BASE LOSS COSTS BY TERRITORY

FOR PRIVATE PASSENGER TYPES POLICY COVERAGES

| TERRITORY CODE | LIABILITY | | PHYSICAL DAMAGE | |
|-------------------|------------------|----------------------|-------------------|---------------|
| | \$100,000 CSL | \$500 MED PAY (a) | COMPREHENSIVE (b) | COLLISION (c) |
| 101 | 399 | 8 | 35 | 197 |
| 103 | 334 | 7 | 49 | 191 |
| 105 | 315 | 7 | 65 | 217 |
| 106 | 327 | 7 | 46 | 180 |
| 108 | 276 | 6 | 55 | 206 |
| 109 | 333 | 7 | 50 | 199 |
| 110 | 310 | 7 | 33 | 155 |
| 111 | 294 | 6 | 63 | 198 |

(a) THE LOSS COSTS FOR MEDICAL PAYMENTS HAVE BEEN CALCULATED BY A RELATIVITY OF 0.021 TO THE PRIVATE PASSENGER TYPES CSL LIABILITY LOSS COSTS.

(b) COMPREHENSIVE BASE LOSS COST IS THE \$15,001-\$20,000 OCN, AGE 1, \$500 DEDUCTIBLE LOSS COST.

(c) COLLISION BASE LOSS COST IS THE \$15,001-\$20,000 OCN, AGE 1, \$500 DEDUCTIBLE LOSS COST.

INSURANCE SERVICES OFFICE, INC.

ARKANSAS
TERRITORY LOSS COST LEVEL CHANGES
FOR GARAGE POLICY COVERAGES
PHYSICAL DAMAGE

DEALERS

| | | |
|------------------|------------------------|--------------------|
| TERRITORY ALL | COMPREHENSIVE -7.8% | COLLISION -9.9% |
|------------------|------------------------|--------------------|

GARAGE KEEPERS

| | | | |
|------------------|--------------------------|--|------------------------|
| TERRITORY ALL | LEGAL LIABILITY -3.4% | COMPREHENSIVE DIRECT PRIMARY -5.1% | DIRECT EXCESS -3.0% |
|------------------|--------------------------|--|------------------------|

| | | | |
|------------------|---------------------------|---------------------------------------|-------------------------|
| TERRITORY ALL | LEGAL LIABILITY -13.9% | COLLISION DIRECT PRIMARY -14.3% | DIRECT EXCESS -12.2% |
|------------------|---------------------------|---------------------------------------|-------------------------|

| | | | |
|------------------|--------------------------|---|------------------------|
| TERRITORY ALL | LEGAL LIABILITY -4.2% | SPECIFIED PERILS DIRECT PRIMARY -3.1% | DIRECT EXCESS -7.1% |
|------------------|--------------------------|---|------------------------|

ARKANSAS
 REVISED BASE LOSS COSTS BY TERRITORY
 FOR GARAGE POLICY COVERAGES
 PHYSICAL DAMAGE

| | | | | | | |
|-----------|-----------------|------|--------------------------|------|---------------|------|
| | | | DEALERS FIRE | | | |
| TERRITORY | | | | | | |
| ALL | | | 0.06 | | | |
| | | | FIRE & THEFT | | | |
| TERRITORY | | A | B | C | | |
| ALL | | 0.41 | 0.49 | 0.22 | | |
| | | | SPECIFIED PERILS | | | |
| TERRITORY | | A | B | C | D | E |
| ALL | | 0.69 | 0.77 | 0.86 | 0.51 | 0.59 |
| | | | LIMITED SPECIFIED PERILS | | | |
| TERRITORY | | A | B | C | D | E |
| ALL | | 0.65 | 0.69 | 0.78 | 0.46 | 0.51 |
| | | | COMPREHENSIVE | | | |
| TERRITORY | | A | B | C | D | |
| ALL | | 0.83 | 0.94 | 1.02 | 0.77 | |
| | | | COLLISION | | | |
| TERRITORY | | | | | | |
| ALL | | | 1.55 | | | |
| | | | GARAGE KEEPERS | | | |
| | | | COMPREHENSIVE | | | |
| TERRITORY | LEGAL LIABILITY | | DIRECT PRIMARY | | DIRECT EXCESS | |
| ALL | 28 | | 37 | | 32 | |
| | | | COLLISION | | | |
| TERRITORY | LEGAL LIABILITY | | DIRECT PRIMARY | | DIRECT EXCESS | |
| ALL | 31 | | 42 | | 36 | |
| | | | SPECIFIED PERILS | | | |
| TERRITORY | LEGAL LIABILITY | | DIRECT PRIMARY | | DIRECT EXCESS | |
| ALL | 23 | | 31 | | 26 | |

ARKANSAS

REVISED BASE LOSS COSTS BY TERRITORY

FOR VAN POOLS POLICY COVERAGES

| TERRITORY CODE | LIABILITY | | PHYSICAL DAMAGE | | |
|-------------------|----------------------|----------------------|-------------------|---------------|---------------------------------|
| | \$100,000 CSL (a) | \$500 MED PAY (b) | COMPREHENSIVE (c) | COLLISION (d) | SPECIFIED CAUSES OF LOSS (e) |
| 101 | 559 | 40 | 97 | 305 | 70 |
| 103 | 442 | 31 | 95 | 291 | 68 |
| 105 | 392 | 28 | 111 | 318 | 81 |
| 106 | 438 | 31 | 110 | 302 | 79 |
| 108 | 445 | 32 | 121 | 317 | 88 |
| 109 | 409 | 29 | 129 | 305 | 93 |
| 110 | 455 | 32 | 97 | 287 | 70 |
| 111 | 291 | 21 | 126 | 305 | 92 |

- (a) THE LOSS COSTS FOR VAN POOLS HAVE BEEN CALCULATED BY A RELATIVITY OF 1.39 TO THE TRUCKS, TRACKERS & TRAILERS CSL LIABILITY LOSS COSTS.
- (b) THE LOSS COSTS FOR MEDICAL PAYMENTS HAVE BEEN CALCULATED BY A RELATIVITY OF 0.071 TO THE VAN POOLS CSL LIABILITY LOSS COSTS.
- (c) COMPREHENSIVE BASE LOSS COST IS THE \$15,001-\$20,000 OCN, AGE 1, \$500 DEDUCTIBLE LOSS COST, AND HAS BEEN CALCULATED BY A RELATIVITY OF 1.39 TO THE TRUCKS, TRACTORS, & TRAILERS LOSS COST.
- (d) COLLISION BASE LOSS COST IS THE \$15,001-\$20,000 OCN, AGE 1, \$500 DEDUCTIBLE LOSS COST, AND HAS BEEN CALCULATED BY A RELATIVITY OF 1.50 TO THE TRUCKS, TRACTORS, & TRAILERS LOSS COST.
- (e) THE LOSS COSTS FOR SPECIFIED CAUSES OF LOSS HAVE BEEN CALCULATED BY A RELATIVITY OF 1.39 TO THE CORRESPONDING TRUCKS, TRACTORS & TRAILERS LOSS COST.

INSURANCE SERVICES OFFICE, INC.

ARKANSAS

TERRITORY LOSS COST LEVEL CHANGES

FOR TAXIS AND LIMOUSINES POLICY COVERAGES

PHYSICAL DAMAGE

| TERRITORY CODE | COMPREHENSIVE | COLLISION | SPECIFIED CAUSES OF LOSS |
|-------------------|---------------|-----------|-----------------------------|
| 101 | 2.1% | 0.0% | 2.9% |
| 103 | 0.0% | 4.3% | 0.0% |
| 105 | -2.6% | -0.9% | -1.2% |
| 106 | -3.5% | 3.1% | -3.7% |
| 108 | 0.0% | 1.9% | 0.0% |
| 109 | -4.4% | 2.0% | -4.1% |
| 110 | -4.0% | 5.1% | -5.4% |
| 111 | -4.5% | 0.7% | -3.2% |

INSURANCE SERVICES OFFICE, INC.

ARKANSAS

REVISED BASE LOSS COSTS BY TERRITORY
FOR TAXIS AND LIMOUSINES POLICY COVERAGES

| TERRITOR CODE | LIABILITY | | PHYSICAL DAMAGE | | SPECIFIED CAUSES OF LOSS (e) |
|------------------|----------------------|----------------------|-------------------|---------------|---------------------------------|
| | \$100,000 CSL (a) | \$500 MED PAY (b) | COMPREHENSIVE (c) | COLLISION (d) | |
| 101 | 2320 | 84 | 97 | 305 | 70 |
| 103 | 1835 | 66 | 95 | 291 | 68 |
| 105 | 1627 | 59 | 111 | 318 | 81 |
| 106 | 1818 | 65 | 110 | 302 | 79 |
| 108 | 1846 | 66 | 121 | 317 | 88 |
| 109 | 1696 | 61 | 129 | 305 | 93 |
| 110 | 1887 | 68 | 97 | 287 | 70 |
| 111 | 1206 | 43 | 126 | 305 | 92 |

(a) THE LOSS COSTS FOR TAXIS AND LIMOUSINES HAVE BEEN CALCULATED BY A RELATIVITY OF 5.77 TO THE TRUCKS, TRACTORS & TRAILERS CSL LIABILITY LOSS COSTS.

(b) THE LOSS COSTS FOR MEDICAL PAYMENTS HAVE BEEN CALCULATED BY A RELATIVITY OF 0.036 TO THE TAXIS AND LIMOUSINES CSL LIABILITY LOSS COSTS.

(c) COMPREHENSIVE BASE LOSS COST IS THE \$15,001-\$20,000 OCN, AGE 1, \$500 DEDUCTIBLE LOSS COST, AND HAS BEEN CALCULATED BY A RELATIVITY OF 1.39 TO THE TRUCKS, TRACTORS, & TRAILERS LOSS COST.

(d) COLLISION BASE LOSS COST IS THE \$15,001-\$20,000 OCN, AGE 1, \$500 DEDUCTIBLE LOSS COST, AND HAS BEEN CALCULATED BY A RELATIVITY OF 1.50 TO THE TRUCKS, TRACTORS, & TRAILERS LOSS COST.

(e) THE LOSS COSTS FOR SPECIFIED CAUSES OF LOSS HAVE BEEN CALCULATED BY A RELATIVITY OF 1.39 TO THE CORRESPONDING TRUCKS, TRACTORS & TRAILERS LOSS COST.

INSURANCE SERVICES OFFICE, INC.

ARKANSAS

TERRITORY LOSS COST LEVEL CHANGES
FOR SCHOOL AND CHURCH BUSES POLICY COVERAGES

| TERRITORY CODE | \$100,000 CSL LIABILITY | \$500 MED PAY |
|-------------------|----------------------------|------------------|
| 101 | -9.9% | -8.3% |
| 103 | -9.8% | -11.1% |
| 105 | -7.5% | -12.5% |
| 106 | -11.9% | -11.1% |
| 108 | -10.1% | -11.1% |
| 109 | -8.7% | 0.0% |
| 110 | -7.0% | 0.0% |
| 111 | -15.3% | -16.7% |

INSURANCE SERVICES OFFICE, INC.

ARKANSAS

TERRITORY LOSS COST LEVEL CHANGES

FOR SCHOOL AND CHURCH BUSES POLICY COVERAGES

PHYSICAL DAMAGE

| TERRITORY CODE | COMPREHENSIVE | COLLISION | SPECIFIED CAUSES OF LOSS |
|-------------------|---------------|-----------|-----------------------------|
| 101 | 4.9% | 0.0% | 3.3% |
| 103 | 0.0% | 4.2% | 0.0% |
| 105 | -2.0% | -0.7% | -2.8% |
| 106 | -4.0% | 3.2% | -2.8% |
| 108 | 0.0% | 2.3% | 0.0% |
| 109 | -3.4% | 2.4% | -4.7% |
| 110 | -4.4% | 5.2% | -3.1% |
| 111 | -3.4% | 0.8% | -2.4% |

INSURANCE SERVICES OFFICE, INC.

ARKANSAS

REVISED BASE LOSS COSTS BY TERRITORY
FOR SCHOOL AND CHURCH BUSES POLICY COVERAGES

| TERRITORY CODE | LIABILITY | | PHYSICAL DAMAGE | | SPECIFIED CAUSES OF LOSS (e) |
|-------------------|----------------------|----------------------|-------------------|---------------|---------------------------------|
| | \$100,000 CSL (a) | \$500 MED PAY (b) | COMPREHENSIVE (c) | COLLISION (d) | |
| 101 | 245 | 11 | 43 | 130 | 31 |
| 103 | 194 | 8 | 41 | 124 | 30 |
| 105 | 172 | 7 | 49 | 136 | 35 |
| 106 | 192 | 8 | 48 | 129 | 35 |
| 108 | 195 | 8 | 53 | 135 | 38 |
| 109 | 179 | 8 | 57 | 130 | 41 |
| 110 | 199 | 9 | 43 | 122 | 31 |
| 111 | 127 | 5 | 56 | 130 | 40 |

- (a) THE LOSS COSTS FOR SCHOOL AND CHURCH BUSES HAVE BEEN CALCULATED BY A RELATIVITY OF 0.61 TO THE TRUCKS, TRACTORS & TRAILERS CSL LIABILITY LOSS COSTS.
- (b) THE LOSS COSTS FOR MEDICAL PAYMENTS HAVE BEEN CALCULATED BY A RELATIVITY OF 0.043 TO THE SCHOOL AND CHURCH BUSES CSL LIABILITY LOSS COSTS.
- (c) COMPREHENSIVE BASE LOSS COST IS THE \$15,001-\$20,000 OCN, AGE 1, \$500 DEDUCTIBLE LOSS COST, AND HAS BEEN CALCULATED BY A RELATIVITY OF 0.61 TO THE TRUCKS, TRACTORS, & TRAILERS LOSS COST.
- (d) COLLISION BASE LOSS COST IS THE \$15,001-\$20,000 OCN, AGE 1, \$500 DEDUCTIBLE LOSS COST, AND HAS BEEN CALCULATED BY A RELATIVITY OF 0.64 TO THE TRUCKS, TRACTORS, & TRAILERS LOSS COST.
- (e) THE LOSS COSTS FOR SPECIFIED CAUSES OF LOSS HAVE BEEN CALCULATED BY A RELATIVITY OF 0.61 TO THE CORRESPONDING TRUCKS, TRACTORS & TRAILERS LOSS COST.

INSURANCE SERVICES OFFICE, INC.

ARKANSAS

REVISED BASE LOSS COSTS BY TERRITORY

FOR ALL OTHER BUSES POLICY COVERAGES

| TERRITORY CODE | LIABILITY | | PHYSICAL DAMAGE | | SPECIFIED CAUSES OF LOSS (e) |
|-------------------|----------------------|----------------------|-------------------|---------------|---------------------------------|
| | \$100,000 CSL (a) | \$500 MED PAY (b) | COMPREHENSIVE (c) | COLLISION (d) | |
| 101 | 1632 | 52 | 43 | 130 | 31 |
| 103 | 1291 | 41 | 41 | 124 | 30 |
| 105 | 1145 | 37 | 49 | 136 | 35 |
| 106 | 1279 | 41 | 48 | 129 | 35 |
| 108 | 1299 | 42 | 53 | 135 | 38 |
| 109 | 1194 | 38 | 57 | 130 | 41 |
| 110 | 1328 | 42 | 43 | 122 | 31 |
| 111 | 849 | 27 | 56 | 130 | 40 |

(a) THE LOSS COSTS FOR ALL OTHER BUSES HAVE BEEN CALCULATED BY A RELATIVITY OF 4.06 TO THE TRUCKS, TRACTORS & TRAILERS CSL LIABILITY LOSS COSTS.

(b) THE LOSS COSTS FOR MEDICAL PAYMENTS HAVE BEEN CALCULATED BY A RELATIVITY OF 0.032 TO THE ALL OTHER BUSES CSL LIABILITY LOSS COSTS.

(c) COMPREHENSIVE BASE LOSS COST IS THE \$15,001-\$20,000 OCN, AGE 1, \$500 DEDUCTIBLE LOSS COST, AND HAS BEEN CALCULATED BY A RELATIVITY OF 0.61 TO THE TRUCKS, TRACTORS, & TRAILERS LOSS COST.

(d) COLLISION BASE LOSS COST IS THE \$15,001-\$20,000 OCN, AGE 1, \$500 DEDUCTIBLE LOSS COST, AND HAS BEEN CALCULATED BY A RELATIVITY OF 0.64 TO THE TRUCKS, TRACTORS, & TRAILERS LOSS COST.

(e) THE LOSS COSTS FOR SPECIFIED CAUSES OF LOSS HAVE BEEN CALCULATED BY A RELATIVITY OF 0.61 TO THE CORRESPONDING TRUCKS, TRACTORS & TRAILERS LOSS COST.

ARKANSAS
COMMERCIAL AUTOMOBILE

SECTION B - CALCULATION OF CHANGES

| | |
|--|---------|
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| Trucks, Tractors & Trailers Physical Damage Statewide Changes | B8-B10 |
| Private Passenger Types Liability Statewide Changes | B11-B12 |
| Private Passenger Types Physical Damage Statewide Changes | B13-B15 |
| Garage Dealers Liability Statewide Changes | B16-B17 |
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| Step 2: | |
| Determination of Territory Relativities | B22 |
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| Garage Dealers Liability Territory Development..... | B27 |
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| Trucks, Tractors & Trailers Physical Damage Territory Development..... | B30-B31 |
| Private Passenger Types Physical Damage Territory Development..... | B32-B33 |
| Explanatory Memorandum for Trucks, Tractors & Trailers and Private Passenger Types Physical Damage Territory Development..... | B34-B35 |

OVERVIEW OF ISO ACTUARIAL PROCEDURES – COMMERCIAL AUTOMOBILE

INTRODUCTION

Commercial Automobile advisory prospective loss costs are determined by evaluating the adequacy of the current ISO loss costs 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 for the major classes.

STEP 1: DETERMINATION OF STATEWIDE LOSS COST INDICATION

The first step in this process is the determination of the statewide loss cost indication by major class/coverage. In other words, what percentage changes on average must be made to the current ISO loss costs in order to achieve adequacy for the prospective conditions? The percentage changes are presented on the exhibits labeled "Determination of Statewide Advisory Loss Cost Level Change."

STEP 2: DISTRIBUTION TO TERRITORIES

For all of the liability coverages and for Trucks, Tractors & Trailers and Private Passenger Types Physical Damage, ISO then distributes the filed statewide basic limit loss cost change to the individual territorial loss costs by comparing the relative loss experience by territory to the statewide average.

STEP 3: APPLICATION OF PERCENT CHANGES

The last step is the calculation of the ISO advisory prospective loss costs. This is achieved by applying either the filed statewide or territorial changes to the current ISO loss costs. For liability, the percentage change is applied at the basic limit; for physical damage, it is applied at the base OCN, age and deductible. The resulting Loss Costs are displayed in Section D.

OVERVIEW OF ISO ACTUARIAL PROCEDURES – COMMERCIAL AUTOMOBILE

STEP 1 – DETERMINATION OF STATEWIDE ADVISORY LOSS COST LEVEL CHANGE

OBJECTIVE The objective of this procedure is to determine the indicated statewide advisory loss cost level change. This procedure answers the question: what percentage changes must be made on average to the current ISO loss costs in order for them to be adequate to cover indemnity losses and all loss adjustment expenses incurred in the prospective period in which the revised loss costs are assumed to be in effect?

DESCRIPTION This procedure compares the developed and trended incurred losses and loss adjustment expenses with the aggregate loss costs at current ISO loss cost level, which is the aggregate amount that would have been collected if the current ISO loss costs were used during the experience period. This experience ratio (losses and all loss adjustment expenses divided by aggregate loss costs) is calculated for several years and a weighted average is calculated. The weights are determined as a function of the credibility or volume of claim experience. The average experience ratio is then credibility weighted with the expected experience ratio in order to minimize the impact of random variation in the observed losses. This credibility weighted experience ratio is the indicated statewide advisory loss cost level change in decimal form.

EXPERIENCE BASE The experience used in this review is the latest available as reported under the ISO Commercial Statistical Plan. All coverages are now on an accident year basis. For liability, the review is conducted on a \$100,000 basic limits basis - indemnity losses are limited to \$100,000 per occurrence.

AGGREGATE LOSS COSTS (Item 1) The aggregate loss costs at current ISO loss cost level are the loss-related revenue that would have been collected if the current ISO loss costs were used during the experience period. It is calculated by extending the exposures at the current ISO loss costs. For liability, the \$100,000 basic limit loss costs are used. For Physical Damage, loss costs are on an all deductibles combined basis.

Trucks, Tractors & Trailers and Private Passenger Types physical damage aggregate loss costs are placed on the prospective OCN relativity level by the application of OCN trend factors.

**INCURRED
LOSSES & LAE
(Item 2)**

The incurred losses and loss adjustment expenses are our best estimate of the ultimate payment for indemnity losses and loss adjustment expenses using the claim frequency and severity levels ISO expects to occur during the prospective period for which the revised loss costs will be used.

For the liability coverages, the reported incurred losses and allocated loss adjustment expenses are subject to the following adjustments:

- Incurred indemnity losses are capped at the basic limit;
- Developed to an ultimate settlement basis by the application of loss development factors;
- Loaded for unallocated loss adjustment expenses;
- Placed on the prospective cost/frequency levels by the application of trend factors.

For the physical damage coverages, the reported paid (accident year) losses are subject to the following adjustments:

- Developed to an ultimate settlement basis by the application of loss development factors;
- Loaded for all loss adjustment expenses;
- Placed on the prospective cost/frequency levels by the application of trend factors.

Refer to Section C for the support for these loss related adjustments.

**EXPERIENCE
RATIO
(Item 3)**

The experience ratio is the ratio of the incurred losses and loss adjustment expenses to the aggregate loss costs at current ISO loss cost level. It measures the adequacy of the current ISO loss costs for the prospective period.

**YEAR WEIGHTS
(Item 4)**

The number of years of experience used and year weights are determined by the total number of claims in the experience period. To the extent there is adequate credibility, ISO uses fewer years and gives greater weight to the most recent years. Refer to the credibility pages of Section C for the methodology used to arrive at both the number of years used and the year weights.

**EXPECTED
EXPERIENCE
RATIO
(Item 7)**

The expected experience ratio is our best prediction of the experience ratio if the most recent data was not available. For this review we have assumed that the current loss costs were adequate when implemented and will be inadequate for the prospective period to the extent of the net trend. It is calculated as the combined trend factor projected for the number of years between the last revision (or review) and this revision.

CREDIBILITY

Credibility is based upon the number of claims for all years in the experience period. The procedure for assigning credibility is outlined in the credibility pages of Section C.

**CREDIBILITY
WEIGHTED
EXPERIENCE
RATIO**

The average experience ratio is credibility weighted with the expected experience ratio. The resulting credibility weighted experience ratio, converted to a percentage, is the indicated change to the current ISO loss costs.

INSURANCE SERVICES OFFICE, INC.

ARKANSAS

AUTOMOBILE LIABILITY INSURANCE - TRUCKS, TRACTORS AND TRAILERS (A)
 DETERMINATION OF STATEWIDE ADVISORY LOSS COST LEVEL CHANGES
 SINGLE LIMIT LIABILITY COVERAGE

| | (1) | (2) | (3) | (4) | (5) |
|----------------------|--|--------------------------------|----------------------------|-----------------------|---------------------------|
| ACCIDENT YEAR ENDING | AGGREGATE LOSS COST AT CURRENT LEVEL (B) | \$ 100,000 INCURRED LOSSES (C) | EXPERIENCE RATIO (2) / (1) | ACCIDENT YEAR WEIGHTS | NUMBER OF INCURRED CLAIMS |
| 12/31/04 | \$ 20,235,498 | \$ 19,650,083 | 0.971 | 20% | 2,130 |
| 12/31/05 | \$ 20,087,016 | \$ 16,885,969 | 0.841 | 30% | 1,816 |
| 12/31/06 | \$ 21,097,822 | \$ 15,911,264 | 0.754 | 50% | 1,637 |
| (6) | AVERAGE EXPERIENCE RATIO (SUM OF (3) * (4)). | | | | 0.823 |
| (7) | EXPECTED EXPERIENCE RATIO (D). | | | | 1.028 |
| (8) | CREDIBILITY (E). | | | | 0.70 |
| (9) | CREDIBILITY WEIGHTED EXPERIENCE RATIO: ((6) * (8)) + ((7) * (1.000 - (8))). | | | | 0.885 |
| (10) | INDICATED PERCENTAGE CHANGE IN ADVISORY LOSS COST LEVEL ((9) - 1.000). | | | | -11.5% |
| (11) | FILED CHANGE. | | | | -11.5% |

(A) TRUCK, TRACTOR AND TRAILER EXPERIENCE IS FOR VEHICLES WRITTEN IN ACCORDANCE WITH RULE 23 OF THE COMMERCIAL LINES MANUAL, DIVISION 1, AUTOMOBILE.

(B) THE AGGREGATE LOSS COST AT CURRENT LEVEL IS CALCULATED BY EXTENDING EXPOSURES BY THE CURRENT LOSS COSTS FROM THE LAST REVISION.

(C) LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSES FOR BODILY INJURY AND PROPERTY DAMAGE LIABILITY. SEE FOLLOWING PAGE.

(D) EXPECTED EXPERIENCE RATIO IS EQUAL TO THE COMBINED TREND FACTOR SHOWN ON THE FOLLOWING PAGE, PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR BEYOND THE IMPLEMENTATION DATE OF THE LAST REVISION TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 07/01/08 WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING, SUBJECT TO A MAXIMUM OF THE N-VALUE CORRESPONDING TO THE LATEST YEAR SHOWN ON THE FOLLOWING PAGE, FOOTNOTE B. IN THIS REVISION, THE PERIOD M IS 0.92 YEAR(S).

(E) CREDIBILITY IS BASED ON A 3 YEAR TOTAL OF CLAIMS FOR B.I. AND P.D. SHOWN IN COLUMN (5). THE STANDARD FOR FULL CREDIBILITY IS 10,000 CLAIMS (SEE CREDIBILITY TABLES IN SECTION C).

INSURANCE SERVICES OFFICE, INC.

ARKANSAS
TRUCKS, TRACTORS AND TRAILERS
AUTOMOBILE LIABILITY INSURANCE
DETERMINATION OF SINGLE LIMIT LOSSES

| | ACC. YEAR ENDING | BODILY INJURY | PROPERTY DAMAGE | COMBINED |
|--|----------------------------------|--|---|--|
| (1) INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES. | 12/31/04 12/31/05 12/31/06 | \$8,865,232 \$6,894,222 \$7,048,391 | \$6,006,925 \$5,753,826 \$4,825,969 | |
| (2) DEVELOPED LOSSES AND ALL LOSS ADJUSTMENT EXPENSES (A). | 12/31/04 12/31/05 12/31/06 | \$10,157,428 \$8,422,741 \$9,215,242 | \$6,603,894 \$6,369,743 \$5,310,858 | |
| (3) SELECTED ANNUAL LOSS TREND (SEE TREND EXHIBIT IN SECTION C). | | + 1.5% | + 5.7% | + 3.0% |
| (4) TRENDED LOSSES AND ALL LOSS ADJUSTMENT EXPENSES (B). | 12/31/04 12/31/05 12/31/06 | \$10,939,549 \$8,936,528 \$9,639,142 | \$8,710,534 \$7,949,441 \$6,272,122 | \$19,650,083 \$16,885,969 \$15,911,264 |

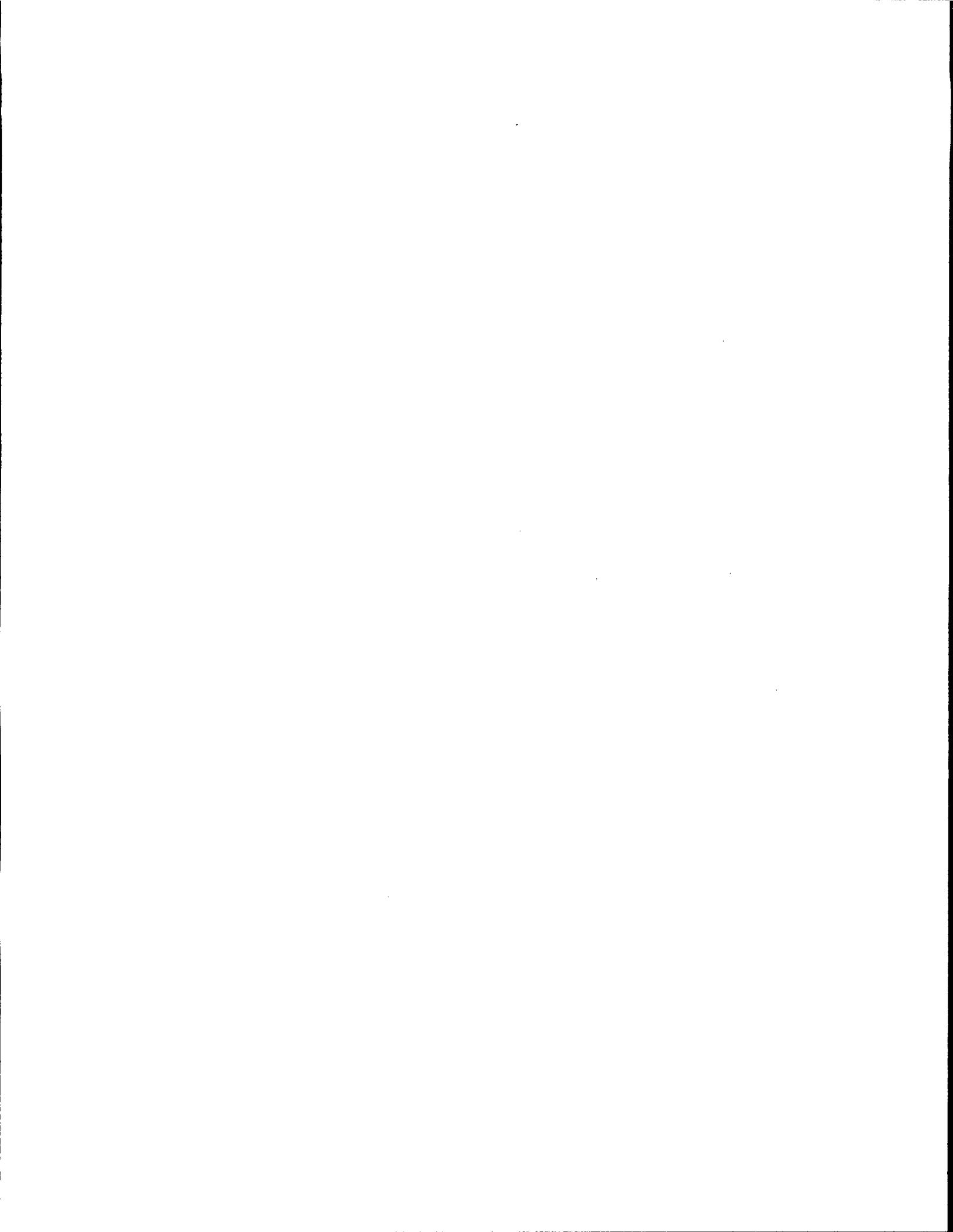
(A) INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES ARE ADJUSTED BY THE FOLLOWING FACTORS:

- 1 - UNALLOCATED LOSS ADJUSTMENT FACTORS: B.I. 1.085 P.D. 1.095
2 - LOSS DEVELOPMENT FACTORS:

| YEAR ENDING | B.I. | P.D. |
|----------------|-------|-------|
| 12/31/04 | 1.056 | 1.004 |
| 12/31/05 | 1.126 | 1.011 |
| 12/31/06 | 1.205 | 1.005 |

(B) TRENDED LOSSES ARE EQUAL TO (2) * ((1.0 + (3))**N), WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 07/01/08, WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING.

| YEAR ENDING | AVERAGE DATE OF ACCIDENT | PROJECTION PERIOD |
|----------------|-----------------------------|----------------------|
| 12/31/04 | 07/01/04 | 5.000 |
| 12/31/05 | 07/01/05 | 4.000 |
| 12/31/06 | 07/01/06 | 3.000 |



INSURANCE SERVICES OFFICE, INC.

ARKANSAS

AUTOMOBILE PHYSICAL DAMAGE INSURANCE - TRUCKS, TRACTORS AND TRAILERS (A)
 DETERMINATION OF STATEWIDE ADVISORY LOSS COST LEVEL CHANGES

| | | (1) | (2) | (3) | (4) | (5) |
|---------------|----------------------------|--------------------------------------|------------------------|--------------------|-----------------|----------------------|
| | | AGGREGATE | | EXPERIENCE | ACCIDENT | NUMBER |
| COV- ERAGE | ACCIDENT YEAR ENDING | LOSS COST AT CURRENT LEVEL (B) | INCURRED LOSSES (C) | RATIO (2) / (1) | YEAR WEIGHTS | OF PAID CLAIMS |
| O.T.C. | 12/31/02 | \$ 2,129,611 | \$ 2,346,344 | 1.102 | 10% | 1,358 |
| | 12/31/03 | \$ 2,208,465 | \$ 1,813,848 | 0.821 | 15% | 1,040 |
| | 12/31/04 | \$ 2,077,858 | \$ 1,558,430 | 0.750 | 20% | 707 |
| | 12/31/05 | \$ 2,022,874 | \$ 1,977,568 | 0.978 | 25% | 655 |
| | 12/31/06 | \$ 1,990,495 | \$ 2,172,075 | 1.091 | 30% | 695 |
| COLL. | 12/31/04 | \$ 6,597,439 | \$ 7,278,788 | 1.103 | 20% | 828 |
| | 12/31/05 | \$ 6,321,261 | \$ 6,444,204 | 1.019 | 30% | 742 |
| | 12/31/06 | \$ 6,165,671 | \$ 6,083,861 | 0.987 | 50% | 636 |

O.T.C. COLLISION

| | | | |
|------|--|-------|-------|
| (6) | AVERAGE EXPERIENCE RATIO (SUM OF (3) * (4)). | 0.955 | 1.021 |
| (7) | EXPECTED EXPERIENCE RATIO (D). | 1.000 | 1.006 |
| (8) | CREDIBILITY (E). | 0.55 | 0.70 |
| (9) | CREDIBILITY WEIGHTED EXPERIENCE RATIO: ((6) * (8)) + ((7) * (1.000 - (8))). | 0.975 | 1.017 |
| (10) | INDICATED PERCENTAGE CHANGE IN ADVISORY LOSS COST LEVEL ((9) - 1.000). | -2.5% | 1.7% |
| (11) | FILED CHANGE. | -2.5% | 1.7% |

(A) TRUCK, TRACTOR AND TRAILER EXPERIENCE INCLUDES FLEET AND NON-FLEET LOCAL AND INTERMEDIATE EXPERIENCE ALSO INCLUDES LONG DISTANCE FOR LIGHT VEHICLES: COVERAGES 01, 03, 10, 11, 12, 20, 21, 31, 55, 726, 727, 731, 735 AND 737 FOR O.T.C. AND 74, 76, 77, 78, 84, 101 AND 102 FOR COLLISION.

(B) THE AGGREGATE LOSS COST AT CURRENT LEVEL IS CALCULATED BY EXTENDING EXPOSURES BY THE CURRENT LOSS COSTS AND ADJUSTING TO A PROSPECTIVE OCN LEVEL BY THE APPLICATION OF OCN TREND FACTORS. (SEE SUBSEQUENT PAGE).

(C) LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSES FOR O.T.C. AND COLL. SEE FOLLOWING PAGE.

(D) EXPECTED EXPERIENCE RATIO IS EQUAL TO THE TREND FACTOR DIVIDED BY THE OCN TREND FACTOR, PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR BEYOND THE IMPLEMENTATION DATE OF THE LAST REVISION TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 07/01/08, WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING, SUBJECT TO A MAXIMUM OF THE N-VALUE CORRESPONDING TO THE LATEST YEAR SHOWN ON THE FOLLOWING PAGE, FOOTNOTE B. IN THIS REVISION, THE PERIOD IS 0.92 YEAR(S).

(E) CREDIBILITY IS BASED ON A 5 YEAR TOTAL OF CLAIMS FOR O.T.C. AND A 3 YEAR TOTAL OF CLAIMS FOR COLLISION SHOWN IN COLUMN (5). THE STANDARDS FOR FULL CREDIBILITY ARE 13,000 CLAIMS FOR O.T.C. AND 4,000 CLAIMS FOR COLLISION (SEE CREDIBILITY TABLES IN SECTION C).

INSURANCE SERVICES OFFICE, INC.

ARKANSAS
TRUCKS, TRACTORS AND TRAILERS
AUTOMOBILE PHYSICAL DAMAGE INSURANCE
DETERMINATION OF PHYSICAL DAMAGE LOSSES

| | ACC. YEAR ENDING | O.T.C. | COLLISION |
|--|---------------------|-------------|-------------|
| (1) PAID LOSSES. | 12/31/02 | \$1,846,135 | ---- |
| | 12/31/03 | \$1,447,909 | ---- |
| | 12/31/04 | \$1,262,503 | \$5,484,918 |
| | 12/31/05 | \$1,626,210 | \$5,018,409 |
| | 12/31/06 | \$1,781,516 | \$4,985,962 |
| (2) DEVELOPED LOSSES AND ALL LOSS ADJUSTMENT EXPENSES (A). | 12/31/02 | \$2,113,824 | ---- |
| | 12/31/03 | \$1,659,512 | ---- |
| | 12/31/04 | \$1,447,012 | \$6,280,230 |
| | 12/31/05 | \$1,863,872 | \$5,723,095 |
| | 12/31/06 | \$2,076,554 | \$5,566,203 |
| (3) SELECTED ANNUAL LOSS TREND (SEE TREND EXHIBIT IN SECTION C) | | + 1.5% | + 3.0% |
| (4) TRENDED LOSSES & ALL LOSS ADJUSTMENT EXPENSES (B). | 12/31/02 | \$2,346,344 | ---- |
| | 12/31/03 | \$1,813,848 | ---- |
| | 12/31/04 | \$1,558,430 | \$7,278,788 |
| | 12/31/05 | \$1,977,568 | \$6,444,204 |
| | 12/31/06 | \$2,172,075 | \$6,083,861 |

(A) PAID LOSSES ARE ADJUSTED BY THE FOLLOWING:

1-LOSS ADJUSTMENT EXPENSE FACTORS:

| O.T.C. | COLL. |
|--------|-------|
| 1.145 | 1.145 |

2-LOSS DEVELOPMENT FACTORS:

| YEAR ENDING | O.T.C. | COLL. |
|----------------|--------|-------|
| 12/31/02 | 1.000 | ---- |
| 12/31/03 | 1.001 | ---- |
| 12/31/04 | 1.001 | 1.000 |
| 12/31/05 | 1.001 | 0.996 |
| 12/31/06 | 1.018 | 0.975 |

(B) TRENDED LOSSES ARE EQUAL TO (2) * ((1.0 + (3))**N), WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATES OF 07/01/08 FOR OTC AND 07/01/08 FOR COLLISION, WHICH ARE ASSUMED FOR THE PURPOSE OF TRENDING.

| YEAR ENDING | AVERAGE DATE OF ACCIDENT | PROJECTION PERIOD OTC | PROJECTION PERIOD COLL |
|----------------|-----------------------------|--------------------------|---------------------------|
| 12/31/02 | 07/01/02 | 7.000 | ----- |
| 12/31/03 | 07/01/03 | 6.000 | ----- |
| 12/31/04 | 07/01/04 | 5.000 | 5.000 |
| 12/31/05 | 07/01/05 | 4.000 | 4.000 |
| 12/31/06 | 07/01/06 | 3.000 | 3.000 |

INSURANCE SERVICES OFFICE, INC.

ARKANSAS
TRUCKS, TRACTORS AND TRAILERS
AUTOMOBILE PHYSICAL DAMAGE INSURANCE
DETERMINATION OF PHYSICAL DAMAGE TRENDED
AGGREGATE LOSS COSTS

| | ACC. YEAR ENDING | O.T.C. | COLLISION |
|--|---------------------|-------------|-------------|
| (1) AGGREGATE LOSS COSTS AT CURRENT LEVEL. | 12/31/02 | \$1,918,568 | ---- |
| | 12/31/03 | \$2,020,552 | ---- |
| | 12/31/04 | \$1,929,302 | \$5,859,181 |
| | 12/31/05 | \$1,906,572 | \$5,746,599 |
| | 12/31/06 | \$1,902,959 | \$5,740,848 |
| (2) SELECTED ANNUAL OCN TREND (SEE OCN EXHIBIT IN SECTION C). | | 1.5% | 2.4% |
| (3) TRENDED AGGREGATE LOSS COSTS AT CURRENT LEVEL (A). | 12/31/02 | \$2,129,611 | ---- |
| | 12/31/03 | \$2,208,465 | ---- |
| | 12/31/04 | \$2,077,858 | \$6,597,439 |
| | 12/31/05 | \$2,022,874 | \$6,321,261 |
| | 12/31/06 | \$1,990,495 | \$6,165,671 |

(A) TRENDED AGGREGATE LOSS COSTS ARE EQUAL TO (1) * ((1.0 + (2))**N),
WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF
WRITING TO SIX MONTHS BEYOND THE ANTICIPATED IMPLEMENTATION DATES OF
07/01/08 FOR OTC AND 07/01/08 FOR COLLISION, WHICH ARE ASSUMED FOR THE
PURPOSE OF TRENDING.

| YEAR ENDING | AVERAGE DATE OF WRITING | PROJECTION PERIOD OTC | PROJECTION PERIOD COLL |
|----------------|----------------------------|--------------------------|---------------------------|
| 12/31/02 | 01/01/02 | 7.000 | ----- |
| 12/31/03 | 01/01/03 | 6.000 | ----- |
| 12/31/04 | 01/01/04 | 5.000 | 5.000 |
| 12/31/05 | 01/01/05 | 4.000 | 4.000 |
| 12/31/06 | 01/01/06 | 3.000 | 3.000 |

INSURANCE SERVICES OFFICE, INC.

ARKANSAS
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER TYPES (A)
 DETERMINATION OF STATEWIDE ADVISORY LOSS COST LEVEL CHANGES
 SINGLE LIMIT LIABILITY COVERAGE

| | (1) | (2) | (3) | (4) | (5) |
|----------------------|--|--------------------------------|----------------------------|-----------------------|---------------------------|
| ACCIDENT YEAR ENDING | AGGREGATE LOSS COST AT CURRENT LEVEL (B) | \$ 100,000 INCURRED LOSSES (C) | EXPERIENCE RATIO (2) / (1) | ACCIDENT YEAR WEIGHTS | NUMBER OF INCURRED CLAIMS |
| 12/31/02 | \$ 3,582,483 | \$ 2,861,066 | 0.799 | 10% | 489 |
| 12/31/03 | \$ 3,291,119 | \$ 3,660,196 | 1.112 | 15% | 481 |
| 12/31/04 | \$ 3,109,644 | \$ 2,319,118 | 0.746 | 20% | 352 |
| 12/31/05 | \$ 3,083,593 | \$ 3,053,940 | 0.990 | 25% | 355 |
| 12/31/06 | \$ 3,314,636 | \$ 3,001,799 | 0.906 | 30% | 341 |
| (6) | AVERAGE EXPERIENCE RATIO (SUM OF (3) * (4)). | | | | 0.916 |
| (7) | EXPECTED EXPERIENCE RATIO (D). | | | | 1.025 |
| (8) | CREDIBILITY (E). | | | | 0.40 |
| (9) | CREDIBILITY WEIGHTED EXPERIENCE RATIO: ((6) * (8)) + ((7) * (1.000 - (8))). | | | | 0.981 |
| (10) | INDICATED PERCENTAGE CHANGE IN ADVISORY LOSS COST LEVEL ((9) - 1.000). | | | | -1.9% |
| (11) | FILED CHANGE. | | | | -1.9% |

- (A) PRIVATE PASSENGER TYPE EXPERIENCE IS FOR VEHICLES WRITTEN IN ACCORDANCE WITH RULE 31 OF THE COMMERCIAL LINES MANUAL, DIVISION 1, AUTOMOBILE.
- (B) THE AGGREGATE LOSS COST AT CURRENT LEVEL IS CALCULATED BY EXTENDING EXPOSURES BY THE CURRENT LOSS COSTS FROM THE LAST REVISION.
- (C) LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSES FOR BODILY INJURY AND PROPERTY DAMAGE LIABILITY. SEE FOLLOWING PAGE.
- (D) EXPECTED EXPERIENCE RATIO IS EQUAL TO THE COMBINED TREND FACTOR SHOWN ON THE FOLLOWING PAGE, PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR BEYOND THE IMPLEMENTATION DATE OF THE LAST REVISION TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 07/01/08 WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING, SUBJECT TO A MAXIMUM OF THE N-VALUE CORRESPONDING TO THE LATEST YEAR SHOWN ON THE FOLLOWING PAGE, FOOTNOTE B. IN THIS REVISION, THE PERIOD M IS 0.92 YEAR(S).
- (E) CREDIBILITY IS BASED ON A 5 YEAR TOTAL OF CLAIMS FOR B.I. AND P.D. SHOWN IN COLUMN (5). THE STANDARD FOR FULL CREDIBILITY IS 10,000 CLAIMS (SEE CREDIBILITY TABLES IN SECTION C).

INSURANCE SERVICES OFFICE, INC.

ARKANSAS
PRIVATE PASSENGER TYPES
AUTOMOBILE LIABILITY INSURANCE
DETERMINATION OF SINGLE LIMIT LOSSES

| | ACC. YEAR ENDING | BODILY INJURY | PROPERTY DAMAGE | COMBINED |
|--|---------------------|------------------|--------------------|-------------|
| (1) INCURRED LOSSES AND | 12/31/02 | \$1,196,377 | \$869,250 | |
| ALLOCATED LOSS | 12/31/03 | \$1,676,456 | \$1,069,297 | |
| ADJUSTMENT EXPENSES. | 12/31/04 | \$989,935 | \$751,405 | |
| | 12/31/05 | \$1,398,312 | \$880,180 | |
| | 12/31/06 | \$1,351,087 | \$737,717 | |
| (2) DEVELOPED LOSSES AND | 12/31/02 | \$1,311,050 | \$953,732 | |
| ALL LOSS ADJUSTMENT | 12/31/03 | \$1,849,877 | \$1,174,392 | |
| EXPENSES (A). | 12/31/04 | \$1,139,598 | \$827,727 | |
| | 12/31/05 | \$1,731,090 | \$975,363 | |
| | 12/31/06 | \$1,954,084 | \$811,031 | |
| (3) SELECTED ANNUAL LOSS TREND (SEE TREND EXHIBIT IN SECTION C). | | + 1.5% | + 5.7% | + 2.7% |
| (4) TRENDED LOSSES AND | 12/31/02 | \$1,455,264 | \$1,405,802 | \$2,861,066 |
| ALL LOSS ADJUSTMENT | 12/31/03 | \$2,021,918 | \$1,638,278 | \$3,660,196 |
| EXPENSES (B). | 12/31/04 | \$1,227,348 | \$1,091,770 | \$2,319,118 |
| | 12/31/05 | \$1,836,687 | \$1,217,253 | \$3,053,940 |
| | 12/31/06 | \$2,043,972 | \$957,827 | \$3,001,799 |

(A) INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES ARE ADJUSTED BY THE FOLLOWING FACTORS:

1 - UNALLOCATED LOSS ADJUSTMENT FACTORS: B.I. 1.085 P.D. 1.095

2 - LOSS DEVELOPMENT FACTORS:

| YEAR ENDING | B.I. | P.D. |
|----------------|-------|-------|
| 12/31/02 | 1.010 | 1.002 |
| 12/31/03 | 1.017 | 1.003 |
| 12/31/04 | 1.061 | 1.006 |
| 12/31/05 | 1.141 | 1.012 |
| 12/31/06 | 1.333 | 1.004 |

(B) TRENDED LOSSES ARE EQUAL TO (2) * ((1.0 + (3))**N), WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 07/01/08, WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING.

| YEAR ENDING | AVERAGE DATE OF ACCIDENT | PROJECTION PERIOD |
|----------------|-----------------------------|----------------------|
| 12/31/02 | 07/01/02 | 7.000 |
| 12/31/03 | 07/01/03 | 6.000 |
| 12/31/04 | 07/01/04 | 5.000 |
| 12/31/05 | 07/01/05 | 4.000 |
| 12/31/06 | 07/01/06 | 3.000 |

INSURANCE SERVICES OFFICE, INC.

ARKANSAS

AUTOMOBILE PHYSICAL DAMAGE INSURANCE - PRIVATE PASSENGER TYPES (A)
DETERMINATION OF STATEWIDE ADVISORY LOSS COST LEVEL CHANGES

| COV- ERAGE | ACCIDENT YEAR ENDING | (1) AGGREGATE LOSS COST AT CURRENT LEVEL (B) | (2) INCURRED LOSSES (C) | (3) EXPERIENCE RATIO (2) / (1) | (4) ACCIDENT YEAR WEIGHTS | (5) NUMBER OF PAID CLAIMS |
|---------------|----------------------------|--|-------------------------------|---|------------------------------------|---------------------------------------|
| O.T.C. | 12/31/02 | \$ 498,788 | \$ 586,294 | 1.175 | 10% | 457 |
| | 12/31/03 | \$ 473,034 | \$ 463,389 | 0.980 | 15% | 357 |
| | 12/31/04 | \$ 443,656 | \$ 345,034 | 0.778 | 20% | 265 |
| | 12/31/05 | \$ 424,092 | \$ 407,426 | 0.961 | 25% | 189 |
| | 12/31/06 | \$ 410,218 | \$ 298,920 | 0.729 | 30% | 241 |
| COLL. | 12/31/02 | \$ 1,366,710 | \$ 1,450,112 | 1.061 | 10% | 332 |
| | 12/31/03 | \$ 1,388,961 | \$ 1,380,565 | 0.994 | 15% | 291 |
| | 12/31/04 | \$ 1,297,857 | \$ 1,466,711 | 1.130 | 20% | 229 |
| | 12/31/05 | \$ 1,240,452 | \$ 1,401,179 | 1.130 | 25% | 255 |
| | 12/31/06 | \$ 1,188,308 | \$ 1,063,081 | 0.895 | 30% | 213 |

O.T.C. COLLISION

| | | |
|--|-------|-------|
| (6) AVERAGE EXPERIENCE RATIO (SUM OF (3)*(4)). | 0.880 | 1.033 |
| (7) EXPECTED EXPERIENCE RATIO (D). | 1.000 | 1.013 |
| (8) CREDIBILITY (E). | 0.35 | 0.60 |
| (9) CREDIBILITY WEIGHTED EXPERIENCE RATIO: ((6) * (8)) + ((7) * (1.000 - (8))). | 0.958 | 1.025 |
| (10) INDICATED PERCENTAGE CHANGE IN ADVISORY LOSS COST LEVEL ((9) - 1.000). | -4.2% | 2.5% |
| (11) FILED CHANGE. | -4.2% | 2.5% |

(A) PRIVATE PASSENGER TYPES EXPERIENCE INCLUDES COVERAGES 01, 03, 10, 55, 61, 62, 65, 66, 722, 723, 726, 727, 729, 731, 734, 735, 736 AND 737 FOR O.T.C. AND 73, 74, 76, 77, 78, 84, 101 AND 102 FOR COLLISION.

(B) THE AGGREGATE LOSS COST AT CURRENT LEVEL IS CALCULATED BY EXTENDING EXPOSURES BY THE CURRENT LOSS COSTS AND ADJUSTING TO A PROSPECTIVE OCN LEVEL BY THE APPLICATION OF OCN TREND FACTORS. (SEE SUBSEQUENT PAGE).

(C) LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSES FOR O.T.C. AND COLL. SEE FOLLOWING PAGE.

(D) EXPECTED EXPERIENCE RATIO IS EQUAL TO THE LOSS TREND FACTOR DIVIDED BY THE OCN TREND FACTOR, PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR BEYOND THE IMPLEMENTATION DATE OF THE LAST REVISION TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 07/01/08, WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING, SUBJECT TO A MAXIMUM OF THE N-VALUE CORRESPONDING TO THE LATEST YEAR SHOWN ON THE FOLLOWING PAGE, FOOTNOTE B. IN THIS REVISION, THE PERIOD IS 0.92 YEAR(S).

(E) CREDIBILITY IS BASED ON A 5 YEAR TOTAL OF CLAIMS FOR O.T.C. AND A 5 YEAR TOTAL OF CLAIMS FOR COLLISION SHOWN IN COLUMN (5). THE STANDARDS FOR FULL CREDIBILITY ARE 9,500 CLAIMS FOR O.T.C. AND 3,500 CLAIMS FOR COLLISION (SEE CREDIBILITY TABLES IN SECTION C).

INSURANCE SERVICES OFFICE, INC.

ARKANSAS
PRIVATE PASSENGER TYPES
AUTOMOBILE PHYSICAL DAMAGE INSURANCE
DETERMINATION OF PHYSICAL DAMAGE LOSSES

| | ACC. YEAR ENDING | O.T.C. | COLLISION |
|--|---------------------|-----------|-------------|
| (1) PAID LOSSES. | 12/31/02 | \$460,842 | \$1,066,224 |
| | 12/31/03 | \$369,902 | \$1,041,509 |
| | 12/31/04 | \$279,797 | \$1,136,008 |
| | 12/31/05 | \$335,038 | \$1,118,524 |
| | 12/31/06 | \$247,357 | \$903,644 |
| (2) DEVELOPED LOSSES AND ALL LOSS ADJUSTMENT EXPENSES (A). | 12/31/02 | \$528,194 | \$1,219,605 |
| | 12/31/03 | \$423,962 | \$1,190,144 |
| | 12/31/04 | \$320,366 | \$1,296,827 |
| | 12/31/05 | \$384,001 | \$1,269,183 |
| | 12/31/06 | \$285,774 | \$987,078 |
| (3) SELECTED ANNUAL LOSS TREND (SEE TREND EXHIBIT IN SECTION C) | | + 1.5% | + 2.5% |
| (4) TRENDED LOSSES & ALL LOSS ADJUSTMENT EXPENSES (B). | 12/31/02 | \$586,294 | \$1,450,112 |
| | 12/31/03 | \$463,389 | \$1,380,565 |
| | 12/31/04 | \$345,034 | \$1,466,711 |
| | 12/31/05 | \$407,426 | \$1,401,179 |
| | 12/31/06 | \$298,920 | \$1,063,081 |

(A) PAID LOSSES ARE ADJUSTED BY THE FOLLOWING:
1-LOSS ADJUSTMENT EXPENSE FACTORS:

| O.T.C. | COLL. |
|--------|-------|
| 1.145 | 1.145 |

2-LOSS DEVELOPMENT FACTORS:

| YEAR ENDING | O.T.C. | COLL. |
|----------------|--------|-------|
| 12/31/02 | 1.001 | 0.999 |
| 12/31/03 | 1.001 | 0.998 |
| 12/31/04 | 1.000 | 0.997 |
| 12/31/05 | 1.001 | 0.991 |
| 12/31/06 | 1.009 | 0.954 |

(B) TRENDED LOSSES ARE EQUAL TO (2) * ((1.0 + (3))**N), WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATES OF 07/01/08 FOR OTC AND 07/01/08 FOR COLLISION, WHICH ARE ASSUMED FOR THE PURPOSE OF TRENDING.

| YEAR ENDING | AVERAGE DATE OF ACCIDENT | PROJECTION PERIOD OTC | PROJECTION PERIOD COLL |
|----------------|-----------------------------|--------------------------|---------------------------|
| 12/31/02 | 07/01/02 | 7.000 | 7.000 |
| 12/31/03 | 07/01/03 | 6.000 | 6.000 |
| 12/31/04 | 07/01/04 | 5.000 | 5.000 |
| 12/31/05 | 07/01/05 | 4.000 | 4.000 |
| 12/31/06 | 07/01/06 | 3.000 | 3.000 |

INSURANCE SERVICES OFFICE, INC.

ARKANSAS
 PRIVATE PASSENGER TYPES
 AUTOMOBILE PHYSICAL DAMAGE INSURANCE
 DETERMINATION OF PHYSICAL DAMAGE TRENDED
 AGGREGATE LOSS COSTS

| | ACC. YEAR ENDING | O.T.C. | COLLISION |
|--|---------------------|-----------|-------------|
| (1) AGGREGATE LOSS COSTS AT CURRENT LEVEL. | 12/31/02 | \$449,359 | \$1,265,473 |
| | 12/31/03 | \$432,786 | \$1,300,525 |
| | 12/31/04 | \$411,936 | \$1,229,031 |
| | 12/31/05 | \$399,709 | \$1,187,035 |
| | 12/31/06 | \$392,178 | \$1,150,346 |
| (2) SELECTED ANNUAL OCN TREND (SEE OCN EXHIBIT IN SECTION C). | | 1.5% | 1.1% |
| (3) TRENDED AGGREGATE LOSS COSTS AT CURRENT LEVEL (A). | 12/31/02 | \$498,788 | \$1,366,710 |
| | 12/31/03 | \$473,034 | \$1,388,961 |
| | 12/31/04 | \$443,656 | \$1,297,857 |
| | 12/31/05 | \$424,092 | \$1,240,452 |
| | 12/31/06 | \$410,218 | \$1,188,308 |

(A) TRENDED AGGREGATE LOSS COSTS ARE EQUAL TO (1) * ((1.0 + (2))**N),
 WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF
 WRITING TO SIX MONTHS BEYOND THE ANTICIPATED IMPLEMENTATION DATES OF
 07/01/08 FOR OTC AND 07/01/08 FOR COLLISION, WHICH ARE ASSUMED FOR THE
 PURPOSE OF TRENDING.

| YEAR ENDING | AVERAGE DATE OF WRITING | PROJECTION PERIOD OTC | PROJECTION PERIOD COLL |
|----------------|----------------------------|--------------------------|---------------------------|
| 12/31/02 | 01/01/02 | 7.000 | 7.000 |
| 12/31/03 | 01/01/03 | 6.000 | 6.000 |
| 12/31/04 | 01/01/04 | 5.000 | 5.000 |
| 12/31/05 | 01/01/05 | 4.000 | 4.000 |
| 12/31/06 | 01/01/06 | 3.000 | 3.000 |

INSURANCE SERVICES OFFICE, INC.

ARKANSAS
 AUTOMOBILE LIABILITY INSURANCE - GARAGE DEALERS (A)
 DETERMINATION OF STATEWIDE ADVISORY LOSS COST LEVEL CHANGES
 SINGLE LIMIT LIABILITY COVERAGE

| | (1) | (2) | (3) | (4) | (5) |
|----------------------|--|--------------------------------|----------------------------|-----------------------|---------------------------|
| ACCIDENT YEAR ENDING | AGGREGATE LOSS COST AT CURRENT LEVEL (B) | \$ 100,000 INCURRED LOSSES (C) | EXPERIENCE RATIO (2) / (1) | ACCIDENT YEAR WEIGHTS | NUMBER OF INCURRED CLAIMS |
| 12/31/02 | \$ 535,749 | \$ 145,419 | 0.271 | 10% | 29 |
| 12/31/03 | \$ 439,361 | \$ 140,111 | 0.319 | 15% | 30 |
| 12/31/04 | \$ 405,039 | \$ 186,940 | 0.462 | 20% | 24 |
| 12/31/05 | \$ 476,391 | \$ 257,038 | 0.540 | 25% | 20 |
| 12/31/06 | \$ 582,958 | \$ 402,839 | 0.691 | 30% | 21 |
| (6) | AVERAGE EXPERIENCE RATIO (SUM OF (3) * (4)). | | | | 0.509 |
| (7) | EXPECTED EXPERIENCE RATIO (D). | | | | 1.029 |
| (8) | CREDIBILITY (E). | | | | 0.10 |
| (9) | CREDIBILITY WEIGHTED EXPERIENCE RATIO: ((6) * (8)) + ((7) * (1.000 - (8))). | | | | 0.977 |
| (10) | INDICATED PERCENTAGE CHANGE IN ADVISORY LOSS COST LEVEL ((9) - 1.000). | | | | -2.3% |
| (11) | FILED CHANGE. | | | | -10.0% |

- (A) GARAGE EXPERIENCE IS FOR ALL GARAGE RISKS WRITTEN IN ACCORDANCE WITH RULE 48 OF THE COMMERCIAL LINES MANUAL, DIVISION 1, AUTOMOBILE.
- (B) THE AGGREGATE LOSS COST AT CURRENT LEVEL IS CALCULATED BY EXTENDING EXPOSURES BY THE CURRENT LOSS COSTS FROM THE LAST REVISION.
- (C) LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSES FOR BODILY INJURY AND PROPERTY DAMAGE LIABILITY. SEE FOLLOWING PAGE.
- (D) EXPECTED EXPERIENCE RATIO IS EQUAL TO THE COMBINED TREND FACTOR SHOWN ON THE FOLLOWING PAGE, PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR BEYOND THE IMPLEMENTATION DATE OF THE LAST REVISION TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 07/01/08 WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING, SUBJECT TO A MAXIMUM OF THE N-VALUE CORRESPONDING TO THE LATEST YEAR SHOWN ON THE FOLLOWING PAGE, FOOTNOTE B. IN THIS REVISION, THE PERIOD M IS 0.92 YEAR(S).
- (E) CREDIBILITY IS BASED ON A 5 YEAR TOTAL OF CLAIMS FOR B.I. AND P.D. SHOWN IN COLUMN (5). THE STANDARD FOR FULL CREDIBILITY IS 10,000 CLAIMS (SEE CREDIBILITY TABLES IN SECTION C).

INSURANCE SERVICES OFFICE, INC.

ARKANSAS
GARAGE DEALERS
AUTOMOBILE LIABILITY INSURANCE
DETERMINATION OF SINGLE LIMIT LOSSES

| | ACC. YEAR ENDING | BODILY INJURY | PROPERTY DAMAGE | COMBINED |
|--|---------------------|------------------|--------------------|-----------|
| (1) INCURRED LOSSES AND | 12/31/02 | \$51,079 | \$51,458 | |
| ALLOCATED LOSS | 12/31/03 | \$48,634 | \$52,086 | |
| ADJUSTMENT EXPENSES. | 12/31/04 | \$48,077 | \$84,579 | |
| | 12/31/05 | \$113,228 | \$62,631 | |
| | 12/31/06 | \$113,931 | \$121,420 | |
| (2) DEVELOPED LOSSES AND | 12/31/02 | \$55,809 | \$56,628 | |
| ALL LOSS ADJUSTMENT | 12/31/03 | \$54,087 | \$58,060 | |
| EXPENSES (A). | 12/31/04 | \$56,180 | \$95,857 | |
| | 12/31/05 | \$156,268 | \$73,107 | |
| | 12/31/06 | \$216,698 | \$149,175 | |
| (3) SELECTED ANNUAL LOSS TREND (SEE TREND EXHIBIT IN SECTION C). | | + 1.5% | + 5.7% | + 3.2% |
| (4) TRENDED LOSSES AND | 12/31/02 | \$61,948 | \$83,471 | \$145,419 |
| ALL LOSS ADJUSTMENT | 12/31/03 | \$59,117 | \$80,994 | \$140,111 |
| EXPENSES (B). | 12/31/04 | \$60,506 | \$126,434 | \$186,940 |
| | 12/31/05 | \$165,800 | \$91,238 | \$257,038 |
| | 12/31/06 | \$226,664 | \$176,175 | \$402,839 |

(A) INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES ARE ADJUSTED BY THE FOLLOWING FACTORS:

1 - UNALLOCATED LOSS ADJUSTMENT FACTORS: B.I. 1.085 P.D. 1.095

2 - LOSS DEVELOPMENT FACTORS:

| YEAR ENDING | B.I. | P.D. |
|----------------|-------|-------|
| 12/31/02 | 1.007 | 1.005 |
| 12/31/03 | 1.025 | 1.018 |
| 12/31/04 | 1.077 | 1.035 |
| 12/31/05 | 1.272 | 1.066 |
| 12/31/06 | 1.753 | 1.122 |

(B) TRENDED LOSSES ARE EQUAL TO (2) * ((1.0 + (3))**N), WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 07/01/08, WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING.

| YEAR ENDING | AVERAGE DATE OF ACCIDENT | PROJECTION PERIOD |
|----------------|-----------------------------|----------------------|
| 12/31/02 | 07/01/02 | 7.000 |
| 12/31/03 | 07/01/03 | 6.000 |
| 12/31/04 | 07/01/04 | 5.000 |
| 12/31/05 | 07/01/05 | 4.000 |
| 12/31/06 | 07/01/06 | 3.000 |

INSURANCE SERVICES OFFICE, INC.

ARKANSAS

AUTOMOBILE PHYSICAL DAMAGE INSURANCE - GARAGES-DEALERS (A)
 DETERMINATION OF STATEWIDE ADVISORY LOSS COST LEVEL CHANGES

| COV- ERAGE | ACCIDENT YEAR ENDING | (1) AGGREGATE LOSS COST AT CURRENT LEVEL (B) | (2) INCURRED LOSSES (C) | (3) EXPERIENCE RATIO (2) / (1) | (4) ACCIDENT YEAR WEIGHTS | (5) NUMBER OF PAID CLAIMS |
|---------------|----------------------------|--|-------------------------------|---|------------------------------------|---------------------------------------|
| O.T.C. | 12/31/02 | \$ 1,774,478 | \$ 2,460,496 | 1.387 | 10% | 96 |
| | 12/31/03 | \$ 2,073,773 | \$ 2,261,424 | 1.090 | 15% | 181 |
| | 12/31/04 | \$ 2,253,440 | \$ 957,183 | 0.425 | 20% | 40 |
| | 12/31/05 | \$ 2,035,696 | \$ 454,242 | 0.223 | 25% | 40 |
| | 12/31/06 | \$ 1,784,932 | \$ 782,622 | 0.438 | 30% | 64 |
| COLL. | 12/31/02 | \$ 430,789 | \$ 435,625 | 1.011 | 10% | 90 |
| | 12/31/03 | \$ 517,023 | \$ 326,856 | 0.632 | 15% | 47 |
| | 12/31/04 | \$ 535,961 | \$ 282,783 | 0.528 | 20% | 71 |
| | 12/31/05 | \$ 426,943 | \$ 429,351 | 1.006 | 25% | 68 |
| | 12/31/06 | \$ 405,912 | \$ 224,339 | 0.553 | 30% | 46 |

O.T.C. COLLISION

| | | |
|--|-------|-------|
| (6) AVERAGE EXPERIENCE RATIO (SUM OF (3)*(4)). | 0.575 | 0.720 |
| (7) EXPECTED EXPERIENCE RATIO (D). | 1.014 | 1.023 |
| (8) CREDIBILITY (E). | 0.20 | 0.40 |
| (9) CREDIBILITY WEIGHTED EXPERIENCE RATIO: ((6) * (8)) + ((7) * (1.000 - (8))). | 0.926 | 0.902 |
| (10) INDICATED PERCENTAGE CHANGE IN ADVISORY LOSS COST LEVEL ((9) - 1.000). | -7.4% | -9.8% |
| (11) FILED CHANGE. | -7.4% | -9.8% |

(A) GARAGE EXPERIENCE INCLUDES ALL CLASSES WRITTEN IN ACCORDANCE WITH RULE 48 OF THE COMMERCIAL LINES MANUAL, DIVISION 1, AUTOMOBILE.

(B) THE AGGREGATE LOSS COST AT CURRENT LEVEL IS CALCULATED BY APPLYING FACTORS TO ADJUST THE REPORTED EARNED PREMIUM TO THE CURRENT ISO LOSS COST LEVEL.

(C) LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSES FOR O.T.C. AND COLLISION. SEE FOLLOWING PAGE.

(D) EXPECTED EXPERIENCE RATIO IS EQUAL TO THE TREND FACTOR SHOWN ON THE FOLLOWING PAGE, PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR BEYOND THE IMPLEMENTATION DATE OF THE LAST REVISION TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 07/01/08, WHICH IS ASSUMED FOR THE PURPOSE OF TRENDRING, SUBJECT TO A MAXIMUM OF THE N-VALUE CORRESPONDING TO THE LATEST YEAR SHOWN ON THE FOLLOWING PAGE, FOOTNOTE B. IN THIS REVISION, THE PERIOD M IS 0.92 YEARS(S).

(E) CREDIBILITY IS BASED ON A 5 YEAR TOTAL OF CLAIMS FOR O.T.C. AND A 5 YEAR TOTAL OF CLAIMS FOR COLLISION SHOWN IN COLUMN (5). THE STANDARDS FOR FULL CREDIBILITY ARE 7,500 CLAIMS FOR O.T.C. AND 2,000 CLAIMS FOR COLLISION (SEE CREDIBILITY TABLES IN SECTION C).

INSURANCE SERVICES OFFICE, INC.

ARKANSAS
GARAGES DEALERS
AUTOMOBILE PHYSICAL DAMAGE INSURANCE
DETERMINATION OF PHYSICAL DAMAGE LOSSES

| | ACC. YEAR ENDING | O.T.C. | COLLISION |
|--|---------------------|-------------|-----------|
| (1) PAID LOSSES. | 12/31/02 | \$1,937,889 | \$319,982 |
| | 12/31/03 | \$1,808,801 | \$245,844 |
| | 12/31/04 | \$777,756 | \$218,585 |
| | 12/31/05 | \$375,411 | \$341,705 |
| | 12/31/06 | \$650,203 | \$187,935 |
| (2) DEVELOPED LOSSES AND ALL LOSS ADJUSTMENT EXPENSES (A). | 12/31/02 | \$2,216,663 | \$366,379 |
| | 12/31/03 | \$2,069,005 | \$281,773 |
| | 12/31/04 | \$888,749 | \$250,030 |
| | 12/31/05 | \$428,126 | \$388,905 |
| | 12/31/06 | \$748,205 | \$208,300 |
| (3) SELECTED ANNUAL LOSS TREND (SEE TREND EXHIBIT IN SECTION C) | | + 1.5% | + 2.5% |
| (4) TRENDED LOSSES & ALL LOSS ADJUSTMENT EXPENSES (B). | 12/31/02 | \$2,460,496 | \$435,625 |
| | 12/31/03 | \$2,261,424 | \$326,856 |
| | 12/31/04 | \$957,183 | \$282,783 |
| | 12/31/05 | \$454,242 | \$429,351 |
| | 12/31/06 | \$782,622 | \$224,339 |

(A) PAID LOSSES ARE ADJUSTED BY THE FOLLOWING:

1-LOSS ADJUSTMENT EXPENSE FACTORS:

| O.T.C. | COLL. |
|--------|-------|
| 1.145 | 1.145 |

2-LOSS DEVELOPMENT FACTORS:

| YEAR ENDING | O.T.C. | COLL. |
|----------------|--------|-------|
| 12/31/02 | 0.999 | 1.000 |
| 12/31/03 | 0.999 | 1.001 |
| 12/31/04 | 0.998 | 0.999 |
| 12/31/05 | 0.996 | 0.994 |
| 12/31/06 | 1.005 | 0.968 |

(B) TRENDED LOSSES ARE EQUAL TO (2) * ((1.0 + (3))**N), WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATES OF 07/01/08 FOR OTC AND 07/01/08 FOR COLLISION, WHICH ARE ASSUMED FOR THE PURPOSE OF TRENDED.

| YEAR ENDING | AVERAGE DATE OF ACCIDENT | PROJECTION PERIOD OTC | PROJECTION PERIOD COLL |
|----------------|-----------------------------|--------------------------|---------------------------|
| 12/31/02 | 07/01/02 | 7.000 | 7.000 |
| 12/31/03 | 07/01/03 | 6.000 | 6.000 |
| 12/31/04 | 07/01/04 | 5.000 | 5.000 |
| 12/31/05 | 07/01/05 | 4.000 | 4.000 |
| 12/31/06 | 07/01/06 | 3.000 | 3.000 |

INSURANCE SERVICES OFFICE, INC.

ARKANSAS

AUTOMOBILE PHYSICAL DAMAGE INSURANCE - GARAGES-KEEPERS (A)
 DETERMINATION OF STATEWIDE ADVISORY LOSS COST LEVEL CHANGES

| COV- ERAGE | ACCIDENT YEAR ENDING | (1) AGGREGATE LOSS COST AT CURRENT LEVEL (B) | (2) INCURRED LOSSES (C) | (3) EXPERIENCE RATIO (2) / (1) | (4) ACCIDENT YEAR WEIGHTS | (5) NUMBER OF PAID CLAIMS |
|---------------|----------------------------|--|-------------------------------|---|------------------------------------|---------------------------------------|
| O.T.C. | 12/31/02 | \$ 368,753 | \$ 175,388 | 0.476 | 10% | 69 |
| | 12/31/03 | \$ 395,293 | \$ 316,987 | 0.802 | 15% | 80 |
| | 12/31/04 | \$ 364,205 | \$ 170,520 | 0.468 | 20% | 45 |
| | 12/31/05 | \$ 365,702 | \$ 85,781 | 0.235 | 25% | 38 |
| | 12/31/06 | \$ 273,393 | \$ 353,011 | 1.291 | 30% | 27 |
| COLL. | 12/31/02 | \$ 259,332 | \$ 156,880 | 0.605 | 10% | 47 |
| | 12/31/03 | \$ 294,172 | \$ 184,951 | 0.629 | 15% | 60 |
| | 12/31/04 | \$ 292,599 | \$ 162,011 | 0.554 | 20% | 43 |
| | 12/31/05 | \$ 301,607 | \$ 87,335 | 0.290 | 25% | 35 |
| | 12/31/06 | \$ 200,962 | \$ 76,546 | 0.381 | 30% | 29 |

O.T.C. COLLISION

| | | | |
|------|--|-------|--------|
| (6) | AVERAGE EXPERIENCE RATIO (SUM OF (3) * (4)). | 0.708 | 0.453 |
| (7) | EXPECTED EXPERIENCE RATIO (D). | 1.014 | 1.023 |
| (8) | CREDIBILITY (E). | 0.15 | 0.30 |
| (9) | CREDIBILITY WEIGHTED EXPERIENCE RATIO: ((6) * (8)) + ((7) * (1.000 - (8))). | 0.968 | 0.852 |
| (10) | INDICATED PERCENTAGE CHANGE IN ADVISORY LOSS COST LEVEL ((9) - 1.000). | -3.2% | -14.8% |
| (11) | FILED CHANGE. | -3.2% | -14.8% |

(A) GARAGE EXPERIENCE INCLUDES ALL CLASSES WRITTEN IN ACCORDANCE WITH RULE 54 OF THE COMMERCIAL LINES MANUAL, DIVISION 1, AUTOMOBILE.

(B) THE AGGREGATE LOSS COST AT CURRENT LEVEL IS CALCULATED BY APPLYING FACTORS TO ADJUST THE REPORTED EARNED PREMIUM TO THE CURRENT ISO LOSS COST LEVEL.

(C) LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSES FOR O.T.C. AND COLLISION. SEE FOLLOWING PAGE.

(D) EXPECTED EXPERIENCE RATIO IS EQUAL TO THE TREND FACTOR SHOWN ON THE FOLLOWING PAGE, PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR BEYOND THE IMPLEMENTATION DATE OF THE LAST REVISION TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 07/01/08, WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING, SUBJECT TO A MAXIMUM OF THE N-VALUE CORRESPONDING TO THE LATEST YEAR SHOWN ON THE FOLLOWING PAGE, FOOTNOTE B. IN THIS REVISION, THE PERIOD M IS 0.92 YEARS(S).

(E) CREDIBILITY IS BASED ON A 5 YEAR TOTAL OF CLAIMS FOR O.T.C. AND A 5 YEAR TOTAL OF CLAIMS FOR COLLISION SHOWN IN COLUMN (5). THE STANDARDS FOR FULL CREDIBILITY ARE 7,500 CLAIMS FOR O.T.C. AND 2,000 CLAIMS FOR COLLISION (SEE CREDIBILITY TABLES IN SECTION C).

INSURANCE SERVICES OFFICE, INC.

ARKANSAS
GARAGES KEEPERS
AUTOMOBILE PHYSICAL DAMAGE INSURANCE
DETERMINATION OF PHYSICAL DAMAGE LOSSES

| | ACC. YEAR ENDING | O.T.C. | COLLISION |
|--|---------------------|-----------|-----------|
| (1) PAID LOSSES. | 12/31/02 | \$137,860 | \$115,004 |
| | 12/31/03 | \$252,530 | \$138,972 |
| | 12/31/04 | \$137,317 | \$124,607 |
| | 12/31/05 | \$68,620 | \$68,883 |
| | 12/31/06 | \$269,916 | \$61,519 |
| (2) DEVELOPED LOSSES AND ALL LOSS ADJUSTMENT EXPENSES (A). | 12/31/02 | \$158,008 | \$131,943 |
| | 12/31/03 | \$290,015 | \$159,441 |
| | 12/31/04 | \$158,329 | \$143,246 |
| | 12/31/05 | \$80,849 | \$79,108 |
| | 12/31/06 | \$337,487 | \$71,073 |
| (3) SELECTED ANNUAL LOSS TREND (SEE TREND EXHIBIT IN SECTION C) | | + 1.5% | + 2.5% |
| (4) TRENDED LOSSES & ALL LOSS ADJUSTMENT EXPENSES (B). | 12/31/02 | \$175,388 | \$156,880 |
| | 12/31/03 | \$316,987 | \$184,951 |
| | 12/31/04 | \$170,520 | \$162,011 |
| | 12/31/05 | \$85,781 | \$87,335 |
| | 12/31/06 | \$353,011 | \$76,546 |

(A) PAID LOSSES ARE ADJUSTED BY THE FOLLOWING:
1-LOSS ADJUSTMENT EXPENSE FACTORS:

| O.T.C. | COLL. |
|--------|-------|
| 1.145 | 1.145 |

2-LOSS DEVELOPMENT FACTORS:

| YEAR ENDING | O.T.C. | COLL. |
|----------------|--------|-------|
| 12/31/02 | 1.001 | 1.002 |
| 12/31/03 | 1.003 | 1.002 |
| 12/31/04 | 1.007 | 1.004 |
| 12/31/05 | 1.029 | 1.003 |
| 12/31/06 | 1.092 | 1.009 |

(B) TRENDED LOSSES ARE EQUAL TO (2) * ((1.0 + (3))**N), WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATES OF 07/01/08 FOR OTC AND 07/01/08 FOR COLLISION, WHICH ARE ASSUMED FOR THE PURPOSE OF TRENDING.

| YEAR ENDING | AVERAGE DATE OF ACCIDENT | PROJECTION PERIOD OTC | PROJECTION PERIOD COLL |
|----------------|-----------------------------|--------------------------|---------------------------|
| 12/31/02 | 07/01/02 | 7.000 | 7.000 |
| 12/31/03 | 07/01/03 | 6.000 | 6.000 |
| 12/31/04 | 07/01/04 | 5.000 | 5.000 |
| 12/31/05 | 07/01/05 | 4.000 | 4.000 |
| 12/31/06 | 07/01/06 | 3.000 | 3.000 |

OVERVIEW OF ISO ACTUARIAL PROCEDURES – COMMERCIAL AUTOMOBILE

STEP 2 – DETERMINATION OF TERRITORY RELATIVITIES

| | |
|------------------|--|
| 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? |
|------------------|--|

| | |
|--|---|
| TRUCKS, TRACTORS & TRAILERS AND PRIVATE PASSENGER TYPES LIABILITY AND PHYSICAL DAMAGE | For Trucks, Tractors & Trailers and Private Passenger Types, this procedure compares the individual territory experience ratios to the statewide average experience ratio. The territory experience ratio is calculated for the latest 5 years and a statewide weighted-average experience ratio for the same period is calculated using the aggregate loss costs (product of earned car years (col 1) and underlying loss cost (col 2)) as weights. The territory experience ratio is then credibility weighted with the statewide average experience ratio to produce a formula experience ratio. The territory formula experience ratio is then compared to the statewide weighted average formula experience ratio to determine the territory index to state. The territory index is then multiplied by the filed loss cost level change in order to produce the indicated change to the individual territories. This change is then applied to the current territory base loss cost. |
|--|---|

| | |
|--------------------------|--|
| GARAGES LIABILITY | Because Garage Statistics by territory lack sufficient credibility to be used meaningfully in developing revised loss costs, it is appropriate to utilize a body of statistics which can be expected to reflect the garage hazard differences by territory. Consequently, the development of indicated Garage Dealers base loss costs is based upon a relationship to the corresponding Trucks, Tractors & Trailers \$100,000 revised base loss costs by territory. The revised Trucks, Tractors & Trailers base loss costs are compared to the revised statewide average Trucks, Tractors & Trailers base loss cost to produce the indicated territorial indices to the statewide average base loss costs for Garages. The relationship between these Trucks, Tractors & Trailers indicated territorial indices and the current Garage territorial indices yields the change in the Garage index. |
|--------------------------|--|

INSURANCE SERVICES OFFICE

ARKANSAS
COMMERCIAL AUTOMOBILE INSURANCE
SINGLE LIMIT LIABILITY

DETERMINATION OF LOSS COST LEVEL CHANGES BY TERRITORY
TRUCKS, TRACTORS, AND TRAILERS (TTT)+

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
|-----|------------|----------|------------|-------|------|-------|--------|------------|------|------|--------|
| T | EARNED | \$100000 | EXPER | | | | | | | | ADV |
| E | CAR YRS | UND | LOSS COST | | | | INDEX | BASE CLASS | | | LOSS |
| R | YR ENDED | LOSS | 5YRS END | EXPER | | FORM | (6) TO | LOSS COST | | | COST |
| R | 12/31/2006 | COST | 12/31/2006 | RATIO | CRED | RATIO | STATE | PRES | IND* | REV | CHG** |
| 101 | 9058 | 481.30 | 421.45 | 0.876 | 0.45 | .867 | 1.018 | 446 | 402 | 402 | -9.9% |
| 103 | 8373 | 375.84 | 331.22 | 0.881 | 0.35 | .867 | 1.018 | 353 | 318 | 318 | -9.9% |
| 105 | 1905 | 349.06 | 368.13 | 1.055 | 0.15 | .889 | 1.043 | 305 | 282 | 282 | -7.5% |
| 106 | 6764 | 367.69 | 302.32 | 0.822 | 0.30 | .849 | .996 | 358 | 315 | 315 | -12.0% |
| 108 | 2209 | 397.76 | 351.08 | 0.883 | 0.20 | .865 | 1.015 | 356 | 320 | 320 | -10.1% |
| 109 | 2813 | 336.39 | 324.41 | 0.964 | 0.20 | .881 | 1.034 | 321 | 294 | 294 | -8.4% |
| 110 | 4541 | 360.26 | 362.77 | 1.007 | 0.25 | .897 | 1.053 | 351 | 327 | 327 | -6.8% |
| 111 | 26253 | 265.82 | 208.30 | 0.784 | 0.55 | .818 | .960 | 246 | 209 | 209 | -15.0% |
| SW | 61916 | 340.75 | 292.99 | 0.860 | | .852 | | | | | |

+ REFER TO EXPLANATORY NOTE ON PAGE B-25

* KEYED TO A STATEWIDE LOSS COST CHANGE OF -11.5 PERCENT

** PERCENTAGE CHANGE IN LOSS COST IS (COL 10/COL 8)

INSURANCE SERVICES OFFICE

ARKANSAS
COMMERCIAL AUTOMOBILE INSURANCE
SINGLE LIMIT LIABILITY

DETERMINATION OF LOSS COST LEVEL CHANGES BY TERRITORY
PRIVATE PASSENGER TYPES+

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
|-----|------------|----------|------------|-------|------|-------|--------|------------|------|------|-------|
| T | EARNED | \$100000 | EXPER | | | | | | | | ADV |
| E | CAR YRS | UND | LOSS COST | | | | INDEX | BASE CLASS | | | LOSS |
| R | YR ENDED | LOSS | 5YRS END | EXPER | | FORM | (6) TO | LOSS COST | | | COST |
| R | 12/31/2006 | COST | 12/31/2006 | RATIO | CRED | RATIO | STATE | PRES | IND* | REV | CHG** |
| 101 | 2056 | 420.99 | 304.97 | 0.724 | 0.20 | .877 | .963 | 422 | 399 | 399 | -5.5% |
| 103 | 1177 | 321.19 | 395.02 | 1.230 | 0.15 | .962 | 1.056 | 322 | 334 | 334 | 3.7% |
| 105 | 286 | 311.88 | 387.51 | 1.242 | 0.05 | .931 | 1.022 | 314 | 315 | 315 | 0.3% |
| 106 | 892 | 340.63 | 233.58 | 0.686 | 0.10 | .892 | .979 | 341 | 327 | 327 | -4.1% |
| 108 | 328 | 279.46 | 280.14 | 1.002 | 0.05 | .919 | 1.009 | 279 | 276 | 276 | -1.1% |
| 109 | 524 | 332.26 | 357.51 | 1.076 | 0.10 | .931 | 1.022 | 332 | 333 | 333 | 0.3% |
| 110 | 890 | 307.22 | 341.35 | 1.111 | 0.10 | .935 | 1.026 | 308 | 310 | 310 | 0.6% |
| 111 | 3817 | 298.35 | 271.91 | 0.911 | 0.20 | .914 | 1.003 | 299 | 294 | 294 | -1.7% |
| SW | 9970 | 332.46 | 304.11 | 0.915 | | .911 | | | | | |

+ REFER TO EXPLANATORY NOTE ON PAGE B-25

* KEYED TO A STATEWIDE LOSS COST CHANGE OF -1.9 PERCENT

** PERCENTAGE CHANGE IN LOSS COST IS (COL 10/COL 8)

EXPLANATORY MEMORANDUM FOR TRUCKS, TRACTORS & TRAILERS AND PRIVATE
PASSENGER TYPES LIABILITY TERRITORY DEVELOPMENT

COLUMN (1)
EARNED CAR
YEARS

Number of car-years, or exposures, earned in the latest year. These exposures are used to calculate the weighted averages through the analysis. (For calculating the weighted average of the Experience Ratio in Col (4) and the Formula Experience Ratio in Col (6) the product of [Col(1) x Col(2)] are used as weights).

COLUMN (2)
\$100,000 LOSS
COST

Average \$100,000 loss cost at current level (earned aggregate loss cost at current level divided by exposures) is based on the latest accident year experience available and reflects the \$100,000 basic limit at the present ISO manual level.

COLUMN (3)
5 YEAR ENDED
EXPERIENCE
LOSS COST

Loss cost based on the latest 5 years of experience (for purposes of stability). The loss cost is Bodily Injury and Property Damage combined and is trended and developed to an ultimate settlement basis including all loss adjustment expenses.

COLUMN (4)
EXPERIENCE
RATIO LOSS
COST

For each coverage, an experience ratio by territory is derived by dividing the 5 year experience loss cost by the average \$100,000 loss cost at present ISO manual level. [Col. (3) / Col. (2)]

COLUMN (5)
CREDIBILITY

The experience ratio thus calculated is assigned a credibility value on the basis of the number of claims underlying the 5 year pure premium (See Section C for credibility standards). The complement of the credibility is assigned to the statewide experience ratio which appears in Col. (4).

COLUMN (6)
FORMULA
EXPERIENCE
RATIO

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

$$\begin{aligned} & [\text{Terr. Group Col. (4)} \times \text{Terr. Group Col. (5)}] \\ & + [\text{SW Total Col. (4)} \times (1.0 - \text{Terr. Group Col. (5)})] \end{aligned}$$

COLUMN (7)
INDEX TO
STATE

Territory indices to state are calculated by dividing the territory formula experience ratio by the statewide average formula experience ratio

[Terr. Col (6) / SW Total Col. (6)]

(Statewide Total Col. (6) is the weighted average formula experience ratio using the individual products of [Col. (1) x Col. (2)] as weights.)

COLUMN (8)
BASE CLASS
LOSS COST

Present ISO \$100,000 base class loss cost.

COLUMN (9)
INDICATED BASE
LOSS COST

Indicated base class loss cost for a particular territory. It is calculated by applying the product of the statewide loss cost level change and the territory index [Col. (7)] to the present ISO loss cost.

COLUMN (10)
REVISED BASE
LOSS COST

Revised \$100,000 base loss cost.

COLUMN (11)
ADVISORY
LOSS COST
CHANGE

Percentage change from the present \$100,000 base loss cost to the revised \$100,000 base loss cost.

INSURANCE SERVICES OFFICE

ARKANSAS
 COMMERCIAL AUTOMOBILE INSURANCE
 SINGLE LIMIT LIABILITY

DETERMINATION OF LOSS COST LEVEL CHANGE BY TERRITORY
 GARAGES+

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
|-----|---|--|---|--|-------|--|---|---------------|---|------|------------------------------|
| | COMM AUTO ACC-YR E 12/31/2006 R EARNED R EXPOS | AGG LOSS COSTS AT CURRENT LEVEL YEAR END 12/31/2006 | REV COMM AUTO BASE LOSS COST | GARAGE PRES 100000 DEALERS# LOSS COST | | RATIO TO STATEWIDE AVERAGE COLUMNS (3) (4) | CHANGES IN TERRITORY RELATIVITY REQ 5/6 | ADJ+ 0.995 | GARAGE DEALERS 100000 LOSS COST IND* | REV | ADV LOSS COST CHG** |
| 101 | 9058 | 126049 | 402 | 838 | 1.426 | 1.399 | 1.019 | 1.014 | 765 | 765 | -8.7% |
| 103 | 8373 | 77544 | 318 | 630 | 1.128 | 1.052 | 1.072 | 1.067 | 605 | 605 | -4.0% |
| 105 | 1905 | 7742 | 282 | 553 | 1.000 | 0.923 | 1.083 | 1.078 | 536 | 536 | -3.1% |
| 106 | 6764 | 63676 | 315 | 678 | 1.117 | 1.132 | 0.987 | 0.982 | 599 | 599 | -11.7% |
| 108 | 2209 | 7108 | 320 | 651 | 1.135 | 1.087 | 1.044 | 1.039 | 609 | 609 | -6.5% |
| 109 | 2813 | 47060 | 294 | 578 | 1.043 | 0.965 | 1.081 | 1.076 | 560 | 560 | -3.1% |
| 110 | 4541 | 69290 | 327 | 662 | 1.160 | 1.105 | 1.050 | 1.045 | 623 | 623 | -5.9% |
| 111 | 26253 | 184489 | 209 | 476 | 0.741 | 0.795 | 0.932 | 0.927 | 397 | 397 | -16.6% |
| SW | 61916 | 582958 | 282 | 599 | | | 1.005 | | | | |

DEALERS BASE LOSS COST

+ REFER TO EXPLANATORY NOTE ON PAGE B-28

* KEYED TO A STATEWIDE LOSS COST CHANGE OF -10.0 PERCENT

** PERCENTAGE CHANGE IN LOSS COST IS (COL 10/COL 4)

EXPLANATORY MEMORANDUM FOR GARAGE LIABILITY

**COLUMN (1)
EARNED CAR
YEARS**

Number of car-years, or exposures, earned in the latest year. These exposures are used to calculate the weighted averages for column (3) and column (4).

**COLUMN (2)
GARAGE
AGGREGATE LOSS
COST AT
CURRENT LEVEL**

The Garage aggregate loss cost at current level. This column is used to calculate the weighted average for column (7).

**COLUMN (3)
REVISED
TRUCKS, TRACTORS
& TRAILERS
\$100,000 LOSS COST**

These are the revised Trucks, Tractors & Trailers \$100,000 base loss costs.

**COLUMN (4)
GARAGES PRESENT
\$100,000 LOSS COST**

Current Garage \$100,000 base loss cost.

**COLUMN
(5) & (6) RATIOS
TO STATEWIDE
AVERAGE**

Are derived by dividing each base loss cost by the statewide average loss cost for Trucks, Tractors & Trailers and Garages, respectively.

**COLUMN
(7) & (8)
TERRITORY
INDEX CHANGE**

Are derived by dividing the Trucks, Tractors & Trailers indices (column (5)) by the Garage indices (column (6)). This yields the required change in the Garage index in column (7).

**COLUMN (9)
INDICATED
BASE LOSS COST**

Indicated base loss cost for a particular territory. It is calculated by applying the product of the territory change index and the statewide Garage loss cost level indication to the present Garage base loss cost.

COLUMN (10)
REVISED
BASE LOSS COST

Revised \$100,000 base loss cost.

COLUMN (11)
LOSS COST
CHANGE

Percentage change from the present \$100,000 base loss cost to the revised \$100,000 base loss cost.

INSURANCE SERVICES OFFICE

ARKANSAS
 COMMERCIAL AUTOMOBILE INSURANCE
 PHYSICAL DAMAGE - COMPREHENSIVE

DETERMINATION OF LOSS COST LEVEL CHANGES BY TERRITORY
 TRUCKS, TRACTORS AND TRAILERS+

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
|-----|------------|-------|------------|-------|------|-------|--------|------------|------|------|-------|
| T | EARNED | | EXPER | | | | | | | | ADV |
| E | CAR YRS | UND | LOSS COST | | | | INDEX | BASE CLASS | | | LOSS |
| R | YR ENDED | LOSS | 5YRS END | EXPER | | FORM | (6) TO | LOSS COST | | | COST |
| R | 12/31/2006 | COST | 12/31/2006 | RATIO | CRED | RATIO | STATE | PRES | IND* | REV | CHG** |
| 101 | 6042 | 46.44 | 57.42 | 1.236 | 0.20 | 1.035 | 1.055 | 68 | 70 | 70 | 2.9% |
| 103 | 5407 | 47.12 | 52.36 | 1.111 | 0.15 | 1.004 | 1.023 | 68 | 68 | 68 | 0.0% |
| 105 | 1122 | 53.96 | 48.86 | 0.905 | 0.05 | .981 | 1.000 | 82 | 80 | 80 | -2.4% |
| 106 | 3932 | 54.26 | 49.73 | 0.917 | 0.15 | .975 | .994 | 82 | 79 | 79 | -3.7% |
| 108 | 1106 | 60.69 | 70.02 | 1.154 | 0.10 | 1.002 | 1.021 | 87 | 87 | 87 | 0.0% |
| 109 | 1731 | 60.83 | 50.53 | 0.831 | 0.15 | .962 | .981 | 97 | 93 | 93 | -4.1% |
| 110 | 3108 | 45.70 | 35.70 | 0.781 | 0.10 | .965 | .984 | 73 | 70 | 70 | -4.1% |
| 111 | 13618 | 63.65 | 59.08 | 0.928 | 0.40 | .962 | .981 | 95 | 91 | 91 | -4.2% |
| SW | 36066 | 55.19 | 54.36 | 0.985 | | .981 | | | | | |

+ REFER TO EXPLANATORY NOTE ON PAGE B-34

* KEYED TO A STATEWIDE LOSS COST CHANGE OF -2.5 PERCENT

** PERCENTAGE CHANGE IN LOSS COST IS (COL 10/COL 8)

INSURANCE SERVICES OFFICE

ARKANSAS
 COMMERCIAL AUTOMOBILE INSURANCE
 PHYSICAL DAMAGE - COLLISION

DETERMINATION OF LOSS COST LEVEL CHANGES BY TERRITORY
 TRUCKS, TRACTORS AND TRAILERS+

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
|-------------|-------------------------------|---------------------|---------------------------|----------------|---------------|---------------|--------------------------|---------------------------------|------|------|------------------------------|
| T E R | EARNED CAR YRS YR ENDED | UND LOSS COST | EXPER LOSS 5YRS END | EXPER RATIO | EXPER CRED | FORM RATIO | INDEX (6) TO STATE | BASE CLASS LOSS COST PRES | IND* | REV | ADV LOSS COST CHG** |
| R | 12/31/2006 | 12/31/2006 | 12/31/2006 | | | | | | | | |
| 101 | 5911 | 185.82 | 182.43 | 0.982 | 0.45 | 1.006 | .983 | 203 | 203 | 203 | 0.0% |
| 103 | 5218 | 173.61 | 189.84 | 1.093 | 0.35 | 1.049 | 1.025 | 186 | 194 | 194 | 4.3% |
| 105 | 1056 | 186.10 | 153.05 | 0.822 | 0.15 | .995 | .973 | 214 | 212 | 212 | -0.9% |
| 106 | 3828 | 173.37 | 185.52 | 1.070 | 0.30 | 1.039 | 1.016 | 195 | 201 | 201 | 3.1% |
| 108 | 1061 | 189.46 | 195.55 | 1.032 | 0.15 | 1.027 | 1.004 | 207 | 211 | 211 | 1.9% |
| 109 | 1697 | 165.27 | 168.06 | 1.017 | 0.20 | 1.024 | 1.001 | 199 | 203 | 203 | 2.0% |
| 110 | 2838 | 161.05 | 182.95 | 1.136 | 0.25 | 1.054 | 1.030 | 182 | 191 | 191 | 4.9% |
| 111 | 13053 | 181.00 | 181.82 | 1.005 | 0.60 | 1.013 | .990 | 202 | 203 | 203 | 0.5% |
| SW | 34662 | 177.87 | 182.50 | 1.026 | | 1.023 | | | | | |

+ REFER TO EXPLANATORY NOTE ON PAGE B-34

* KEYED TO A STATEWIDE LOSS COST CHANGE OF 1.7 PERCENT

** PERCENTAGE CHANGE IN LOSS COST IS (COL 10/COL 8)

INSURANCE SERVICES OFFICE

ARKANSAS
 COMMERCIAL AUTOMOBILE INSURANCE
 PHYSICAL DAMAGE - COMPREHENSIVE

DETERMINATION OF LOSS COST LEVEL CHANGES BY TERRITORY
 PRIVATE PASSENGER TYPES+

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
|-----|------------|-------|------------|-----------|-------|-------|--------|------------|-----------|------|-----------|
| T | EARNED | UND | EXPER | LOSS COST | EXPER | FORM | INDEX | BASE CLASS | LOSS COST | ADV | LOSS COST |
| E | CAR YRS | LOSS | 5YRS END | RATIO | CRED | RATIO | (6) TO | LOSS COST | IND* | REV | CHG** |
| R | YR ENDED | COST | 12/31/2006 | | | | STATE | PRES | | | |
| R | 12/31/2006 | | | | | | | | | | |
| 101 | 1584 | 48.86 | 44.95 | 0.920 | 0.15 | .969 | .991 | 37 | 35 | 35 | -5.4% |
| 103 | 798 | 65.59 | 60.91 | 0.929 | 0.10 | .973 | .995 | 51 | 49 | 49 | -3.9% |
| 105 | 209 | 84.81 | 74.87 | 0.883 | 0.05 | .973 | .995 | 68 | 65 | 65 | -4.4% |
| 106 | 577 | 63.06 | 47.03 | 0.746 | 0.05 | .966 | .988 | 49 | 46 | 46 | -6.1% |
| 108 | 190 | 72.56 | 71.67 | 0.988 | 0.05 | .979 | 1.001 | 57 | 55 | 55 | -3.5% |
| 109 | 406 | 64.11 | 59.40 | 0.927 | 0.10 | .973 | .995 | 52 | 50 | 50 | -3.8% |
| 110 | 698 | 41.95 | 64.07 | 1.527 | 0.05 | 1.005 | 1.028 | 33 | 33 | 33 | 0.0% |
| 111 | 1899 | 82.82 | 82.22 | 0.993 | 0.25 | .982 | 1.004 | 65 | 63 | 63 | -3.1% |
| SW | 6361 | 64.48 | 63.06 | 0.978 | | .978 | | | | | |

+ REFER TO EXPLANATORY NOTE ON PAGE B-34

* KEYED TO A STATEWIDE LOSS COST CHANGE OF -4.2 PERCENT

** PERCENTAGE CHANGE IN LOSS COST IS (COL 10/COL 8)

INSURANCE SERVICES OFFICE

ARKANSAS
 COMMERCIAL AUTOMOBILE INSURANCE
 PHYSICAL DAMAGE - COLLISION

DETERMINATION OF LOSS COST LEVEL CHANGES BY TERRITORY
 PRIVATE PASSENGER TYPES+

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
|-----|------------|--------|------------|-------|------|-------|--------|------------|------|------|-------|
| T | EARNED | | EXPER | | | | | | | | ADV |
| E | CAR YRS | UND | LOSS COST | | | | INDEX | BASE CLASS | | | LOSS |
| R | YR ENDED | LOSS | 5YRS END | EXPER | | FORM | (6) TO | LOSS COST | | | COST |
| R | 12/31/2006 | COST | 12/31/2006 | RATIO | CRED | RATIO | STATE | PRES | IND* | REV | CHG** |
| 101 | 1569 | 197.64 | 212.82 | 1.077 | 0.30 | 1.065 | 1.003 | 192 | 197 | 197 | 2.6% |
| 103 | 818 | 183.21 | 202.29 | 1.104 | 0.20 | 1.069 | 1.007 | 185 | 191 | 191 | 3.2% |
| 105 | 210 | 208.15 | 170.52 | 0.819 | 0.10 | 1.036 | .976 | 217 | 217 | 217 | 0.0% |
| 106 | 580 | 183.76 | 151.46 | 0.824 | 0.15 | 1.025 | .965 | 182 | 180 | 180 | -1.1% |
| 108 | 195 | 180.39 | 363.85 | 2.017 | 0.10 | 1.156 | 1.089 | 185 | 206 | 206 | 11.4% |
| 109 | 413 | 188.21 | 160.31 | 0.852 | 0.15 | 1.029 | .969 | 200 | 199 | 199 | -0.5% |
| 110 | 675 | 149.22 | 145.83 | 0.977 | 0.15 | 1.048 | .987 | 153 | 155 | 155 | 1.3% |
| 111 | 1939 | 187.95 | 207.07 | 1.102 | 0.30 | 1.073 | 1.010 | 191 | 198 | 198 | 3.7% |
| SW | 6399 | 185.70 | 196.92 | 1.060 | | 1.062 | | | | | |

+ REFER TO EXPLANATORY NOTE ON PAGE B-34

* KEYED TO A STATEWIDE LOSS COST CHANGE OF 2.5 PERCENT

** PERCENTAGE CHANGE IN LOSS COST IS (COL 10/COL 8)

EXPLANATORY MEMORANDUM FOR TRUCKS, TRACTORS & TRAILERS AND
PRIVATE PASSENGER TYPES
PHYSICAL DAMAGE TERRITORY DEVELOPMENT

COLUMN (1)
EARNED CAR
YEARS

Number of car-years, or exposures, earned in the latest year. These exposures are used to calculate the weighted averages through the analysis. (For calculating the weighted average of the Experience Ratio in Col (4) and the Formula Experience Ratio in Col (6) the product of [Col(1) x Col(2)] are used as weights).

COLUMN (2)
UNDERLYING
LOSS COST

Average loss cost at current level (earned aggregate loss cost at current level divided by exposures) is based on the latest accident year experience available and reflects the present ISO manual loss cost trended to a prospective OCN level by the application of OCN factors.

COLUMN (3)
5 YEAR ENDED
EXPERIENCE
LOSS COST

Loss cost based on the latest 5 years of experience (for purposes of stability). The loss cost is trended and include all loss adjustment expenses.

COLUMN (4)
EXPERIENCE
RATIO LOSS
COST

For each coverage, an experience ratio by territory is derived by dividing the 5 year experience loss cost by the average loss cost at present ISO manual level. [Col. (3) / Col. (2)]

COLUMN (5)
CREDIBILITY

The experience ratio thus calculated is assigned a credibility value on the basis of the number of claims underlying the 5 year pure premium (See Section B for credibility standards). The complement of the credibility is assigned to the statewide experience ratio which appears in Col. (4).

COLUMN (6)
FORMULA
EXPERIENCE
RATIO

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

$$\begin{aligned} & [\text{Terr. Group Col. (4) x Terr. Group Col. (5)}] \\ & + [\text{SW Total Col.(4) x (1.0 - Terr. Group Col. (5))}] \end{aligned}$$

COLUMN (7)
INDEX TO
STATE

Territory indices to state are calculated by dividing the territory formula experience ratio by the statewide average formula experience ratio

$$[\text{Terr. Col. (6)} / \text{SW Total Col. (6)}]$$

(Statewide Total Col. (6) is the weighted average formula experience ratio using the individual products of [Col. (1) x Col. (2)] as weights.)

COLUMN (8)
BASE CLASS
LOSS COST

Present ISO base class loss cost.

COLUMN (9)
INDICATED BASE
LOSS COST

Indicated base class loss cost for a particular territory. It is calculated by applying the product of the statewide loss cost level change and the territory index [Col. (7)] to the present ISO loss cost.

COLUMN (10)
REVISED BASE
LOSS COST

Revised base loss cost.

COLUMN (11)
ADVISORY
LOSS COST
CHANGE

Percentage change:
[Col. (10) / Col. (8)]

ARKANSAS
COMMERCIAL AUTOMOBILE

SECTION C - SUPPORTING MATERIAL

| | |
|---|---------|
| Loss Adjustment Expense | C2-C4 |
| Loss Trend | C5-C23 |
| Physical Damage OCN Trend | C24-C26 |
| Loss Development for Liability | C27-C42 |
| Loss Development for Physical Damage | C43-C59 |
| Credibility Procedures and Tables | C60-C65 |
| Claims for Credibility | C66-C67 |
| Relativities for Developing Minor Class & Coverage Loss Costs | C68-C69 |
| Excess Wind and Water Procedure | C70-C84 |

LOSS ADJUSTMENT EXPENSE FACTORS

OBJECTIVE

The reported indemnity losses must be loaded for any loss adjustment expenses (LAE) that are not reported in statistical detail to ISO.

LIABILITY COVERAGES

For the liability coverages, allocated loss adjustment expenses are reported in detail to ISO under the Commercial 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 multistate financial data from a Special Call Submission for available writers.

PHYSICAL DAMAGE COVERAGES

For the physical damage coverages, accident year paid indemnity losses are reported. All loss adjustment expenses must be loaded into the reported losses. A factor representing the ratio of incurred losses plus all LAE to incurred losses was selected based on multistate financial data from the Insurance Expense Exhibits for agency and direct writers.

COMMERCIAL AUTOMOBILE LIABILITY INSURANCE
MULTISTATE LOSS ADJUSTMENT EXPENSE EXPERIENCE

Calendar Year

Development of Unallocated Loss Adjustment Expense Factor

| | | <u>Bodily Injury</u> (000's) | | | | | <u>3YR</u> <u>AVG</u> | <u>5 YR</u> <u>AVG</u> |
|--|-------------|---------------------------------|-------------|-------------|-------------|------|--------------------------|---------------------------|
| <u>ITEM</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | | | |
| (1) Direct Losses Incurred | 4,370,005 | 5,136,895 | 4,151,925 | 4,015,336 | 3,623,815 | | | |
| (2) Allocated Loss Adjustment Expenses Incurred | 408,215 | 468,588 | 461,669 | 441,797 | 461,787 | | | |
| (3) Unallocated Loss Adjustment Expenses Incurred | 389,901 | 461,426 | 379,402 | 384,606 | 341,395 | | | |
| (4) Unallocated LAE as a Ratio to Losses + Allocated LAE (3) / [(1) + (2)] | 8.2% | 8.2% | 8.2% | 8.6% | 8.4% | 8.4% | 8.3% | |
| (5) Selected Factor | | | | | | | 8.5% | |

| | | <u>Property Damage</u> (000's) | | | | | <u>3 YR</u> <u>AVG</u> | <u>5 YR</u> <u>AVG</u> |
|--|-------------|-----------------------------------|-------------|-------------|-------------|-------|---------------------------|---------------------------|
| <u>ITEM</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | | | |
| (1) Direct Losses Incurred | 863,302 | 781,474 | 828,663 | 918,345 | 850,745 | | | |
| (2) Allocated Loss Adjustment Expenses Incurred | 46,038 | 45,292 | 65,497 | 67,317 | 68,188 | | | |
| (3) Unallocated Loss adjustment Expenses Incurred | 74,750 | 75,032 | 74,681 | 101,820 | 104,352 | | | |
| (4) Unallocated LAE as a Ratio to Losses + Allocated LAE (3) / [(1) + (2)] | 8.2% | 9.1% | 8.4% | 10.3% | 11.4% | 10.0% | 9.5% | |
| (5) Selected Factor | | | | | | | 9.5% | |

All items are from Special Call Submission for available writers.

Commercial Automobile Physical Damage Insurance
Multistate Loss Adjustment Expense Experience

Calendar Year

Development of Factor to Include all Loss Adjustment Expenses

(000's)

| <u>ITEM</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>3 YR AVG</u> | <u>5 YR AVG</u> |
|--|-------------|-------------|-------------|-------------|-------------|---------------------|---------------------|
| (1) Direct Losses Incurred | 4,050,840 | 3,817,408 | 3,529,362 | 3,578,841 | 3,852,907 | | |
| (2) Loss Adjustment Expenses Incurred | 482,864 | 554,326 | 502,566 | 521,411 | 597,095 | | |
| (3) Losses + LAE Incurred as Ratio to Losses Incurred [(1)+(2)]/(1) | 1.119 | 1.145 | 1.142 | 1.146 | 1.155 | 1.148 | 1.141 |
| (4) Selected | | | | | | | 1.145 |

Items (1) and (2) are from the Insurance Expense Exhibits for agency and direct writers.

AVERAGE ANNUAL CHANGE IN LOSSES (LOSS TREND)

OBJECTIVE

The application of the average annual change in losses to historical data recognizes that advisory loss costs are being made for use in a future period based on historical experience. Due to economic and social factors, claim cost and frequency levels continue to change from those underlying the historical data.

DETERMINATION OF HISTORICAL AVERAGE CLAIM COST TREND

To determine the historical average claim cost trend, ISO makes use of the Least Squares Method fitted to the reported time series data; specifically, an exponential curve represented by the equation $Y=A(B^X)$ is fitted to the paid claim cost data. The parameters A and B are calculated by regressing Y, which is the applicable claim cost on X, which is the unit of time. The resulting fitted curve allows the determination of a historical average trend for the data under review.

LIABILITY LOSS TREND

The historical average annual change in claim costs for both Bodily Injury and Property Damage coverages are measured in this document using a credibility-weighted mix of multistate and statewide data. Prospective average annual changes for claim frequency have been selected based on the historical multistate data, as well as other relevant factors. Combining the state credibility-weighted claim cost trends with the selected claim frequency trends results in the selected Bodily Injury and Property Damage pure premium trend used to adjust the losses to a prospective level.

In the past few years, several changes in the automobile insurance claims environment have affected multistate paid bodily injury claim cost. For example, factors that have served to reduce the severity of claims include the increased use of anti-lock braking systems, airbags, seatbelts, and child restraints, and the increased awareness of drunk driving. Bodily Injury paid claim cost trends have decreased over the last two years, while Property Damage trends have increased steadily and then leveled off.

TREND CREDIBILITY FOR LIABILITY CLAIM SEVERITY

Trend credibility is based on a full credibility standard of 975,000 claims for BI and 390,000 claims for PD. These standards were developed using a Bayesian analysis. Partial credibility is determined by the following formula:

$$A = C/(C+K)$$

where C equals the number of claims for the latest year ended point and K equals 25,000 for bodily injury and 10,000 for property damage. The resulting table of partial credibilities is shown in this section.

**LIABILITY:
FREQUENCY
TREND**

The data underlying the claim frequency trend selections is shown on the attached claim frequency exhibit. The exhibit includes quarterly points for Multistate incurred frequency trend for the combined experience of all commercial automobile classes that employ a common exposure base (car-years). As can be seen from the exhibit, frequency for both bodily injury and property damage has changed from year to year in an unpredictable manner. Historically, frequency trend for commercial auto liability has been quite variable, often cyclic in nature. For example, for the Multistate bodily injury coverage, the annual change in claim frequency for the year ending 3/31/2002 (changed based on 3/31/2002 divided by 3/31/2001) is -6.1%. Three quarters later, the annual change in frequency is -8.5% for the year ending 12/31/2002. This is then followed by an annual change of +4.0% for year ending 12/31/2003. However, supporting the historic cyclic nature of the data, the year ending point for 12/31/2004 indicates a decrease in frequency of -0.5%; the year ending point for 12/31/2005 indicates a decrease in frequency of -2.0%; and the year ending point for 12/31/2006 indicates an increase in frequency of +3.7%. As a result, an exponential curve of the form $Y=A(B^X)$ does not fit the data well over the long term. Frequency trend is being selected to be 0.0% to reflect the difficulty in predicting turning points and rates of change.

**PHYSICAL
DAMAGE:
LOSS TREND**

There are four adjustments that are made to the data used for Physical Damage loss trend. The first eliminates any bias in the indications caused by the shift in insureds toward higher deductibles, the second adjusts for the class and age factors so all losses are at the base class level, the third eliminates wind and water losses to avoid distortions in trend, and the fourth accounts for variations in the relative proportions of claims by type of loss.

The methodology employed to eliminate any bias in the indications caused by the shift in insureds toward higher deductibles is described in this paragraph. This shift tends to artificially reduce the trend for each deductible. This is primarily due to the fact that vehicles are moving from lower deductibles to higher deductibles. Thus, the mix of vehicle values (and consequently loss experience) is changing. If the vehicles that move are above the average value of the vehicles at the lower deductible but below the average value of the vehicles at the higher deductible, then the indicated trends will be artificially reduced for both deductibles. The methodology employed converted all losses reported at a lower deductible level to a higher deductible. For example, for the \$250 deductible, losses greater than \$250 on a 'ground-up' basis were adjusted to be net of the \$250 deductible; losses less than \$250 were eliminated. No attempt was made to adjust losses from a higher deductible coverage to a lower deductible basis. This removes the problem of how to estimate the unreported losses in a higher deductible coverage (e.g. the unreported \$900 loss under a \$1,000 deductible coverage).

In addition to converting the losses to a higher deductible level, the losses were adjusted by dividing by the appropriate age and class plan factors used to calculate loss costs at current level so that all losses would be at a base class level.

PHYSICAL
DAMAGE:
LOSS TREND
(CONT'D)

After the adjustments described above, the severity values for the Other Than Collision coverages are adjusted for variations due to changes from year to year in the relative proportions of claim numbers from one type of loss to another. Since glass losses are generally smaller than other types of loss, an increase in the number of glass losses would artificially lower the average loss severity in a given year, in a manner not indicative of future trends. To account for this, adjusted severity values were calculated by holding the proportion of claims for each type of loss constant for each year. The values for these constants were calculated by taking the average of the actual proportions over the five year period reviewed. For example, in a year in which the ratio of glass claims to total claims is higher than usual, the aggregate glass losses and the aggregate glass claims are each lowered, and likewise the losses and claims of non-glass types of loss are generally raised, preserving the year's average severity for each type of loss alone, but raising the total severity by putting less emphasis on the glass claims. The total frequency for the year remains unchanged, but the resulting severity has been adjusted.

The trend selections for physical damage are based on the data in the attached exhibits. Each exhibit includes the distribution of losses, by deductible, for the most recent year. We analyze frequency trend and severity trend separately, using data at the \$250, \$500, and \$1,000 deductibles. As the following exhibits and graphs suggest, an exponential curve of the form $Y=A(B^x)$ does not fit the frequency data well.

Historically, claim frequency (like liability claim frequency) has been variable from year to year, often cyclical. In the interest of long-term stability, we have generally selected 0.0% trend factors for frequency. Based on this multistate experience and on the continued positive trends in the Consumer Price Index for Bodywork, ISO has selected the following annual trends:

| | Trucks, Tractors & Trailers <u>Pure Premium</u> | Private Passenger Types and Garages <u>Pure Premium</u> |
|-------|--|---|
| OTC: | +1.5% | +1.5% |
| COLL: | +3.0% | +2.5% |

INSURANCE SERVICES OFFICE

COMMERCIAL AUTO LIABILITY
 DETERMINATION OF FACTORS TO ADJUST ACCIDENT YEAR
 LOSS RATIOS FOR SUBSEQUENT CHANGES

AVERAGE PAID CLAIM COST DATA

| YEAR ENDED | ARKANSAS | | | | MULTISTATE* | | | |
|------------|---------------------------------|------------------|--------------------------------|------------------|---------------------------------|------------------|--------------------------------|------------------|
| | BODILY INJURY (\$100000 LIMITS) | | PROPERTY DAMAGE (TOTAL LIMITS) | | BODILY INJURY (\$100000 LIMITS) | | PROPERTY DAMAGE (TOTAL LIMITS) | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| | ACTUAL | EXPONEN-TIAL FIT | ACTUAL | EXPONEN-TIAL FIT | ACTUAL | EXPONEN-TIAL FIT | ACTUAL | EXPONEN-TIAL FIT |
| 6/30/2004 | 17079.54 | 16023.74 | 3340.59 | 3341.20 | 16445.18 | 16610.71 | 2931.30 | 2922.23 |
| 9/30/2004 | 17298.84 | 16045.17 | 3371.60 | 3401.69 | 16635.65 | 16677.76 | 2976.28 | 2961.10 |
| 12/31/2004 | 16944.62 | 16066.63 | 3674.71 | 3463.28 | 16846.92 | 16745.09 | 2996.70 | 3000.50 |
| 3/31/2005 | 16135.24 | 16088.12 | 3472.24 | 3525.98 | 16996.59 | 16812.69 | 3026.57 | 3040.41 |
| 6/30/2005 | 14832.38 | 16109.63 | 3574.67 | 3589.81 | 17091.41 | 16880.57 | 3087.67 | 3080.86 |
| 9/30/2005 | 14626.20 | 16131.18 | 3629.61 | 3654.80 | 16988.88 | 16948.71 | 3107.45 | 3121.85 |
| 12/31/2005 | 14756.07 | 16152.75 | 3516.68 | 3720.97 | 16964.13 | 17017.14 | 3144.82 | 3163.38 |
| 3/31/2006 | 14962.41 | 16174.35 | 3735.63 | 3788.34 | 16887.58 | 17085.84 | 3208.40 | 3205.46 |
| 6/30/2006 | 16138.74 | 16195.99 | 3887.30 | 3856.92 | 16938.86 | 17154.81 | 3238.21 | 3248.10 |
| 9/30/2006 | 15666.66 | 16217.65 | 4007.89 | 3926.75 | 17179.16 | 17224.07 | 3301.93 | 3291.31 |
| 12/31/2006 | 17120.91 | 16239.34 | 4100.85 | 3997.84 | 17263.76 | 17293.60 | 3346.59 | 3335.10 |
| 3/31/2007 | 18684.77 | 16261.06 | 4042.04 | 4070.22 | 17583.92 | 17363.42 | 3384.16 | 3379.46 |

| | BODILY INJURY | PROPERTY DAMAGE |
|--|---------------|-----------------|
| (9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT) | | |
| (A) ARKANSAS | 0.5% | 7.4% |
| (B) MULTISTATE | 1.6% | 5.4% |
| (10) CREDIBILITY | 0.05 | 0.15 |
| (11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)} | 1.5% | 5.7% |
| (12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY | 0.0% | 0.0% |
| (13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12) | 1.5% | 5.7% |

* EXCLUDES MASSACHUSETTS AND PUERTO RICO

INSURANCE SERVICES OFFICE, INC.

COMMERCIAL AUTO LIABILITY
INCURRED CLAIM FREQUENCY

MULTISTATE*

ALL COMMERCIAL AUTOMOBILE CLASSES COMBINED#

| <u>YEAR ENDING</u> | <u>BODILY INJURY ACTUAL</u> | <u>BODILY INJURY ACTUAL CHANGE@</u> | <u>PROPERTY DAMAGE ACTUAL</u> | <u>PROPERTY DAMAGE ACTUAL CHANGE@</u> |
|------------------------|---------------------------------|---|-----------------------------------|---|
| 3/31/2001 | 1.2153 | | 4.8328 | |
| 6/30/2001 | 1.2076 | | 4.7434 | |
| 9/30/2001 | 1.1853 | | 4.6575 | |
| 12/31/2001 | 1.1682 | | 4.5179 | |
| 3/31/2002 | 1.1409 | -6.1%& | 4.3095 | -10.8%& |
| 6/30/2002 | 1.1052 | | 4.2085 | |
| 9/30/2002 | 1.0890 | | 4.1053 | |
| 12/31/2002 | 1.0688 | -8.5% | 4.0184 | -11.1% |
| 3/31/2003 | 1.0567 | | 4.0153 | |
| 6/30/2003 | 1.0642 | | 3.9631 | |
| 9/30/2003 | 1.0801 | | 4.0070 | |
| 12/31/2003 | 1.1113 | 4.0% | 4.0854 | 1.7% |
| 3/31/2004 | 1.1207 | | 4.1227 | |
| 6/30/2004 | 1.1285 | | 4.1498 | |
| 9/30/2004 | 1.1239 | | 4.0905 | |
| 12/31/2004 | 1.1060 | -0.5% | 4.0092 | -1.9% |
| 3/31/2005 | 1.0991 | | 3.9464 | |
| 6/30/2005 | 1.0912 | | 3.8553 | |
| 9/30/2005 | 1.0834 | | 3.7935 | |
| 12/31/2005 | 1.0837 | -2.0% | 3.7374 | -6.8% |
| 3/31/2006 | 1.0942 | | 3.6329 | |
| 6/30/2006 | 1.0950 | | 3.5972 | |
| 9/30/2006 | 1.1068 | | 3.5406 | |
| 12/31/2006 | 1.1239 | 3.7% | 3.4475 | -7.8% |

* EXCLUDES MASSACHUSETTS AND PUERTO RICO

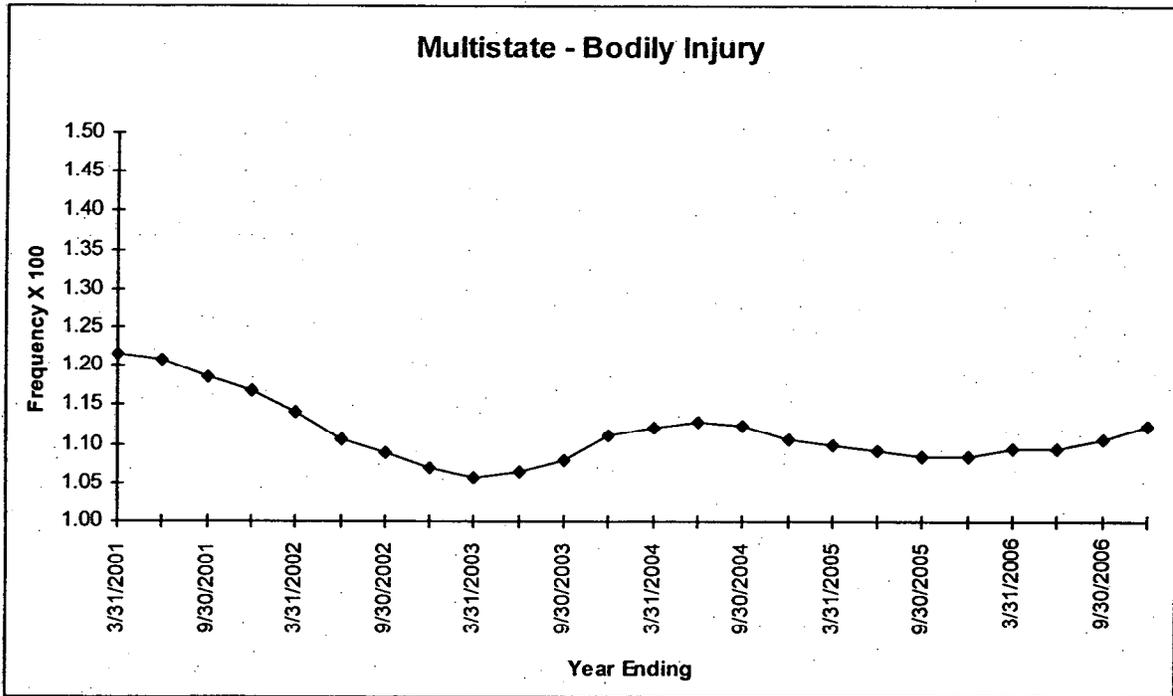
CONSISTS OF THE FOLLOWING CLASSES WHICH ARE RATED ON A PER CAR BASIS:
TRUCKS, TRACTORS, AND TRAILERS, PRIVATE PASSENGER TYPES, BUSES AND PUBLICS

@ CHANGE BASED ON YEARS ENDING 12/31/XXXX

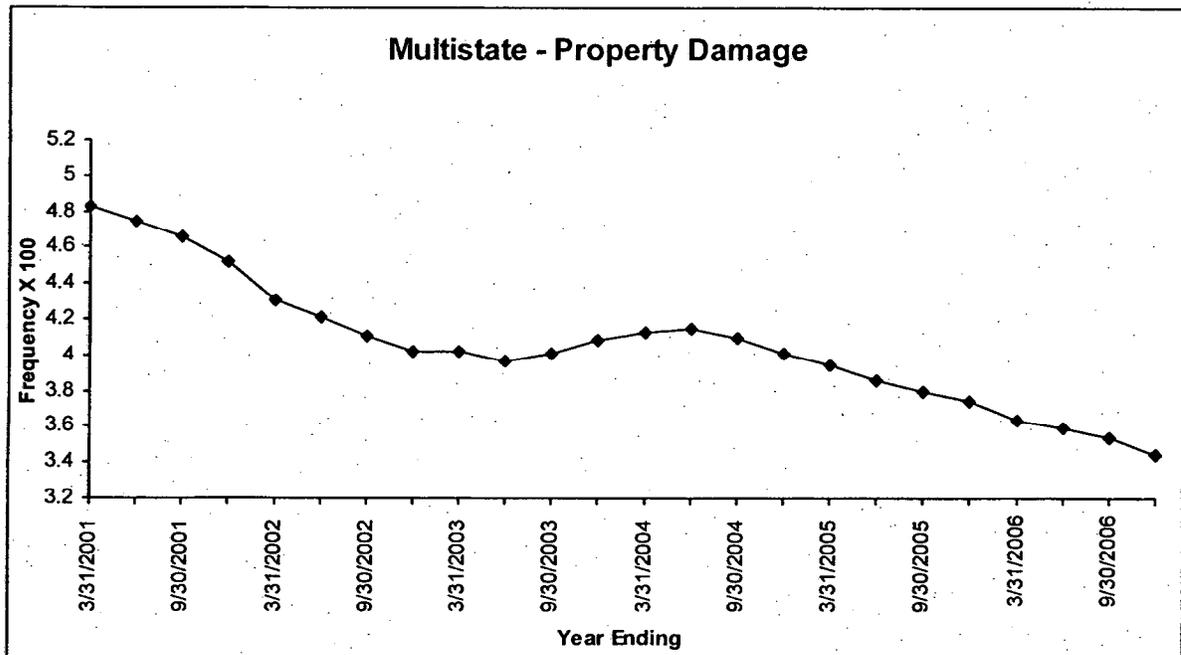
& CHANGE BASED ON YEAR ENDING 3/31/2002 DIVIDED BY 3/31/2001

COMMERCIAL AUTOMOBILE LIABILITY

Incurred Claim Frequency Experience



Incurred Claim Frequency Experience



Multistate*
Trucks, Tractors & Trailers Physical Damage
Other Than Collision

Frequency (expressed as claims per 100 exposures)

| Year Ending: | \$250 Deductible | | \$500 Deductible | | \$1,000 Deductible | |
|--------------|------------------|-----------|------------------|-----------|--------------------|-----------|
| | Actual | Change ** | Actual | Change ** | Actual | Change ** |
| 06/30/2002 | 4.76 | | 2.08 | | 0.87 | |
| 12/31/2002 | 4.57 | | 1.95 | | 0.83 | |
| 06/30/2003 | 4.39 | | 1.77 | | 0.80 | |
| 12/31/2003 | 4.10 | -10.3% | 1.58 | -19.0% | 0.77 | -7.2% |
| 06/30/2004 | 3.75 | | 1.41 | | 0.74 | |
| 12/31/2004 | 3.54 | -13.7% | 1.32 | -16.5% | 0.73 | -5.2% |
| 06/30/2005 | 3.37 | | 1.26 | | 0.72 | |
| 12/31/2005 | 3.13 | -11.6% | 1.20 | -9.1% | 0.71 | -2.7% |
| 06/30/2006 | 2.80 | | 1.14 | | 0.70 | |
| 12/31/2006 | 2.62 | -16.3% | 1.10 | -8.3% | 0.68 | -4.2% |

Volume of losses for the most recent year by deductible:

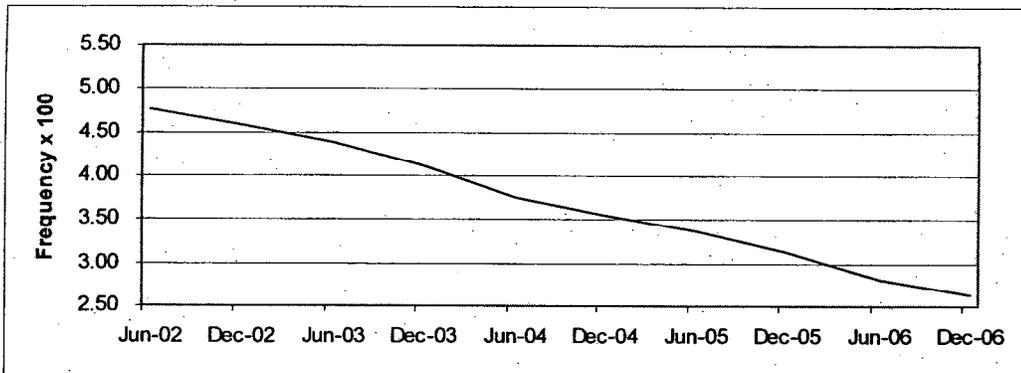
| Deductible | Percent of Losses |
|------------|-------------------|
| Full | 2.4% |
| \$50 | 1.7% |
| \$100 | 10.7% |
| \$200 | 0.3% |
| \$250 | 24.7% |
| \$500 | 36.4% |
| \$1,000 | 23.8% |

* Multistate data excludes Massachusetts

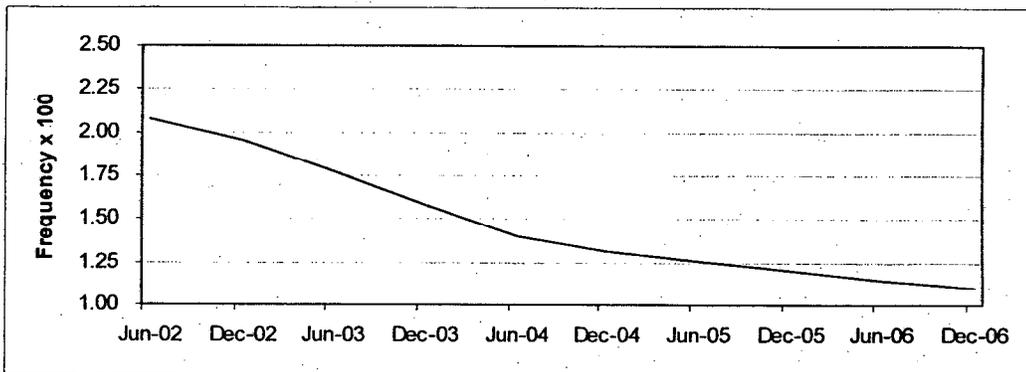
** Change based on years ending 12/31/xxxx

Multistate*
Trucks, Tractors & Trailers Physical Damage
Other Than Collision Frequency Trend

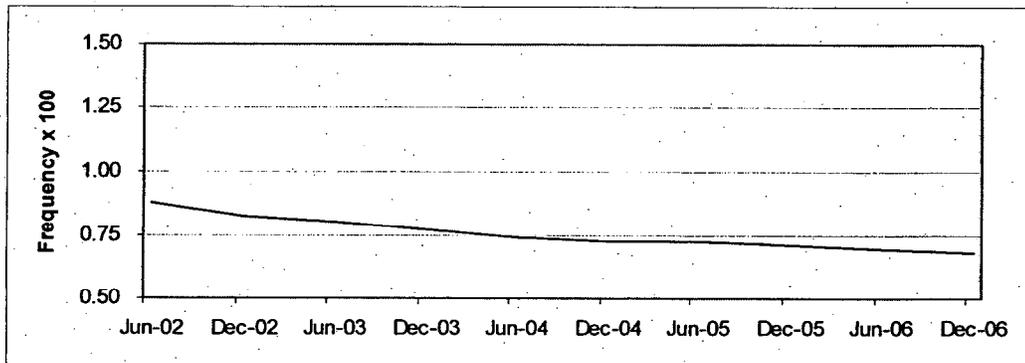
\$250 Deductible



\$500 Deductible



\$1,000 Deductible



* Multistate data excludes Massachusetts
 Selected Other Than Collision Frequency Trend Factor: -1.5%

Multistate*
Trucks, Tractors & Trailers Physical Damage
Other Than Collision Loss Trend

Severity Trend

| Year Ending: | \$250 Deductible | \$500 Deductible | \$1,000 Deductible |
|--------------|------------------|------------------|--------------------|
| 06/30/2002 | 1,417.16 | 2,927.72 | 4,864.41 |
| 12/31/2002 | 1,440.74 | 2,950.07 | 4,865.59 |
| 06/30/2003 | 1,431.63 | 2,977.34 | 4,898.49 |
| 12/31/2003 | 1,423.62 | 3,055.04 | 4,981.42 |
| 06/30/2004 | 1,435.47 | 3,199.06 | 5,199.17 |
| 12/31/2004 | 1,457.05 | 3,307.46 | 5,382.40 |
| 06/30/2005 | 1,500.77 | 3,407.44 | 5,521.20 |
| 12/31/2005 | 1,562.21 | 3,540.03 | 5,675.97 |
| 06/30/2006 | 1,648.15 | 3,720.87 | 5,768.24 |
| 12/31/2006 | 1,629.03 | 3,698.79 | 5,743.21 |

Average Annual Change Using Exponential Fits:

| | | | |
|---------------|------|------|------|
| 10 point fit: | 3.5% | 6.2% | 4.7% |
| 8 point fit: | 4.7% | 7.0% | 5.2% |
| 6 point fit: | 6.1% | 6.6% | 4.3% |

| | |
|------------------------------|-------|
| Selected severity trend: | +3.0% |
| Selected frequency trend: | -1.5% |
| Selected pure premium trend: | +1.5% |

* Multistate data excludes Massachusetts

Multistate*
Trucks, Tractors & Trailers Physical Damage
Collision

Frequency (expressed as claims per 100 exposures)

| Year Ending: | \$250 Deductible | | \$500 Deductible | | \$1,000 Deductible | |
|--------------|------------------|-----------|------------------|-----------|--------------------|-----------|
| | Actual | Change ** | Actual | Change ** | Actual | Change ** |
| 06/30/2002 | 3.37 | | 3.22 | | 2.66 | |
| 12/31/2002 | 3.32 | | 3.10 | | 2.54 | |
| 06/30/2003 | 3.28 | | 3.01 | | 2.45 | |
| 12/31/2003 | 3.14 | -5.4% | 2.89 | -6.8% | 2.36 | -7.1% |
| 06/30/2004 | 3.00 | | 2.80 | | 2.30 | |
| 12/31/2004 | 2.93 | -6.7% | 2.71 | -6.2% | 2.24 | -5.1% |
| 06/30/2005 | 2.95 | | 2.70 | | 2.25 | |
| 12/31/2005 | 2.84 | -3.1% | 2.67 | -1.5% | 2.23 | -0.4% |
| 06/30/2006 | 2.63 | | 2.50 | | 2.10 | |
| 12/31/2006 | 2.47 | -13.0% | 2.40 | -10.1% | 2.04 | -8.5% |

Volume of losses for the most recent year by deductible:

| Deductible | Percent of Losses |
|------------|-------------------|
| \$100 | 0.7% |
| \$200 | 0.1% |
| \$250 | 6.8% |
| \$500 | 48.1% |
| \$1,000 | 44.3% |

* Multistate data excludes Massachusetts

** Change based on years ending 12/31/xxxx

Multistate*
Trucks, Tractors & Trailers Physical Damage
Collision Loss Trend

Severity Trend

| Year Ending: | \$250 Deductible | \$500 Deductible | \$1,000 Deductible |
|--------------|------------------|------------------|--------------------|
| 06/30/2002 | 4,397.73 | 4,901.22 | 5,702.09 |
| 12/31/2002 | 4,466.68 | 4,946.70 | 5,733.58 |
| 06/30/2003 | 4,494.25 | 5,008.24 | 5,809.70 |
| 12/31/2003 | 4,579.93 | 5,212.01 | 6,077.43 |
| 06/30/2004 | 4,794.92 | 5,426.71 | 6,373.08 |
| 12/31/2004 | 4,898.02 | 5,537.40 | 6,579.70 |
| 06/30/2005 | 5,001.16 | 5,668.62 | 6,786.72 |
| 12/31/2005 | 5,148.25 | 5,831.40 | 7,002.45 |
| 06/30/2006 | 5,502.50 | 6,034.94 | 7,263.10 |
| 12/31/2006 | 5,650.09 | 6,195.57 | 7,473.30 |

Average Annual Change Using Exponential Fits:

| | | | |
|---------------|------|------|------|
| 10 point fit: | 5.8% | 5.6% | 6.7% |
| 8 point fit: | 6.8% | 6.0% | 7.3% |
| 6 point fit: | 7.1% | 5.6% | 6.6% |

Selected severity trend: +4.0%

Selected frequency trend: -1.0%

Selected pure premium trend: +3.0%

* Multistate data excludes Massachusetts

Multistate*
Private Passenger Types Physical Damage
Other Than Collision

Frequency (expressed as claims per 100 exposures)

| Year Ending: | \$250 Deductible | | \$500 Deductible | | \$1,000 Deductible | |
|--------------|------------------|-----------|------------------|-----------|--------------------|-----------|
| | Actual | Change ** | Actual | Change ** | Actual | Change ** |
| 06/30/2002 | 5.94 | | 3.16 | | 1.48 | |
| 12/31/2002 | 5.82 | | 3.05 | | 1.39 | |
| 06/30/2003 | 5.74 | | 2.88 | | 1.32 | |
| 12/31/2003 | 5.62 | -3.4% | 2.72 | -10.8% | 1.31 | -5.8% |
| 06/30/2004 | 5.40 | | 2.51 | | 1.26 | |
| 12/31/2004 | 5.22 | -7.1% | 2.37 | -12.9% | 1.22 | -6.9% |
| 06/30/2005 | 5.15 | | 2.34 | | 1.24 | |
| 12/31/2005 | 5.04 | -3.4% | 2.33 | -1.7% | 1.28 | 4.9% |
| 06/30/2006 | 4.70 | | 2.27 | | 1.28 | |
| 12/31/2006 | 4.54 | -9.9% | 2.19 | -6.0% | 1.23 | -3.9% |

Volume of losses for the most recent year by deductible:

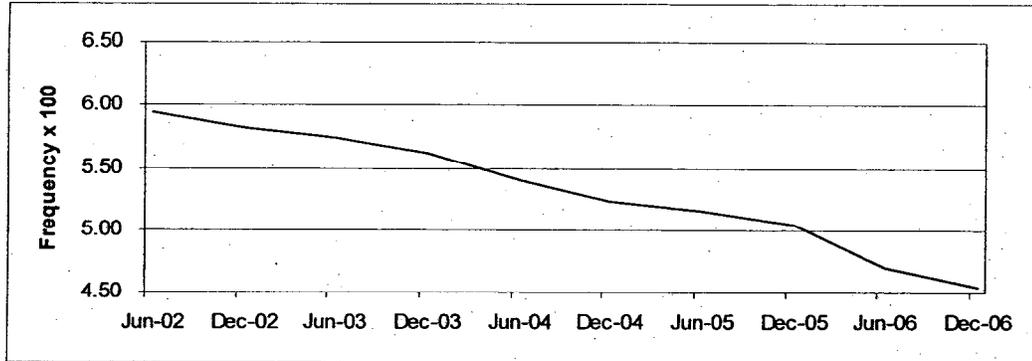
| Deductible | Percent of Losses |
|------------|-------------------|
| Full | 2.4% |
| \$50 | 1.9% |
| \$100 | 11.1% |
| \$200 | 1.0% |
| \$250 | 29.1% |
| \$500 | 36.7% |
| \$1,000 | 17.8% |

* Multistate data excludes Massachusetts

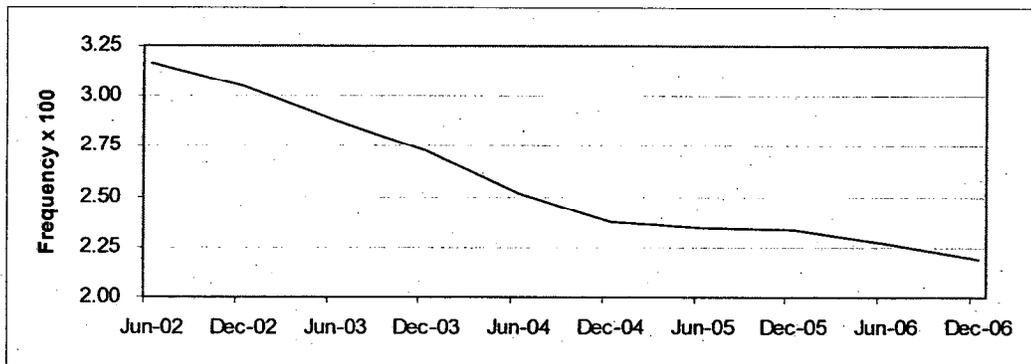
** Change based on years ending 12/31/xxxx

Multistate*
 Private Passenger Types Physical Damage
 Other Than Collision Frequency Trend

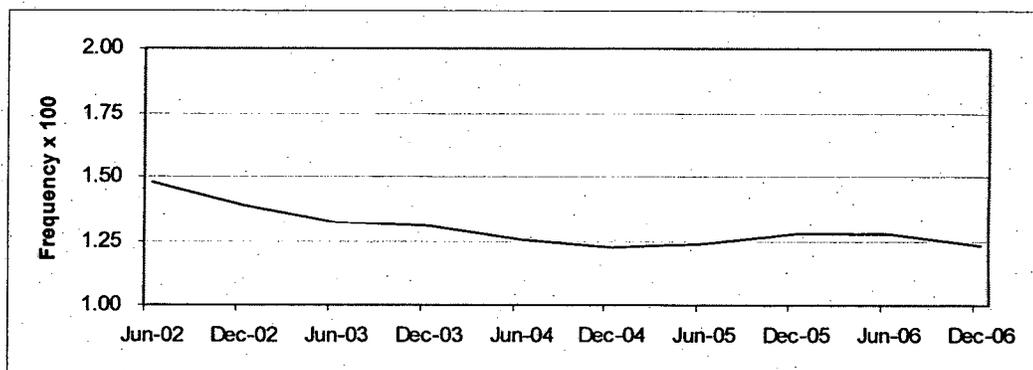
\$250 Deductible



\$500 Deductible



\$1,000 Deductible



* Multistate data excludes Massachusetts
 Selected Other Than Collision Frequency Trend Factor: -1.5%

Multistate*
Private Passenger Types Physical Damage
Other Than Collision Loss Trend

Severity Trend

| Year Ending: | \$250 Deductible | \$500 Deductible | \$1,000 Deductible |
|--------------|------------------|------------------|--------------------|
| 06/30/2002 | 998.52 | 1,656.49 | 2,643.99 |
| 12/31/2002 | 995.69 | 1,642.34 | 2,577.72 |
| 06/30/2003 | 971.79 | 1,611.66 | 2,559.70 |
| 12/31/2003 | 959.91 | 1,613.51 | 2,562.06 |
| 06/30/2004 | 951.09 | 1,610.84 | 2,536.16 |
| 12/31/2004 | 971.93 | 1,682.81 | 2,657.90 |
| 06/30/2005 | 1,026.84 | 1,778.23 | 2,778.81 |
| 12/31/2005 | 1,073.25 | 1,836.65 | 2,834.08 |
| 06/30/2006 | 1,096.90 | 1,876.53 | 2,844.60 |
| 12/31/2006 | 1,107.24 | 1,942.45 | 2,916.63 |

Average Annual Change Using Exponential Fits:

| | | | |
|---------------|------|------|------|
| 10 point fit: | 2.9% | 4.2% | 2.9% |
| 8 point fit: | 4.9% | 6.2% | 4.4% |
| 6 point fit: | 6.9% | 7.7% | 5.4% |

| | |
|------------------------------|-------|
| Selected severity trend: | +3.0% |
| Selected frequency trend: | -1.5% |
| Selected pure premium trend: | +1.5% |

* Multistate data excludes Massachusetts

Multistate*
Private Passenger Types Physical Damage
Collision

Frequency (expressed as claims per 100 exposures)

| Year Ending: | \$250 Deductible | | \$500 Deductible | | \$1,000 Deductible | |
|--------------|------------------|-----------|------------------|-----------|--------------------|-----------|
| | Actual | Change ** | Actual | Change ** | Actual | Change ** |
| 06/30/2002 | 5.90 | | 5.36 | | 4.33 | |
| 12/31/2002 | 5.89 | | 5.26 | | 4.25 | |
| 06/30/2003 | 6.05 | | 5.28 | | 4.25 | |
| 12/31/2003 | 6.00 | 1.9% | 5.21 | -1.0% | 4.19 | -1.4% |
| 06/30/2004 | 5.84 | | 5.12 | | 4.11 | |
| 12/31/2004 | 5.96 | -0.7% | 5.10 | -2.1% | 4.06 | -3.1% |
| 06/30/2005 | 6.00 | | 5.12 | | 4.10 | |
| 12/31/2005 | 5.64 | -5.4% | 5.09 | -0.2% | 4.10 | 1.0% |
| 06/30/2006 | 5.45 | | 4.90 | | 3.96 | |
| 12/31/2006 | 5.46 | -3.2% | 4.81 | -5.5% | 3.90 | -4.9% |

Volume of losses for the most recent year by deductible:

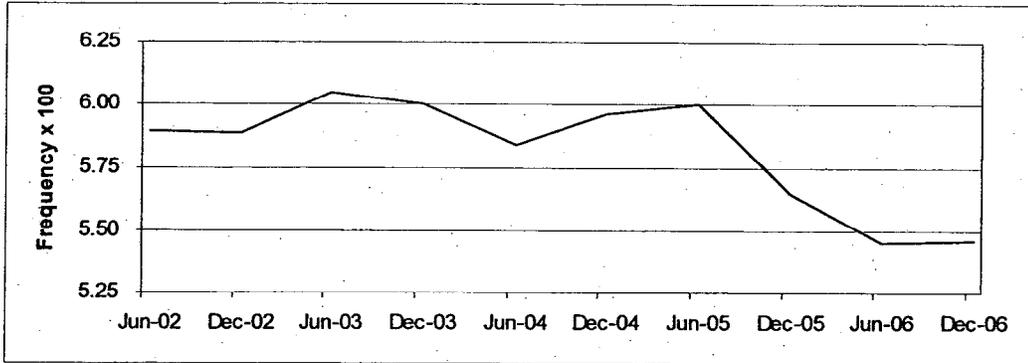
| Deductible | Percent of Losses |
|------------|-------------------|
| \$100 | 0.6% |
| \$200 | 0.4% |
| \$250 | 7.7% |
| \$500 | 57.2% |
| \$1,000 | 34.1% |

* Multistate data excludes Massachusetts

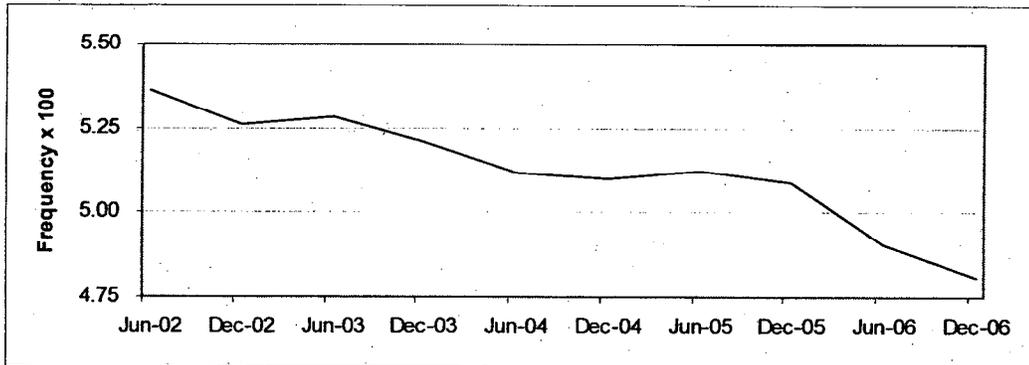
** Change based on years ending 12/31/xxxx

Multistate*
Private Passenger Types Physical Damage
Collision Frequency Trend

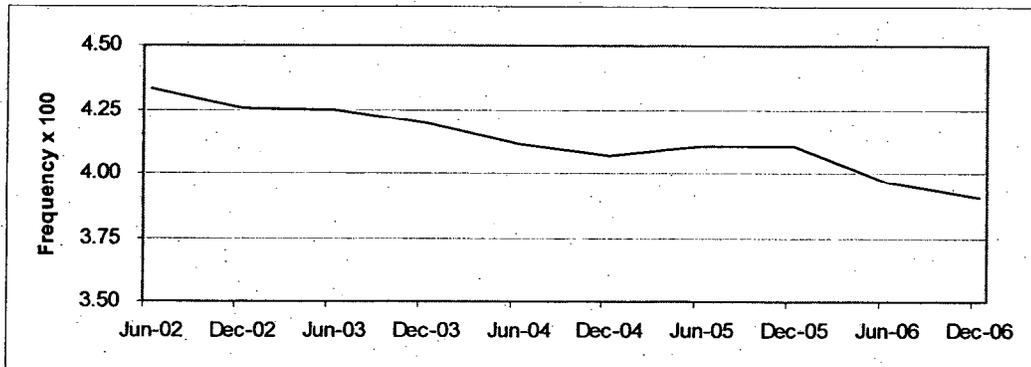
\$250 Deductible



\$500 Deductible



\$1,000 Deductible



* Multistate data excludes Massachusetts
Selected Collision Frequency Trend Factor: 0.0%

Multistate*
Private Passenger Types Physical Damage
Collision Loss Trend

Severity Trend

| | \$250 Deductible | \$500 Deductible | \$1,000 Deductible |
|------------|------------------|------------------|--------------------|
| 06/30/2002 | 3,441.72 | 3,846.84 | 4,192.51 |
| 12/31/2002 | 3,593.71 | 3,948.20 | 4,275.33 |
| 06/30/2003 | 3,602.94 | 4,000.08 | 4,337.93 |
| 12/31/2003 | 3,631.00 | 4,064.99 | 4,419.36 |
| 06/30/2004 | 3,593.78 | 4,050.18 | 4,434.85 |
| 12/31/2004 | 3,536.21 | 4,036.63 | 4,437.27 |
| 06/30/2005 | 3,664.78 | 4,165.96 | 4,516.18 |
| 12/31/2005 | 3,667.42 | 4,212.60 | 4,577.70 |
| 06/30/2006 | 3,647.25 | 4,232.92 | 4,620.92 |
| 12/31/2006 | 3,737.13 | 4,327.24 | 4,734.77 |

Average Annual Change Using Exponential Fits:

| | | | |
|---------------|------|------|------|
| 10 point fit: | 1.2% | 2.3% | 2.4% |
| 8 point fit: | 0.9% | 2.2% | 2.3% |
| 6 point fit: | 1.7% | 2.8% | 2.7% |

Selected severity trend: +2.5%

Selected frequency trend: 0.0%

Selected pure premium trend: +2.5%

* Multistate data excludes Massachusetts

COMMERCIAL AUTOMOBILE PHYSICAL DAMAGE
SUPPLEMENTARY EXHIBIT

| Quarterly Values Ending | Consumer Price Index for Bodywork | |
|-------------------------------|-----------------------------------|------------------------------|
| | <u>Actual</u> | <u>Exponential Fit</u> |
| 12/31/2003 | 2.041 | 2.034 |
| 3/31/2004 | 2.056 | 2.053 |
| 6/30/2004 | 2.078 | 2.072 |
| 9/30/2004 | 2.090 | 2.091 |
| 12/31/2004 | 2.107 | 2.110 |
| 3/31/2005 | 2.106 | 2.130 |
| 6/30/2005 | 2.136 | 2.149 |
| 9/30/2005 | 2.165 | 2.169 |
| 12/31/2005 | 2.195 | 2.189 |
| 3/31/2006 | 2.225 | 2.209 |
| 6/30/2006 | 2.234 | 2.230 |
| 9/30/2006 | 2.258 | 2.250 |
| 12/31/2006 | 2.274 | 2.271 |
| 3/31/2007 | 2.305 | 2.292 |
| 6/30/2007 | 2.311 | 2.313 |
| 9/30/2007 | 2.319 | 2.335 |
| | <u>R-Squared</u> | <u>Average Annual Change</u> |
| 16 Point Fit | 0.9881 | 3.7% |
| 12 Point Fit | 0.9789 | 3.9% |

PHYSICAL DAMAGE OCN TREND

OBJECTIVE

In Physical Damage for Trucks, Tractors & Trailers and Private Passenger Types, as new, higher-valued commercial automobiles are introduced, there is an increase in revenue due to the original cost new component of the rating procedure. In order to reflect the revenue impact of the higher-valued vehicles during the prospective period, ISO uses an OCN trend procedure. The effect of this procedure is to reduce the indicated loss costs for Trucks, Tractors & Trailers and Private Passenger Types physical damage coverages.

DESCRIPTION OF ORIGINAL COST NEW DATA

The average original cost new (OCN) relativities for Comprehensive and Collision are displayed on the following exhibits. The data is displayed by coverage. To determine the historical average trend for OCN, ISO makes use of the Least Squares Method to fit a curve to the reported time series data. Specifically, an exponential curve represented by the equation

$$Y = A(B^X)$$

is fitted to the average OCN relativities. Based on the results of these curves, ISO has selected annual OCN trends of 1.5% and 2.4% for Trucks, Tractors & Trailers OTC and Collision coverages respectively. This trend is necessary to reflect the additional revenue generated by the shift in the OCN distribution as new, higher-priced automobiles are introduced.

For Private Passenger Types, OCN trends of 1.5% and 1.1% were selected for the OTC and Collision coverages respectively.

MULTISTATE
TRUCKS, TRACTORS & TRAILERS
PHYSICAL DAMAGE
OCN TREND CALCULATION

AVERAGE OCN RELATIVITIES

| YEAR ENDING | OTHER THAN COLLISION | COLLISION |
|----------------|----------------------|-----------|
| 6/30/2002 | 1.034 | 1.169 |
| 12/31/2002 | 1.042 | 1.183 |
| 6/30/2003 | 1.049 | 1.194 |
| 12/31/2003 | 1.057 | 1.207 |
| 6/30/2004 | 1.063 | 1.220 |
| 12/31/2004 | 1.069 | 1.236 |
| 6/30/2005 | 1.077 | 1.250 |
| 12/31/2005 | 1.089 | 1.264 |
| 6/30/2006 | 1.094 | 1.279 |
| 12/31/2006 | 1.102 | 1.295 |

EXPONENTIAL TREND (AVERAGE ANNUAL CHANGE)

| | | |
|----------|------|------|
| 9 POINTS | 1.4% | 2.3% |
| 7 POINTS | 1.4% | 2.4% |
| 5 POINTS | 1.5% | 2.3% |

Selected Other Than Collision Physical Damage Annual OCN Trend: 1.5%

Selected Collision Physical Damage Annual OCN Trend: 2.4%

Data excludes the following states: Hawaii, Massachusetts, and Puerto Rico.

MULTISTATE
PRIVATE PASSENGER TYPES
PHYSICAL DAMAGE
OCN TREND CALCULATION

AVERAGE OCN RELATIVITIES

| YEAR ENDING | OTHER THAN COLLISION | COLLISION |
|----------------|----------------------|-----------|
| 6/30/2002 | 1.190 | 1.161 |
| 12/31/2002 | 1.207 | 1.170 |
| 6/30/2003 | 1.222 | 1.174 |
| 12/31/2003 | 1.237 | 1.180 |
| 6/30/2004 | 1.256 | 1.190 |
| 12/31/2004 | 1.271 | 1.204 |
| 6/30/2005 | 1.283 | 1.210 |
| 12/31/2005 | 1.288 | 1.214 |
| 6/30/2006 | 1.293 | 1.216 |
| 12/31/2006 | 1.295 | 1.218 |

EXPONENTIAL TREND (AVERAGE ANNUAL CHANGE)

| | | |
|----------|------|------|
| 9 POINTS | 1.9% | 1.1% |
| 7 POINTS | 1.5% | 1.1% |
| 5 POINTS | 0.9% | 0.6% |

Selected Other Than Collision Physical Damage Annual OCN Trend: 1.5%

Selected Collision Physical Damage Annual OCN Trend: 1.1%

Data excludes the following states: Hawaii, Massachusetts, and Puerto Rico.

LOSS DEVELOPMENT FOR LIABILITY

OBJECTIVE

The application of loss development recognizes the important concept that some of the losses for a particular accident year (or policy year) have not been finally determined at the time the experience is compiled.

DESCRIPTION OF EXPERIENCE PERIOD DATA

For Trucks, Tractors & Trailers, Private Passenger Types and Garage Dealers Liability, the incurred losses and allocated loss adjustment expenses underlying the statewide loss cost level indications are on an accident year basis and were evaluated as of March 31, 2007. In other words, accident year ended December 31, 2006 includes all losses and allocated loss adjustment expenses paid through March 31, 2007 on accidents occurring from January 1, 2006 to December 31, 2006 and all losses and allocated loss adjustment expenses outstanding on these accidents as of March 31, 2007, 15 months after the inception of the accident year. Similarly, the incurred losses and allocated loss adjustment expenses for accident year ended December 31, 2005 include all loss and loss adjustment expenses paid through March 31, 2007 on accidents occurring from January 1, 2005 to December 31, 2005 and all losses and allocated loss adjustment expenses outstanding on these accidents as of March 31, 2007, 27 months after the inception of the accident year. The immature experience reported as of 15 or as of 27 months must be adjusted to a mature or ultimate settlement basis through the use of a loss development factor.

DESCRIPTION OF LOSS DEVELOPMENT METHODOLOGY

For Bodily Injury Coverage, states are divided into two multistate groups. One group (No-Fault) consists of states with a no-fault law that has a tort threshold. The other group (Tort) contains the remaining states. The applicable multistate group for this state is used in this document. Losses are developed up to 123 months and are based on \$100,000 CSL data. Three-year averages for Trucks, Tractors & Trailers, Private Passenger Types and Garage Dealers are calculated for each link ratio based on a "best three of five" approach. Specifically, for the latest five years, the highest and lowest ratios were removed from the calculation and the three year average was calculated using the three remaining factors. Beyond 123 months the loss development is assumed to be unity.

**DESCRIPTION
OF LOSS
DEVELOPMENT
METHODOLOGY
(CONTD)**

For Property Damage Coverage, one multistate group is used. Losses are developed up to 111 months and \$100,000 CSL data is used. Three-year averages for Trucks, Tractors & Trailers, Private Passenger Types and Garage Dealers are calculated for each link ratio based on a "best three of five" years approach. Specifically, for the latest five years, the highest and lowest ratios were removed from the calculation and the three year average was calculated using the three remaining factors. Development beyond 111 months is assumed to be unity.

**STATE
CREDIBILITY
WEIGHTED
FACTORS**

For Trucks, Tractors & Trailers and Private Passenger Types, statewide loss development factors are credibility weighted with multistate factors. A Bayesian credibility study was done on state 15 to 27 months and 27 to 39 months loss development factors. The study concluded that there is significant statewide variation for bodily injury through 39 months and for property damage through 27 months. For these link ratios, statewide credibility is determined by the formula $Z = L/(L+K)$, where Z is the credibility, and L is the 3-year total losses for the particular state (at the earliest of the two evaluations). The complement of credibility is assigned to multistate loss development factors. K is a constant that varies by coverage as follows:

Trucks, Tractors & Trailers

| | <u>15 to 27</u> | <u>27 to 39</u> |
|--------------------------|-----------------|-----------------|
| Bodily Injury (tort) | \$ 2,500,000 | \$ 11,000,000 |
| Bodily Injury (no-fault) | 900,000 | 3,000,000 |
| Property Damage | 1,500,000 | - |

Private Passenger Types

| | <u>15 to 27</u> | <u>27 to 39</u> |
|--------------------------|-----------------|-----------------|
| Bodily Injury (tort) | \$ 1,500,000 | \$ 4,000,000 |
| Bodily Injury (no-fault) | 700,000 | 1,700,000 |
| Property Damage | 600,000 | - |

**TRUCKS,
TRACTORS &
TRAILERS AND
PRIVATE
PASSENGER
TYPES**

For Trucks, Tractors & Trailers and Private Passenger Types, loss development factors to ultimate are calculated by accumulating the statewide credibility-weighted 15 to 27 month factor and 27 to 39 month factor, and the multistate average 39 to ultimate factor.

GARAGES

For the Garage Dealers Bodily Injury coverage, development is based upon \$100,000 CSL multistate tort or no-fault data. For the Garages Dealers Property Damage coverage, basic limits multistate experience is used.

Insurance Services Office

Arkansas

Automobile Liability Insurance - Trucks, Tractors and Trailers

Loss Development

Incurred Losses and Expenses

All Companies Reporting to ISO

Bodily Injury

| Accident Year | \$100,000 Basic Limit | | | Loss Development Factors | |
|------------------|-----------------------|-----------|-----------|--------------------------|--------------------|
| | 15 Months | 27 Months | 39 Months | 15 to 27 Months | 27 to 39 Months |
| 12/31/1995 | 6,034,782 | 7,096,440 | 7,729,180 | 1.176 | 1.089 |
| 12/31/1996 | 6,452,879 | 7,944,207 | 8,289,927 | 1.231 | 1.044 |
| 12/31/1997 | 6,309,790 | 7,806,593 | 8,063,405 | 1.237 | 1.033 |
| 12/31/1998 | 6,926,157 | 8,048,538 | 8,586,181 | 1.162 | 1.067 |
| 12/31/1999 | 6,740,739 | 7,977,537 | 8,810,784 | 1.183 | 1.104 |
| 12/31/2000 | 5,855,900 | 7,643,376 | 8,248,556 | 1.305 | 1.079 |
| 12/31/2001 | 6,555,168 | 7,808,431 | 8,029,266 | 1.191 | 1.028 |
| 12/31/2002 | 6,016,171 | 6,528,009 | 6,990,515 | 1.085 | 1.071 |
| 12/31/2003 | 6,484,247 | 6,709,911 | 6,911,111 | 1.035 | 1.030 |
| 12/31/2004 | 7,947,588 | 8,148,915 | 8,511,432 | 1.025 | 1.044 |
| 12/31/2005 | 6,369,093 | 6,629,572 | | 1.041 | |
| 12/31/2006 | 7,027,915 | | | | |

| | | | |
|------------------------------------|----------------|-------|-------|
| (1) Average Factor (Best 3 of 5) : | (A) State | 1.054 | 1.048 |
| | (B) Multistate | 1.201 | 1.101 |
| (2) Credibility | | 0.890 | 0.660 |
| (3) Credibility Weighted Factors | | 1.070 | 1.066 |

Property Damage

| Accident Year | \$100,000 Basic Limit | | | Loss Development Factors | |
|------------------|-----------------------|-----------|-----------|--------------------------|--------------------|
| | 15 Months | 27 Months | 39 Months | 15 to 27 Months | 27 to 39 Months |
| 12/31/1995 | 5,093,170 | 5,227,698 | 5,171,804 | 1.026 | 0.989 |
| 12/31/1996 | 5,349,043 | 5,361,385 | 5,347,108 | 1.002 | 0.997 |
| 12/31/1997 | 6,262,842 | 6,232,085 | 6,107,633 | 0.995 | 0.980 |
| 12/31/1998 | 6,588,668 | 6,748,481 | 6,797,623 | 1.024 | 1.007 |
| 12/31/1999 | 6,572,412 | 6,899,311 | 6,946,986 | 1.050 | 1.007 |
| 12/31/2000 | 6,058,407 | 6,178,891 | 6,222,488 | 1.020 | 1.007 |
| 12/31/2001 | 6,092,285 | 5,990,112 | 6,038,901 | 0.983 | 1.008 |
| 12/31/2002 | 4,925,670 | 5,014,888 | 4,941,751 | 1.018 | 0.985 |
| 12/31/2003 | 5,459,597 | 5,447,102 | 5,409,532 | 0.998 | 0.993 |
| 12/31/2004 | 5,851,966 | 5,692,538 | 5,712,478 | 0.973 | 1.004 |
| 12/31/2005 | 5,698,342 | 5,660,842 | | 0.993 | |
| 12/31/2006 | 4,775,428 | | | | |

| | | | |
|------------------------------------|----------------|-------|-------|
| (1) Average Factor (Best 3 of 5) : | (A) State | 0.991 | 1.001 |
| | (B) Multistate | 1.029 | 1.007 |
| (2) Credibility | | 0.920 | 0.000 |
| (3) Credibility Weighted Factors | | 0.994 | 1.007 |

Summary of Factors

| | Bodily Injury | Property Damage |
|-----------------------|------------------|--------------------|
| 39 to Ultimate ** | 1.056 | 1.004 |
| 27 to Ultimate | 1.126 | 1.011 |
| 15 to Ultimate | 1.205 | 1.005 |
| ** Multistate factors | | |

Insurance Services Office

Basic Limits Loss Development
Trucks, Tractors and Trailers - Bodily Injury
Tort States #

Incurred Losses and Expenses

All Companies Reporting to ISO

| Accident Year Ended | \$100,000 Basic Limit | | | | |
|---------------------------|-----------------------|-------------|-------------|-------------|-------------|
| | 15 Months | 27 Months | 39 Months | 51 Months | 63 Months |
| 12/31/1995 | 439,262,943 | 519,201,921 | 566,187,032 | 580,663,981 | 584,662,626 |
| 12/31/1996 | 432,417,886 | 525,546,661 | 566,302,558 | 581,677,634 | 591,818,345 |
| 12/31/1997 | 428,629,147 | 512,330,866 | 556,336,016 | 585,211,613 | 596,614,433 |
| 12/31/1998 | 418,464,208 | 514,463,534 | 580,217,745 | 604,714,718 | 615,225,785 |
| 12/31/1999 | 422,382,287 | 531,515,802 | 600,885,351 | 629,399,734 | 634,144,560 |
| 12/31/2000 | 438,243,423 | 539,560,167 | 599,819,305 | 621,953,390 | 629,186,196 |
| 12/31/2001 | 407,385,038 | 508,985,215 | 562,027,652 | 584,282,964 | 595,105,774 |
| 12/31/2002 | 399,212,370 | 481,120,333 | 525,327,071 | 545,199,057 | 548,800,812 |
| 12/31/2003 | 389,914,185 | 462,902,598 | 511,813,329 | 527,576,724 | |
| 12/31/2004 | 380,238,124 | 458,334,489 | 498,958,313 | | |
| 12/31/2005 | 396,067,865 | 472,330,435 | | | |
| 12/31/2006 | 395,538,211 | | | | |

Ratios

| Accident Year Ended | 27:15 | 39:27 | 51:39 | 63:51 |
|---------------------------|-------|-------|-------|-------|
| 12/31/1995 | 1.182 | 1.090 | 1.026 | 1.007 |
| 12/31/1996 | 1.215 | 1.078 | 1.027 | 1.017 |
| 12/31/1997 | 1.195 | 1.086 | 1.052 | 1.019 |
| 12/31/1998 | 1.229 | 1.128 | 1.042 | 1.017 |
| 12/31/1999 | 1.258 | 1.131 | 1.047 | 1.008 |
| 12/31/2000 | 1.231 | 1.112 | 1.037 | 1.012 |
| 12/31/2001 | 1.249 | 1.104 | 1.040 | 1.019 |
| 12/31/2002 | 1.205 | 1.092 | 1.038 | 1.007 |
| 12/31/2003 | 1.187 | 1.106 | 1.031 | |
| 12/31/2004 | 1.205 | 1.089 | | |
| 12/31/2005 | 1.193 | | | |

Average Factor : 1.201 1.101 1.038 1.012
(Best 3 of 5)

Summary of factors

| | | |
|------------|--|-------|
| 63 to Ult: | (75:63) (75:Ult) = | 1.005 |
| 51 to Ult: | (63:51) (75:63) (75:Ult) = | 1.017 |
| 39 to Ult: | (51:39) (63:51) (75:63) (75:Ult) = | 1.056 |
| 27 to Ult: | (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.162 |
| 15 to Ult: | (27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.396 |

Includes Alabama, Arizona, Arkansas, California, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, and Alaska

Insurance Services Office

Basic Limits Loss Development
Trucks, Tractors and Trailers - Bodily Injury
Tort States #

Incurred Losses and Expenses

All Companies Reporting to ISO

| Accident Year Ended | \$100,000 Basic Limit | | | | |
|---------------------------|-----------------------|-------------|-------------|-------------|-------------|
| | 75 Months | 87 Months | 99 Months | 111 Months | 123 Months |
| 12/31/1995 | 586,037,031 | 588,569,011 | 588,662,091 | 587,986,666 | 587,833,788 |
| 12/31/1996 | 595,989,167 | 598,035,057 | 597,386,573 | 596,307,826 | 596,258,348 |
| 12/31/1997 | 603,162,048 | 603,677,644 | 603,465,845 | 603,443,896 | 603,642,571 |
| 12/31/1998 | 619,510,487 | 619,477,740 | 620,119,523 | 619,941,752 | |
| 12/31/1999 | 636,376,587 | 637,844,466 | 638,039,033 | | |
| 12/31/2000 | 631,932,867 | 632,291,132 | | | |
| 12/31/2001 | 596,625,230 | | | | |

Ratios

| Accident Year Ended | 75:63 | 87:75 | 99:87 | 111:99 | 123:111 |
|---------------------------|-------|-------|-------|--------|---------|
| 12/31/1995 | 1.002 | 1.004 | 1.000 | 0.999 | 1.000 |
| 12/31/1996 | 1.007 | 1.003 | 0.999 | 0.998 | 1.000 |
| 12/31/1997 | 1.011 | 1.001 | 1.000 | 1.000 | 1.000 |
| 12/31/1998 | 1.007 | 1.000 | 1.001 | 1.000 | |
| 12/31/1999 | 1.004 | 1.002 | 1.000 | | |
| 12/31/2000 | 1.004 | 1.001 | | | |
| 12/31/2001 | 1.003 | | | | |
| Average Factor : | 1.005 | 1.001 | 1.000 | 0.999 | 1.000 |
| (Best 3 of 5) | | | | | |

Summary of factors

| | | | |
|-------------|--|---|-------|
| 123 to Ult: | (1.000) | = | 1.000 |
| 111 to Ult: | (123:111) (123:Ult) | = | 1.000 |
| 99 to Ult: | (111:99) (123:111) (123:Ult) | = | 0.999 |
| 87 to Ult: | (99:87) (111:99) (123:111) (123:Ult) | = | 0.999 |
| 75 to Ult: | (87:75) (99:87) (111:99) (123:111) (123:Ult) | = | 1.000 |

Includes Alabama, Arizona, Arkansas, California, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, and Alaska

Insurance Services Office

Basic Limits Loss Development
Trucks, Tractors and Trailers - Property Damage
Multistate #

Incurred Losses and Expenses

All Companies Reporting to ISO

| Accident Year Ended | \$100,000 Basic Limit | | | | |
|---------------------------|-----------------------|-------------|-------------|-------------|-------------|
| | 15 Months | 27 Months | 39 Months | 51 Months | 63 Months |
| 12/31/1995 | 489,298,977 | 504,781,291 | 508,389,924 | 509,955,784 | 509,305,715 |
| 12/31/1996 | 558,875,400 | 576,801,151 | 581,939,997 | 581,564,548 | 582,835,272 |
| 12/31/1997 | 575,456,530 | 595,416,977 | 591,008,017 | 594,342,495 | 595,015,715 |
| 12/31/1998 | 610,572,741 | 616,036,812 | 622,598,470 | 625,957,340 | 627,078,238 |
| 12/31/1999 | 640,348,591 | 674,824,204 | 682,697,066 | 683,970,722 | 684,108,424 |
| 12/31/2000 | 687,650,387 | 711,881,703 | 717,219,748 | 719,445,057 | 720,292,049 |
| 12/31/2001 | 643,698,496 | 662,560,465 | 668,277,700 | 668,746,210 | 669,753,197 |
| 12/31/2002 | 579,537,470 | 602,040,634 | 605,398,621 | 607,446,259 | 607,625,588 |
| 12/31/2003 | 550,955,298 | 565,505,747 | 567,981,989 | 568,691,319 | |
| 12/31/2004 | 553,299,563 | 567,081,870 | 571,565,286 | | |
| 12/31/2005 | 573,108,677 | 591,872,583 | | | |
| 12/31/2006 | 570,781,803 | | | | |

| Accident Year Ended | Ratios | | | |
|---------------------------|--------|-------|-------|-------|
| | 27:15 | 39:27 | 51:39 | 63:51 |
| 12/31/1995 | 1.032 | 1.007 | 1.003 | 0.999 |
| 12/31/1996 | 1.032 | 1.009 | 0.999 | 1.002 |
| 12/31/1997 | 1.035 | 0.993 | 1.006 | 1.001 |
| 12/31/1998 | 1.009 | 1.011 | 1.005 | 1.002 |
| 12/31/1999 | 1.054 | 1.012 | 1.002 | 1.000 |
| 12/31/2000 | 1.035 | 1.007 | 1.003 | 1.001 |
| 12/31/2001 | 1.029 | 1.009 | 1.001 | 1.002 |
| 12/31/2002 | 1.039 | 1.006 | 1.003 | 1.000 |
| 12/31/2003 | 1.026 | 1.004 | 1.001 | |
| 12/31/2004 | 1.025 | 1.008 | | |
| 12/31/2005 | 1.033 | | | |

Average Factor : 1.029 1.007 1.002 1.001
(Best 3 of 5)

| Summary of factors | | | |
|--------------------|---------|--|-------|
| 63 to Ult: | (75:63) | (75:Ult) = | 1.001 |
| 51 to Ult: | (63:51) | (75:63) (75:Ult) = | 1.002 |
| 39 to Ult: | (51:39) | (63:51) (75:63) (75:Ult) = | 1.004 |
| 27 to Ult: | (39:27) | (51:39) (63:51) (75:63) (75:Ult) = | 1.011 |
| 15 to Ult: | (27:15) | (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.040 |

Includes Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Dist. of Col., Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, and Alaska

Insurance Services Office

Basic Limits Loss Development
Trucks, Tractors and Trailers - Property Damage
Multistate #

Incurred Losses and Expenses

All Companies Reporting to ISO

| Accident Year Ended | \$100,000 Basic Limit | | | |
|---------------------------|-----------------------|-------------|-------------|-------------|
| | 75 Months | 87 Months | 99 Months | 111 Months |
| 12/31/1995 | 510,846,926 | 511,045,885 | 511,165,875 | 511,104,754 |
| 12/31/1996 | 583,458,480 | 583,991,514 | 584,089,466 | 583,992,115 |
| 12/31/1997 | 595,910,759 | 595,936,890 | 595,671,630 | 595,560,218 |
| 12/31/1998 | 626,928,399 | 626,577,410 | 626,853,536 | 626,999,278 |
| 12/31/1999 | 684,520,472 | 684,817,455 | 684,989,302 | |
| 12/31/2000 | 720,985,241 | 721,240,183 | | |
| 12/31/2001 | 670,095,429 | | | |

| Accident Year Ended | Ratios | | | |
|---------------------------|--------|-------|-------|--------|
| | 75:63 | 87:75 | 99:87 | 111:99 |
| 12/31/1995 | 1.003 | 1.000 | 1.000 | 1.000 |
| 12/31/1996 | 1.001 | 1.001 | 1.000 | 1.000 |
| 12/31/1997 | 1.002 | 1.000 | 1.000 | 1.000 |
| 12/31/1998 | 1.000 | 0.999 | 1.000 | 1.000 |
| 12/31/1999 | 1.001 | 1.000 | 1.000 | |
| 12/31/2000 | 1.001 | 1.000 | | |
| 12/31/2001 | 1.001 | | | |
| Average Factor : | 1.001 | 1.000 | 1.000 | 1.000 |
| (Best 3 of 5) | | | | |

Summary of factors

| | | | |
|-------------|------------------------------------|---|-------|
| 111 to Ult: | (1.000) | = | 1.000 |
| 99 to Ult: | (111:99) (111:Ult) | = | 1.000 |
| 87 to Ult: | (99:87) (111:99) (111:Ult) | = | 1.000 |
| 75 to Ult: | (87:75) (99:87) (111:99) (111:Ult) | = | 1.000 |

Includes Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Dist. of Col., Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, and Alaska

Insurance Services Office

Arkansas

Automobile Liability Insurance - Private Passenger Types
Loss Development

Incurred Losses and Expenses

All Companies Reporting to ISO

Bodily Injury

| Accident Year | \$100,000 Basic Limit | | | Loss Development Factors | | |
|------------------|-----------------------|-----------|-----------|--------------------------|--------------------|--------------------|
| | Ending | 15 Months | 27 Months | 39 Months | 15 to 27 Months | 27 to 39 Months |
| 12/31/1995 | 1,449,055 | 1,567,899 | 1,652,968 | 1,652,968 | 1.082 | 1.054 |
| 12/31/1996 | 1,230,883 | 1,361,304 | 1,448,152 | 1,448,152 | 1.106 | 1.064 |
| 12/31/1997 | 1,021,238 | 1,355,093 | 1,480,446 | 1,480,446 | 1.327 | 1.093 |
| 12/31/1998 | 1,205,987 | 1,637,421 | 1,671,951 | 1,671,951 | 1.358 | 1.021 |
| 12/31/1999 | 1,260,751 | 1,675,850 | 1,778,742 | 1,778,742 | 1.329 | 1.061 |
| 12/31/2000 | 898,984 | 1,026,426 | 1,013,166 | 1,013,166 | 1.142 | 0.987 |
| 12/31/2001 | 767,407 | 934,613 | 1,009,201 | 1,009,201 | 1.218 | 1.080 |
| 12/31/2002 | 952,363 | 1,164,969 | 1,206,130 | 1,206,130 | 1.223 | 1.035 |
| 12/31/2003 | 1,414,669 | 1,692,174 | 1,759,233 | 1,759,233 | 1.196 | 1.040 |
| 12/31/2004 | 1,096,185 | 916,056 | 989,908 | 989,908 | 0.836 | 1.081 |
| 12/31/2005 | 1,340,572 | 1,398,926 | | | 1.044 | |
| 12/31/2006 | 1,332,457 | | | | | |

| | | | |
|------------------------------------|----------------|-------|-------|
| (1) Average Factor (Best 3 of 5) : | (A) State | 1.153 | 1.052 |
| | (B) Multistate | 1.205 | 1.098 |
| (2) Credibility | | 0.720 | 0.490 |
| (3) Credibility Weighted Factors | | 1.168 | 1.075 |

Property Damage

| Accident Year | \$100,000 Basic Limit | | | Loss Development Factors | | |
|------------------|-----------------------|-----------|-----------|--------------------------|--------------------|--------------------|
| | Ending | 15 Months | 27 Months | 39 Months | 15 to 27 Months | 27 to 39 Months |
| 12/31/1995 | 1,062,486 | 1,087,598 | 1,084,502 | 1,084,502 | 1.024 | 0.997 |
| 12/31/1996 | 859,834 | 862,064 | 863,328 | 863,328 | 1.003 | 1.001 |
| 12/31/1997 | 1,084,228 | 1,056,382 | 1,066,228 | 1,066,228 | 0.974 | 1.009 |
| 12/31/1998 | 960,293 | 955,954 | 963,244 | 963,244 | 0.995 | 1.008 |
| 12/31/1999 | 910,961 | 973,558 | 966,074 | 966,074 | 1.069 | 0.992 |
| 12/31/2000 | 885,419 | 878,473 | 872,463 | 872,463 | 0.992 | 0.993 |
| 12/31/2001 | 905,575 | 898,463 | 907,587 | 907,587 | 0.992 | 1.010 |
| 12/31/2002 | 874,404 | 870,291 | 857,593 | 857,593 | 0.995 | 0.985 |
| 12/31/2003 | 1,077,953 | 1,004,578 | 1,071,103 | 1,071,103 | 0.932 | 1.066 |
| 12/31/2004 | 776,031 | 756,371 | 754,751 | 754,751 | 0.975 | 0.998 |
| 12/31/2005 | 863,370 | 850,874 | | | 0.986 | |
| 12/31/2006 | 738,393 | | | | | |

| | | | |
|------------------------------------|----------------|-------|-------|
| (1) Average Factor (Best 3 of 5) : | (A) State | 0.984 | 1.000 |
| | (B) Multistate | 1.030 | 1.006 |
| (2) Credibility | | 0.820 | 0.000 |
| (3) Credibility Weighted Factors | | 0.992 | 1.006 |

Summary of Factors

| | Bodily Injury | Property Damage |
|-----------------------|------------------|--------------------|
| 39 to Ultimate ** | 1.061 | 1.006 |
| 27 to Ultimate | 1.141 | 1.012 |
| 15 to Ultimate | 1.333 | 1.004 |
| ** Multistate factors | | |

Insurance Services Office

Basic Limits Loss Development
Private Passenger Types - Bodily Injury
Tort States #

Incurred Losses and Expenses

All Companies Reporting to ISO

| Accident Year Ended | \$100,000 Basic Limit | | | | |
|---------------------------|-----------------------|-------------|-------------|-------------|-------------|
| | 15 Months | 27 Months | 39 Months | 51 Months | 63 Months |
| 12/31/1995 | 95,502,901 | 109,977,874 | 117,244,157 | 120,273,559 | 122,058,722 |
| 12/31/1996 | 90,562,375 | 107,918,702 | 116,784,536 | 118,376,780 | 119,776,695 |
| 12/31/1997 | 85,629,209 | 103,831,437 | 111,144,637 | 115,840,381 | 118,785,094 |
| 12/31/1998 | 84,029,178 | 100,549,013 | 112,912,934 | 120,909,954 | 122,719,591 |
| 12/31/1999 | 83,658,450 | 102,403,545 | 116,504,743 | 122,549,736 | 122,435,455 |
| 12/31/2000 | 78,154,926 | 95,610,923 | 105,939,660 | 111,481,627 | 112,069,749 |
| 12/31/2001 | 77,498,154 | 95,052,511 | 105,828,821 | 110,266,616 | 111,390,807 |
| 12/31/2002 | 73,942,833 | 88,850,585 | 96,087,401 | 99,391,936 | 100,119,559 |
| 12/31/2003 | 65,579,271 | 78,182,418 | 85,557,502 | 86,543,503 | |
| 12/31/2004 | 63,438,867 | 77,518,938 | 84,726,981 | | |
| 12/31/2005 | 67,299,050 | 79,517,404 | | | |
| 12/31/2006 | 65,235,002 | | | | |

Ratios

| Accident Year Ended | 27:15 | 39:27 | 51:39 | 63:51 |
|---------------------------|-------|-------|-------|-------|
| 12/31/1995 | 1.152 | 1.066 | 1.026 | 1.015 |
| 12/31/1996 | 1.192 | 1.082 | 1.014 | 1.012 |
| 12/31/1997 | 1.213 | 1.070 | 1.042 | 1.025 |
| 12/31/1998 | 1.197 | 1.123 | 1.071 | 1.015 |
| 12/31/1999 | 1.224 | 1.138 | 1.052 | 0.999 |
| 12/31/2000 | 1.223 | 1.108 | 1.052 | 1.005 |
| 12/31/2001 | 1.227 | 1.113 | 1.042 | 1.010 |
| 12/31/2002 | 1.202 | 1.081 | 1.034 | 1.007 |
| 12/31/2003 | 1.192 | 1.094 | 1.012 | |
| 12/31/2004 | 1.222 | 1.093 | | |
| 12/31/2005 | 1.182 | | | |

Average Factor : 1.205 1.098 1.043 1.007
(Best 3 of 5)

Summary of factors

| | | |
|------------|--|-------|
| 63 to Ult: | (75:63) (75:Ult) = | 1.010 |
| 51 to Ult: | (63:51) (75:63) (75:Ult) = | 1.017 |
| 39 to Ult: | (51:39) (63:51) (75:63) (75:Ult) = | 1.061 |
| 27 to Ult: | (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.165 |
| 15 to Ult: | (27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.404 |

Includes Alabama, Arizona, Arkansas, California, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, and Alaska

Insurance Services Office

Basic Limits Loss Development
 Private Passenger Types - Bodily Injury
 Tort States #

Incurred Losses and Expenses

All Companies Reporting to ISO

| Accident Year Ended | \$100,000 Basic Limit | | | | |
|---------------------------|-----------------------|-------------|-------------|-------------|-------------|
| | 75 Months | 87 Months | 99 Months | 111 Months | 123 Months |
| 12/31/1995 | 122,173,609 | 122,622,683 | 123,025,814 | 122,525,353 | 122,473,170 |
| 12/31/1996 | 121,894,062 | 122,334,623 | 122,212,514 | 122,354,716 | 122,606,265 |
| 12/31/1997 | 119,582,903 | 119,750,109 | 119,659,313 | 120,035,721 | 119,931,557 |
| 12/31/1998 | 123,056,490 | 123,027,030 | 122,978,313 | 123,019,567 | |
| 12/31/1999 | 122,709,016 | 123,206,373 | 123,636,220 | | |
| 12/31/2000 | 113,208,531 | 112,614,520 | | | |
| 12/31/2001 | 112,242,889 | | | | |

| Accident Year Ended | Ratios | | | | |
|-------------------------------------|--------|-------|-------|--------|---------|
| | 75:63 | 87:75 | 99:87 | 111:99 | 123:111 |
| 12/31/1995 | 1.001 | 1.004 | 1.003 | 0.996 | 1.000 |
| 12/31/1996 | 1.018 | 1.004 | 0.999 | 1.001 | 1.002 |
| 12/31/1997 | 1.007 | 1.001 | 0.999 | 1.003 | 0.999 |
| 12/31/1998 | 1.003 | 1.000 | 1.000 | 1.000 | |
| 12/31/1999 | 1.002 | 1.004 | 1.003 | | |
| 12/31/2000 | 1.010 | 0.995 | | | |
| 12/31/2001 | 1.008 | | | | |
| Average Factor : (Best 3 of 5) | 1.006 | 1.002 | 1.001 | 1.001 | 1.000 |

| Summary of factors | | | |
|--------------------|--|---|-------|
| 123 to Ult: | (1.000) | = | 1.000 |
| 111 to Ult: | (123:111) (123:Ult) | = | 1.000 |
| 99 to Ult: | (111:99) (123:111) (123:Ult) | = | 1.001 |
| 87 to Ult: | (99:87) (111:99) (123:111) (123:Ult) | = | 1.002 |
| 75 to Ult: | (87:75) (99:87) (111:99) (123:111) (123:Ult) | = | 1.004 |

Includes Alabama, Arizona, Arkansas, California, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, and Alaska

Insurance Services Office

Basic Limits Loss Development
Private Passenger Types - Property Damage
Multistate #

Incurred Losses and Expenses

All Companies Reporting to ISO

| Accident Year Ended | \$100,000 Basic Limit | | | | |
|---------------------------|-----------------------|-------------|-------------|-------------|-------------|
| | 15 Months | 27 Months | 39 Months | 51 Months | 63 Months |
| 12/31/1995 | 103,105,262 | 107,200,191 | 108,090,428 | 108,299,573 | 108,315,768 |
| 12/31/1996 | 114,169,917 | 117,673,618 | 119,188,632 | 119,095,319 | 120,007,418 |
| 12/31/1997 | 116,493,316 | 119,360,612 | 119,996,934 | 120,843,531 | 121,777,568 |
| 12/31/1998 | 118,126,139 | 121,261,682 | 122,486,130 | 123,331,729 | 123,374,729 |
| 12/31/1999 | 126,672,250 | 131,975,942 | 133,398,797 | 133,757,115 | 133,867,071 |
| 12/31/2000 | 127,969,234 | 132,491,868 | 133,269,348 | 133,681,892 | 133,727,114 |
| 12/31/2001 | 122,093,888 | 125,704,492 | 127,268,125 | 127,354,900 | 127,423,332 |
| 12/31/2002 | 108,151,370 | 112,938,136 | 113,565,036 | 113,928,913 | 114,107,431 |
| 12/31/2003 | 105,558,674 | 108,436,292 | 109,181,985 | 109,375,361 | |
| 12/31/2004 | 102,297,408 | 104,965,861 | 105,455,240 | | |
| 12/31/2005 | 102,266,816 | 105,496,681 | | | |
| 12/31/2006 | 97,844,237 | | | | |

Ratios

| Accident Year Ended | 27:15 | 39:27 | 51:39 | 63:51 |
|---------------------------|-------|-------|-------|-------|
| 12/31/1995 | 1.040 | 1.008 | 1.002 | 1.000 |
| 12/31/1996 | 1.031 | 1.013 | 0.999 | 1.008 |
| 12/31/1997 | 1.025 | 1.005 | 1.007 | 1.008 |
| 12/31/1998 | 1.027 | 1.010 | 1.007 | 1.000 |
| 12/31/1999 | 1.042 | 1.011 | 1.003 | 1.001 |
| 12/31/2000 | 1.035 | 1.006 | 1.003 | 1.000 |
| 12/31/2001 | 1.030 | 1.012 | 1.001 | 1.001 |
| 12/31/2002 | 1.044 | 1.006 | 1.003 | 1.002 |
| 12/31/2003 | 1.027 | 1.007 | 1.002 | |
| 12/31/2004 | 1.026 | 1.005 | | |
| 12/31/2005 | 1.032 | | | |

Average Factor : 1.030 1.006 1.003 1.001
(Best 3 of 5)

Summary of factors

| | | |
|------------|--|-------|
| 63 to Ult: | (75:63) (75:Ult) = | 1.002 |
| 51 to Ult: | (63:51) (75:63) (75:Ult) = | 1.003 |
| 39 to Ult: | (51:39) (63:51) (75:63) (75:Ult) = | 1.006 |
| 27 to Ult: | (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.012 |
| 15 to Ult: | (27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.042 |

Includes Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Dist. of Col., Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, and Alaska

Insurance Services Office

Basic Limits Loss Development
 Private Passenger Types - Property Damage
 Multistate #

Incurred Losses and Expenses

All Companies Reporting to ISO

| Accident Year Ended | \$100,000 Basic Limit | | | |
|---------------------------|-----------------------|-------------|-------------|-------------|
| | 75 Months | 87 Months | 99 Months | 111 Months |
| 12/31/1995 | 108,695,978 | 108,848,256 | 108,878,471 | 108,956,810 |
| 12/31/1996 | 120,373,831 | 120,432,091 | 120,501,991 | 120,601,050 |
| 12/31/1997 | 122,194,262 | 122,158,345 | 122,049,022 | 122,144,769 |
| 12/31/1998 | 123,475,187 | 123,438,059 | 123,330,426 | 123,330,808 |
| 12/31/1999 | 133,815,621 | 133,904,350 | 133,964,417 | |
| 12/31/2000 | 133,887,384 | 133,816,365 | | |
| 12/31/2001 | 127,492,310 | | | |

| Accident Year Ended | Ratios | | | |
|-------------------------------------|--------|-------|-------|--------|
| | 75:63 | 87:75 | 99:87 | 111:99 |
| 12/31/1995 | 1.004 | 1.001 | 1.000 | 1.001 |
| 12/31/1996 | 1.003 | 1.000 | 1.001 | 1.001 |
| 12/31/1997 | 1.003 | 1.000 | 0.999 | 1.001 |
| 12/31/1998 | 1.001 | 1.000 | 0.999 | 1.000 |
| 12/31/1999 | 1.000 | 1.001 | 1.000 | |
| 12/31/2000 | 1.001 | 0.999 | | |
| 12/31/2001 | 1.001 | | | |
| Average Factor : (Best 3 of 5) | 1.001 | 1.000 | 1.000 | 1.001 |

Summary of factors

| | | | |
|-------------|------------------------------------|---|-------|
| 111 to Ult: | (1.000) | = | 1.000 |
| 99 to Ult: | (111:99) (111:Ult) | = | 1.001 |
| 87 to Ult: | (99:87) (111:99) (111:Ult) | = | 1.001 |
| 75 to Ult: | (87:75) (99:87) (111:99) (111:Ult) | = | 1.001 |

Includes Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Dist. of Col., Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, and Alaska

Insurance Services Office

Basic Limits Loss Development
Garage - Bodily Injury
Tort States #

Incurred Losses and Expenses

All Companies Reporting to ISO

| Accident Year Ended | \$100,000 Basic Limit | | | | |
|---------------------------|-----------------------|------------|------------|------------|------------|
| | 15 Months | 27 Months | 39 Months | 51 Months | 63 Months |
| 12/31/1995 | 36,853,212 | 46,384,473 | 53,339,346 | 55,235,363 | 55,581,899 |
| 12/31/1996 | 33,071,133 | 43,972,589 | 48,865,670 | 50,645,928 | 50,623,314 |
| 12/31/1997 | 31,047,040 | 40,047,109 | 44,188,165 | 46,109,492 | 46,239,028 |
| 12/31/1998 | 29,673,334 | 38,329,750 | 42,572,882 | 44,664,181 | 45,547,189 |
| 12/31/1999 | 24,506,442 | 32,856,607 | 39,256,389 | 41,266,839 | 42,018,898 |
| 12/31/2000 | 21,037,983 | 27,856,740 | 33,551,053 | 34,892,888 | 35,387,796 |
| 12/31/2001 | 20,145,766 | 28,995,107 | 34,047,804 | 35,896,360 | 36,424,096 |
| 12/31/2002 | 18,527,982 | 26,681,031 | 30,371,670 | 31,786,502 | 33,125,022 |
| 12/31/2003 | 20,909,818 | 27,465,799 | 32,963,737 | 34,967,462 | |
| 12/31/2004 | 18,939,487 | 25,172,455 | 29,444,704 | | |
| 12/31/2005 | 18,486,806 | 25,270,511 | | | |
| 12/31/2006 | 18,082,058 | | | | |

Ratios

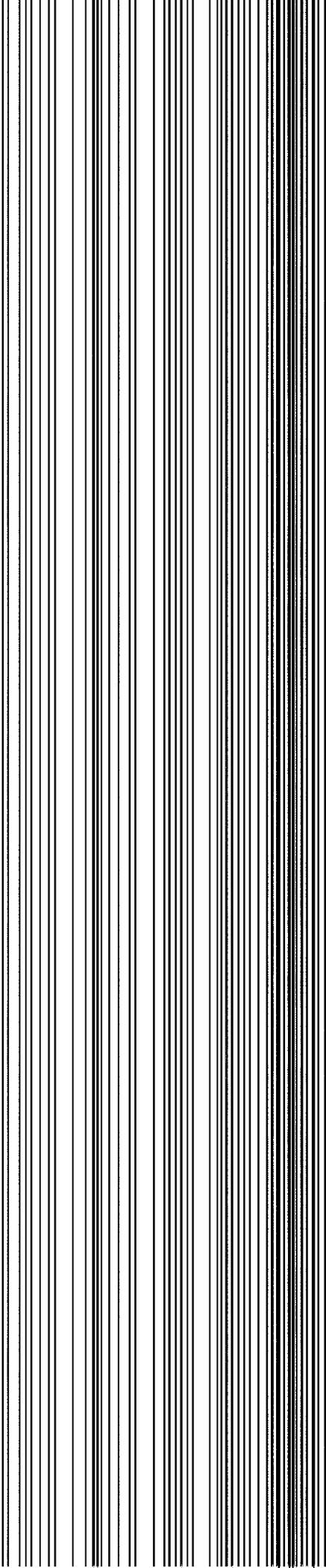
| Accident Year Ended | 27:15 | 39:27 | 51:39 | 63:51 |
|---------------------------|-------|-------|-------|-------|
| 12/31/1995 | 1.259 | 1.150 | 1.036 | 1.006 |
| 12/31/1996 | 1.330 | 1.111 | 1.036 | 1.000 |
| 12/31/1997 | 1.290 | 1.103 | 1.043 | 1.003 |
| 12/31/1998 | 1.292 | 1.111 | 1.049 | 1.020 |
| 12/31/1999 | 1.341 | 1.195 | 1.051 | 1.018 |
| 12/31/2000 | 1.324 | 1.204 | 1.040 | 1.014 |
| 12/31/2001 | 1.439 | 1.174 | 1.054 | 1.015 |
| 12/31/2002 | 1.440 | 1.138 | 1.047 | 1.042 |
| 12/31/2003 | 1.314 | 1.200 | 1.061 | |
| 12/31/2004 | 1.329 | 1.170 | | |
| 12/31/2005 | 1.367 | | | |

Average Factor : 1.378 1.181 1.051 1.018
(Best 3 of 5)

Summary of factors

| | | |
|------------|--|-------|
| 63 to Ult: | (75:63) (75:Ult) = | 1.007 |
| 51 to Ult: | (63:51) (75:63) (75:Ult) = | 1.025 |
| 39 to Ult: | (51:39) (63:51) (75:63) (75:Ult) = | 1.077 |
| 27 to Ult: | (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.272 |
| 15 to Ult: | (27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.753 |

Includes Alabama, Arizona, Arkansas, California, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, and Alaska



Insurance Services Office

Basic Limits Loss Development
Garage - Bodily Injury
Tort States #

Incurred Losses and Expenses
All Companies Reporting to ISO

| Accident Year Ended | \$100,000 Basic Limit | | | | |
|---------------------------|-----------------------|------------|------------|------------|------------|
| | 75 Months | 87 Months | 99 Months | 111 Months | 123 Months |
| 12/31/1995 | 55,500,239 | 55,235,187 | 55,249,197 | 55,293,195 | 55,117,860 |
| 12/31/1996 | 50,401,881 | 50,554,290 | 50,671,319 | 50,591,227 | 50,579,050 |
| 12/31/1997 | 46,914,427 | 46,561,493 | 46,668,614 | 46,727,391 | 46,737,641 |
| 12/31/1998 | 45,713,402 | 45,856,050 | 45,729,990 | 45,616,403 | |
| 12/31/1999 | 42,143,516 | 42,191,902 | 42,429,042 | | |
| 12/31/2000 | 35,934,297 | 35,785,510 | | | |
| 12/31/2001 | 36,635,504 | | | | |

| Accident Year Ended | Ratios | | | | |
|-------------------------------------|--------|-------|-------|--------|---------|
| | 75:63 | 87:75 | 99:87 | 111:99 | 123:111 |
| 12/31/1995 | 0.999 | 0.995 | 1.000 | 1.001 | 0.997 |
| 12/31/1996 | 0.996 | 1.003 | 1.002 | 0.998 | 1.000 |
| 12/31/1997 | 1.015 | 0.992 | 1.002 | 1.001 | 1.000 |
| 12/31/1998 | 1.004 | 1.003 | 0.997 | 0.998 | |
| 12/31/1999 | 1.003 | 1.001 | 1.006 | | |
| 12/31/2000 | 1.015 | 0.996 | | | |
| 12/31/2001 | 1.006 | | | | |
| Average Factor : (Best 3 of 5) | 1.008 | 1.000 | 1.001 | 0.999 | 0.999 |

Summary of factors

| | | | |
|-------------|--|---|-------|
| 123 to Ult: | (1.000) | = | 1.000 |
| 111 to Ult: | (123:111) (123:Ult) | = | 0.999 |
| 99 to Ult: | (111:99) (123:111) (123:Ult) | = | 0.998 |
| 87 to Ult: | (99:87) (111:99) (123:111) (123:Ult) | = | 0.999 |
| 75 to Ult: | (87:75) (99:87) (111:99) (123:111) (123:Ult) | = | 0.999 |

Includes Alabama, Arizona, Arkansas, California, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, and Alaska

Insurance Services Office

Basic Limits Loss Development
Garage - Property Damage
Multistate #

Incurred Losses and Expenses

All Companies Reporting to ISO

| Accident Year Ended | \$100,000 Basic Limit | | | | |
|---------------------------|-----------------------|------------|------------|------------|------------|
| | 15 Months | 27 Months | 39 Months | 51 Months | 63 Months |
| 12/31/1995 | 30,701,105 | 32,095,655 | 32,830,562 | 33,266,171 | 33,587,861 |
| 12/31/1996 | 33,199,673 | 34,944,926 | 35,764,411 | 36,329,967 | 36,518,112 |
| 12/31/1997 | 32,263,958 | 33,929,459 | 34,773,961 | 35,376,109 | 35,790,158 |
| 12/31/1998 | 31,891,678 | 34,359,807 | 35,026,807 | 35,920,121 | 36,449,176 |
| 12/31/1999 | 31,592,787 | 33,613,584 | 34,434,099 | 34,940,096 | 35,395,865 |
| 12/31/2000 | 27,155,909 | 29,040,311 | 30,566,643 | 31,329,687 | 32,025,819 |
| 12/31/2001 | 23,708,005 | 25,424,878 | 27,389,544 | 28,225,595 | 28,507,206 |
| 12/31/2002 | 19,323,151 | 21,652,517 | 21,911,954 | 22,142,403 | 22,200,214 |
| 12/31/2003 | 19,477,408 | 19,802,486 | 19,888,034 | 19,971,909 | |
| 12/31/2004 | 16,702,556 | 17,287,996 | 17,736,112 | | |
| 12/31/2005 | 18,164,855 | 19,040,181 | | | |
| 12/31/2006 | 17,845,096 | | | | |

Ratios

| Accident Year Ended | 27:15 | 39:27 | 51:39 | 63:51 |
|---------------------------|-------|-------|-------|-------|
| 12/31/1995 | 1.045 | 1.023 | 1.013 | 1.010 |
| 12/31/1996 | 1.053 | 1.023 | 1.016 | 1.005 |
| 12/31/1997 | 1.052 | 1.025 | 1.017 | 1.012 |
| 12/31/1998 | 1.077 | 1.019 | 1.026 | 1.015 |
| 12/31/1999 | 1.064 | 1.024 | 1.015 | 1.013 |
| 12/31/2000 | 1.069 | 1.053 | 1.025 | 1.022 |
| 12/31/2001 | 1.072 | 1.077 | 1.031 | 1.010 |
| 12/31/2002 | 1.121 | 1.012 | 1.011 | 1.003 |
| 12/31/2003 | 1.017 | 1.004 | 1.004 | |
| 12/31/2004 | 1.035 | 1.026 | | |
| 12/31/2005 | 1.048 | | | |

Average Factor : 1.052 1.030 1.017 1.013
(Best 3 of 5)

Summary of factors

| | | |
|------------|--|-------|
| 63 to Ult: | (75:63) (75:Ult) = | 1.005 |
| 51 to Ult: | (63:51) (75:63) (75:Ult) = | 1.018 |
| 39 to Ult: | (51:39) (63:51) (75:63) (75:Ult) = | 1.035 |
| 27 to Ult: | (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.066 |
| 15 to Ult: | (27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.122 |

Includes Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Dist. of Col., Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, and Alaska

Insurance Services Office

Basic Limits Loss Development
 Garage - Property Damage
 Multistate #

Incurred Losses and Expenses

All Companies Reporting to ISO

| Accident Year Ended | \$100,000 Basic Limit | | | |
|---------------------------|-----------------------|------------|------------|------------|
| | 75 Months | 87 Months | 99 Months | 111 Months |
| 12/31/1995 | 33,616,849 | 33,734,508 | 33,939,967 | 33,919,648 |
| 12/31/1996 | 36,688,672 | 36,762,978 | 36,892,252 | 36,850,036 |
| 12/31/1997 | 36,049,943 | 36,082,061 | 36,034,739 | 35,991,506 |
| 12/31/1998 | 36,711,900 | 36,876,370 | 36,964,928 | 36,870,140 |
| 12/31/1999 | 35,519,169 | 35,589,514 | 35,597,503 | |
| 12/31/2000 | 31,872,970 | 31,635,924 | | |
| 12/31/2001 | 28,475,666 | | | |

Ratios

| Accident Year Ended | 75:63 | 87:75 | 99:87 | 111:99 |
|---------------------------|-------|-------|-------|--------|
| 12/31/1995 | 1.001 | 1.004 | 1.006 | 0.999 |
| 12/31/1996 | 1.005 | 1.002 | 1.004 | 0.999 |
| 12/31/1997 | 1.007 | 1.001 | 0.999 | 0.999 |
| 12/31/1998 | 1.007 | 1.004 | 1.002 | 0.997 |
| 12/31/1999 | 1.003 | 1.002 | 1.000 | |
| 12/31/2000 | 0.995 | 0.993 | | |
| 12/31/2001 | 0.999 | | | |

Average Factor : 1.003 1.002 1.002 0.998
 (Best 3 of 5)

Summary of factors

| | | | |
|-------------|------------------------------------|---|-------|
| 111 to Ult: | (1.000) | = | 1.000 |
| 99 to Ult: | (111:99) (111:Ult) | = | 0.998 |
| 87 to Ult: | (99:87) (111:99) (111:Ult) | = | 1.000 |
| 75 to Ult: | (87:75) (99:87) (111:99) (111:Ult) | = | 1.002 |

Includes Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Dist. of Col., Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, and Alaska

LOSS DEVELOPMENT FOR PHYSICAL DAMAGE

OBJECTIVE

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

DESCRIPTION OF EXPERIENCE PERIOD DATA

For Physical Damage, paid losses underlying the statewide loss cost level indications are on an accident year basis and were evaluated as of March 31, 2007. In other words, accident year ended December 31, 2006 includes all losses paid through March 31, 2007 on accidents occurring from January 1, 2006 to December 31, 2006. Similarly, the paid losses for accident year ended December 31, 2005 include all losses paid through March 31, 2007 on accidents occurring from January 1, 2005 to December 31, 2005. The immature paid loss experience reported as of 15 or as of 27 months must be adjusted to a mature or ultimate settlement basis through the use of a loss development factor.

DESCRIPTION OF LOSS DEVELOPMENT METHODOLOGY

For Collision and Other Than Collision coverages, one multistate group is used. Losses are developed to an ultimate settlement basis. Three-year averages are calculated for each age-to-age link ratio. These link ratios are accumulated to develop losses to 123 months. Development beyond 123 months is assumed to be 1.000.

Insurance Services Office

Physical Damage Loss Development
 Trucks, Tractors and Trailers - Other Than Collision
 Multistate #
 Paid Losses

All Companies Reporting to ISO

| Accident Year Ended | 15 Months | 27 Months | 39 Months | 51 Months | 63 Months |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| 12/31/1995 | 133,251,602 | 135,988,808 | 136,045,386 | 136,012,384 | 136,000,689 |
| 12/31/1996 | 149,236,031 | 151,848,650 | 151,838,573 | 151,688,014 | 151,673,045 |
| 12/31/1997 | 147,692,853 | 150,176,350 | 150,360,880 | 150,183,457 | 150,121,423 |
| 12/31/1998 | 181,430,884 | 185,548,525 | 185,480,115 | 185,607,979 | 185,676,854 |
| 12/31/1999 | 191,692,145 | 195,632,942 | 195,764,796 | 195,747,345 | 195,703,204 |
| 12/31/2000 | 194,103,364 | 198,555,084 | 198,571,421 | 198,697,516 | 198,627,819 |
| 12/31/2001 | 185,514,760 | 189,373,223 | 189,208,773 | 189,299,811 | 189,653,226 |
| 12/31/2002 | 157,246,480 | 160,589,735 | 160,665,071 | 160,708,269 | 160,671,907 |
| 12/31/2003 | 148,440,828 | 151,058,252 | 151,271,445 | 151,209,498 | |
| 12/31/2004 | 144,007,575 | 145,792,791 | 145,747,732 | | |
| 12/31/2005 | 157,477,320 | 160,563,091 | | | |
| 12/31/2006 | 146,042,485 | | | | |

Ratios

| Accident Year Ended | 27:15 | 39:27 | 51:39 | 63:51 |
|---------------------------|-------|-------|-------|-------|
| 12/31/1995 | 1.021 | 1.000 | 1.000 | 1.000 |
| 12/31/1996 | 1.018 | 1.000 | 0.999 | 1.000 |
| 12/31/1997 | 1.017 | 1.001 | 0.999 | 1.000 |
| 12/31/1998 | 1.023 | 1.000 | 1.001 | 1.000 |
| 12/31/1999 | 1.021 | 1.001 | 1.000 | 1.000 |
| 12/31/2000 | 1.023 | 1.000 | 1.001 | 1.000 |
| 12/31/2001 | 1.021 | 0.999 | 1.000 | 1.002 |
| 12/31/2002 | 1.021 | 1.000 | 1.000 | 1.000 |
| 12/31/2003 | 1.018 | 1.001 | 1.000 | |
| 12/31/2004 | 1.012 | 1.000 | | |
| 12/31/2005 | 1.020 | | | |

Average Factor : 1.017 1.000 1.000 1.001

Summary of factors

| | | |
|------------|--|-------|
| 63 to Ult: | (75:63) (75:Ult) = | 1.000 |
| 51 to Ult: | (63:51) (75:63) (75:Ult) = | 1.001 |
| 39 to Ult: | (51:39) (63:51) (75:63) (75:Ult) = | 1.001 |
| 27 to Ult: | (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.001 |
| 15 to Ult: | (27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.018 |

Excludes Massachusetts, South Carolina and Puerto Rico

Insurance Services Office
 Physical Damage Loss Development
 Trucks, Tractors and Trailers - Other Than Collision
 Multistate #
 Paid Losses

All Companies Reporting to ISO

| Accident Year Ended | 75 Months | 87 Months | 99 Months | 111 Months | 123 Months |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| 12/31/1995 | 135,983,903 | 135,957,202 | 135,939,632 | 135,940,314 | 135,913,597 |
| 12/31/1996 | 151,647,267 | 151,638,569 | 151,655,775 | 151,654,223 | 151,653,941 |
| 12/31/1997 | 150,215,247 | 150,209,219 | 150,129,728 | 150,147,356 | 150,170,968 |
| 12/31/1998 | 185,767,213 | 185,693,961 | 185,918,849 | 185,905,600 | |
| 12/31/1999 | 195,589,202 | 195,754,310 | 195,723,041 | | |
| 12/31/2000 | 198,709,798 | 198,693,464 | | | |
| 12/31/2001 | 189,587,560 | | | | |

| Accident Year Ended | Ratios | | | | |
|---------------------------|--------|-------|-------|--------|---------|
| | 75:63 | 87:75 | 99:87 | 111:99 | 123:111 |
| 12/31/1995 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 12/31/1996 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 12/31/1997 | 1.001 | 1.000 | 0.999 | 1.000 | 1.000 |
| 12/31/1998 | 1.000 | 1.000 | 1.001 | 1.000 | |
| 12/31/1999 | 0.999 | 1.001 | 1.000 | | |
| 12/31/2000 | 1.000 | 1.000 | | | |
| 12/31/2001 | 1.000 | | | | |
| Average Factor : | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |

| Summary of factors | | | |
|--------------------|---------|--|-------|
| 123 to Ult: | | (123:Ult) = | 1.000 |
| 111 to Ult: | | (111:123) (123:Ult) = | 1.000 |
| 99 to Ult: | | (111:99) (111:123) (123:Ult) = | 1.000 |
| 87 to Ult: | | (99:87) (111:99) (111:123) (123:Ult) = | 1.000 |
| 75 to Ult: | (87:75) | (99:87) (111:99) (111:123) (123:Ult) = | 1.000 |

Excludes Massachusetts, South Carolina and Puerto Rico

Insurance Services Office

Physical Damage Loss Development
Trucks, Tractors and Trailers - Collision
Multistate #
Paid Losses

All Companies Reporting to ISO

| Accident Year Ended | 15 Months | 27 Months | 39 Months | 51 Months | 63 Months |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| 12/31/1995 | 292,708,378 | 287,722,015 | 285,530,466 | 284,833,980 | 284,527,547 |
| 12/31/1996 | 344,425,887 | 339,771,261 | 337,581,822 | 337,010,622 | 336,647,022 |
| 12/31/1997 | 375,535,893 | 371,112,530 | 369,420,232 | 368,545,484 | 368,335,978 |
| 12/31/1998 | 413,742,053 | 409,870,995 | 407,676,153 | 406,860,801 | 407,888,100 |
| 12/31/1999 | 457,944,616 | 450,912,266 | 448,096,049 | 448,234,861 | 447,606,209 |
| 12/31/2000 | 493,034,263 | 485,708,665 | 484,370,053 | 483,222,180 | 483,042,273 |
| 12/31/2001 | 449,491,593 | 442,089,662 | 439,877,095 | 440,207,542 | 440,590,304 |
| 12/31/2002 | 402,548,908 | 395,809,781 | 394,113,383 | 393,968,528 | 393,925,591 |
| 12/31/2003 | 391,194,914 | 383,943,582 | 382,815,665 | 382,255,306 | |
| 12/31/2004 | 405,476,332 | 397,495,838 | 395,048,044 | | |
| 12/31/2005 | 449,622,265 | 439,378,091 | | | |
| 12/31/2006 | 437,788,177 | | | | |

Ratios

| Accident Year Ended | 27:15 | 39:27 | 51:39 | 63:51 |
|---------------------------|-------|-------|-------|-------|
| 12/31/1995 | 0.983 | 0.992 | 0.998 | 0.999 |
| 12/31/1996 | 0.986 | 0.994 | 0.998 | 0.999 |
| 12/31/1997 | 0.988 | 0.995 | 0.998 | 0.999 |
| 12/31/1998 | 0.991 | 0.995 | 0.998 | 1.003 |
| 12/31/1999 | 0.985 | 0.994 | 1.000 | 0.999 |
| 12/31/2000 | 0.985 | 0.997 | 0.998 | 1.000 |
| 12/31/2001 | 0.984 | 0.995 | 1.001 | 1.001 |
| 12/31/2002 | 0.983 | 0.996 | 1.000 | 1.000 |
| 12/31/2003 | 0.981 | 0.997 | 0.999 | |
| 12/31/2004 | 0.980 | 0.994 | | |
| 12/31/2005 | 0.977 | | | |

Average Factor : 0.979 0.996 1.000 1.000

Summary of factors

| | | |
|------------|--|-------|
| 63 to Ult: | (75:63) (75:Ult) = | 1.000 |
| 51 to Ult: | (63:51) (75:63) (75:Ult) = | 1.000 |
| 39 to Ult: | (51:39) (63:51) (75:63) (75:Ult) = | 1.000 |
| 27 to Ult: | (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 0.996 |
| 15 to Ult: | (27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 0.975 |

Excludes Massachusetts, South Carolina and Puerto Rico

Insurance Services Office

Physical Damage Loss Development
 Trucks, Tractors and Trailers - Collision
 Multistate #
 Paid Losses

All Companies Reporting to ISO

| Accident Year Ended | 75 Months | 87 Months | 99 Months | 111 Months | 123 Months |
|---------------------|-------------|-------------|-------------|-------------|-------------|
| 12/31/1995 | 284,331,754 | 284,153,047 | 284,101,834 | 284,057,808 | 284,018,200 |
| 12/31/1996 | 336,518,252 | 336,470,371 | 336,371,208 | 336,331,606 | 336,316,870 |
| 12/31/1997 | 368,295,451 | 368,174,120 | 368,121,834 | 368,072,304 | 368,036,114 |
| 12/31/1998 | 407,376,038 | 407,354,448 | 407,713,629 | 407,699,130 | |
| 12/31/1999 | 447,480,546 | 448,106,635 | 447,992,604 | | |
| 12/31/2000 | 483,356,980 | 483,248,790 | | | |
| 12/31/2001 | 440,395,889 | | | | |

Ratios

| Accident Year Ended | 75:63 | 87:75 | 99:87 | 111:99 | 123:111 |
|---------------------|-------|-------|-------|--------|---------|
| 12/31/1995 | 0.999 | 0.999 | 1.000 | 1.000 | 1.000 |
| 12/31/1996 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 12/31/1997 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 12/31/1998 | 0.999 | 1.000 | 1.001 | 1.000 | |
| 12/31/1999 | 1.000 | 1.001 | 1.000 | | |
| 12/31/2000 | 1.001 | 1.000 | | | |
| 12/31/2001 | 1.000 | | | | |
| Average Factor : | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |

Summary of factors

| | | |
|-------------|--|-------|
| 123 to Ult: | (123:Ult) = | 1.000 |
| 111 to Ult: | (111:123) (123:Ult) = | 1.000 |
| 99 to Ult: | (111:99) (111:123) (123:Ult) = | 1.000 |
| 87 to Ult: | (99:87) (111:99) (111:123) (123:Ult) = | 1.000 |
| 75 to Ult: | (87:75) (99:87) (111:99) (111:123) (123:Ult) = | 1.000 |

Excludes Massachusetts, South Carolina and Puerto Rico

Insurance Services Office

Physical Damage Loss Development
 Private Passenger Types - Other Than Collision
 Multistate #
 Paid Losses

All Companies Reporting to ISO

| Accident Year Ended | 15 Months | 27 Months | 39 Months | 51 Months | 63 Months |
|---------------------|------------|------------|------------|------------|------------|
| 12/31/1995 | 76,369,612 | 77,376,788 | 76,995,924 | 76,957,543 | 76,969,922 |
| 12/31/1996 | 85,200,113 | 85,234,847 | 84,854,342 | 84,945,077 | 84,914,498 |
| 12/31/1997 | 72,994,996 | 73,964,007 | 73,940,640 | 73,852,414 | 73,777,714 |
| 12/31/1998 | 81,427,429 | 83,344,571 | 83,193,786 | 83,162,965 | 83,176,914 |
| 12/31/1999 | 73,975,993 | 74,279,281 | 74,255,041 | 74,204,257 | 74,145,548 |
| 12/31/2000 | 72,413,571 | 73,006,714 | 72,666,695 | 72,641,322 | 72,550,903 |
| 12/31/2001 | 68,846,613 | 69,636,430 | 69,608,236 | 69,567,005 | 69,656,711 |
| 12/31/2002 | 54,883,007 | 55,734,274 | 55,739,141 | 55,729,817 | 55,743,853 |
| 12/31/2003 | 53,831,193 | 54,494,188 | 54,630,792 | 54,586,899 | |
| 12/31/2004 | 50,611,543 | 50,812,166 | 50,760,214 | | |
| 12/31/2005 | 55,905,238 | 56,410,028 | | | |
| 12/31/2006 | 49,778,836 | | | | |

Ratios

| Accident Year Ended | 27:15 | 39:27 | 51:39 | 63:51 |
|---------------------|-------|-------|-------|-------|
| 12/31/1995 | 1.013 | 0.995 | 1.000 | 1.000 |
| 12/31/1996 | 1.000 | 0.996 | 1.001 | 1.000 |
| 12/31/1997 | 1.013 | 1.000 | 0.999 | 0.999 |
| 12/31/1998 | 1.024 | 0.998 | 1.000 | 1.000 |
| 12/31/1999 | 1.004 | 1.000 | 0.999 | 0.999 |
| 12/31/2000 | 1.008 | 0.995 | 1.000 | 0.999 |
| 12/31/2001 | 1.011 | 1.000 | 0.999 | 1.001 |
| 12/31/2002 | 1.016 | 1.000 | 1.000 | 1.000 |
| 12/31/2003 | 1.012 | 1.003 | 0.999 | |
| 12/31/2004 | 1.004 | 0.999 | | |
| 12/31/2005 | 1.009 | | | |
| Average Factor : | 1.008 | 1.001 | 0.999 | 1.000 |

Summary of factors

| | | |
|------------|--|-------|
| 63 to Ult: | (75:63) (75:Ult) = | 1.001 |
| 51 to Ult: | (63:51) (75:63) (75:Ult) = | 1.001 |
| 39 to Ult: | (51:39) (63:51) (75:63) (75:Ult) = | 1.000 |
| 27 to Ult: | (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.001 |
| 15 to Ult: | (27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.009 |

Excludes Massachusetts, South Carolina and Puerto Rico

Insurance Services Office

Physical Damage Loss Development
 Private Passenger Types - Other Than Collision
 Multistate #
 Paid Losses

All Companies Reporting to ISO

| Accident Year Ended | 75 Months | 87 Months | 99 Months | 111 Months | 123 Months |
|---------------------|------------|------------|------------|------------|------------|
| 12/31/1995 | 76,969,841 | 76,965,477 | 76,960,392 | 76,956,916 | 76,951,734 |
| 12/31/1996 | 84,873,757 | 84,870,610 | 84,866,340 | 84,853,627 | 84,823,459 |
| 12/31/1997 | 73,743,229 | 73,660,992 | 73,614,609 | 73,626,972 | 73,590,493 |
| 12/31/1998 | 83,175,605 | 83,279,396 | 83,284,345 | 83,282,853 | |
| 12/31/1999 | 74,157,648 | 74,240,593 | 74,240,705 | | |
| 12/31/2000 | 72,497,333 | 72,512,495 | | | |
| 12/31/2001 | 69,684,099 | | | | |

Ratios

| Accident Year Ended | 75:63 | 87:75 | 99:87 | 111:99 | 123:111 |
|---------------------|-------|-------|-------|--------|---------|
| 12/31/1995 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 12/31/1996 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 12/31/1997 | 1.000 | 0.999 | 0.999 | 1.000 | 1.000 |
| 12/31/1998 | 1.000 | 1.001 | 1.000 | 1.000 | |
| 12/31/1999 | 1.000 | 1.001 | 1.000 | | |
| 12/31/2000 | 0.999 | 1.000 | | | |
| 12/31/2001 | 1.000 | | | | |
| Average Factor : | 1.000 | 1.001 | 1.000 | 1.000 | 1.000 |

Summary of factors

| | | |
|-------------|--|-------|
| 123 to Ult: | (123:Ult) = | 1.000 |
| 111 to Ult: | (111:123) (123:Ult) = | 1.000 |
| 99 to Ult: | (111:99) (111:123) (123:Ult) = | 1.000 |
| 87 to Ult: | (99:87) (111:99) (111:123) (123:Ult) = | 1.000 |
| 75 to Ult: | (87:75) (99:87) (111:99) (111:123) (123:Ult) = | 1.001 |

Excludes Massachusetts, South Carolina and Puerto Rico

Insurance Services Office
 Physical Damage Loss Development
 Private Passenger Types - Collision
 Multistate #
 Paid Losses

All Companies Reporting to ISO

| Accident Year Ended | 15 Months | 27 Months | 39 Months | 51 Months | 63 Months |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| 12/31/1995 | 185,379,985 | 179,899,808 | 178,242,941 | 177,871,166 | 177,631,350 |
| 12/31/1996 | 200,292,310 | 194,435,643 | 192,622,789 | 192,075,416 | 191,897,026 |
| 12/31/1997 | 202,888,306 | 197,215,134 | 195,925,827 | 195,652,733 | 195,916,831 |
| 12/31/1998 | 200,648,988 | 195,722,429 | 194,425,937 | 193,860,609 | 193,738,806 |
| 12/31/1999 | 218,079,767 | 212,931,829 | 211,146,622 | 210,484,226 | 210,581,778 |
| 12/31/2000 | 214,443,285 | 206,828,089 | 205,345,298 | 204,795,311 | 204,605,040 |
| 12/31/2001 | 195,810,340 | 188,515,878 | 187,283,225 | 187,245,239 | 187,318,052 |
| 12/31/2002 | 180,177,847 | 174,720,995 | 173,912,162 | 173,603,692 | 173,262,369 |
| 12/31/2003 | 174,837,714 | 168,752,696 | 167,873,946 | 167,551,442 | |
| 12/31/2004 | 167,586,447 | 161,446,844 | 160,389,838 | | |
| 12/31/2005 | 170,444,630 | 163,942,627 | | | |
| 12/31/2006 | 156,352,947 | | | | |

| Accident Year Ended | Ratios | | | |
|---------------------------|--------|-------|-------|-------|
| | 27:15 | 39:27 | 51:39 | 63:51 |
| 12/31/1995 | 0.970 | 0.991 | 0.998 | 0.999 |
| 12/31/1996 | 0.971 | 0.991 | 0.997 | 0.999 |
| 12/31/1997 | 0.972 | 0.993 | 0.999 | 1.001 |
| 12/31/1998 | 0.975 | 0.993 | 0.997 | 0.999 |
| 12/31/1999 | 0.976 | 0.992 | 0.997 | 1.000 |
| 12/31/2000 | 0.964 | 0.993 | 0.997 | 0.999 |
| 12/31/2001 | 0.963 | 0.993 | 1.000 | 1.000 |
| 12/31/2002 | 0.970 | 0.995 | 0.998 | 0.998 |
| 12/31/2003 | 0.965 | 0.995 | 0.998 | |
| 12/31/2004 | 0.963 | 0.993 | | |
| 12/31/2005 | 0.962 | | | |
| Average Factor : | 0.963 | 0.994 | 0.999 | 0.999 |

| Summary of factors | | | |
|--------------------|---------|--|-------|
| 63 to Ult: | (75:63) | (75:Ult) = | 0.999 |
| 51 to Ult: | (63:51) | (75:63) (75:Ult) = | 0.998 |
| 39 to Ult: | (51:39) | (63:51) (75:63) (75:Ult) = | 0.997 |
| 27 to Ult: | (39:27) | (51:39) (63:51) (75:63) (75:Ult) = | 0.991 |
| 15 to Ult: | (27:15) | (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 0.954 |

Excludes Massachusetts, South Carolina and Puerto Rico

Insurance Services Office

Physical Damage Loss Development
 Private Passenger Types - Collision
 Multistate #
 Paid Losses

All Companies Reporting to ISO

| Accident Year Ended | 75 Months | 87 Months | 99 Months | 111 Months | 123 Months |
|---------------------|-------------|-------------|-------------|-------------|-------------|
| 12/31/1995 | 177,542,715 | 177,520,383 | 177,450,542 | 177,412,934 | 177,411,815 |
| 12/31/1996 | 191,779,576 | 191,775,736 | 191,732,938 | 191,715,146 | 191,726,235 |
| 12/31/1997 | 195,865,777 | 195,944,835 | 195,934,791 | 195,923,558 | 195,922,273 |
| 12/31/1998 | 193,736,317 | 193,791,363 | 193,876,930 | 193,884,076 | |
| 12/31/1999 | 210,538,055 | 210,693,659 | 210,669,310 | | |
| 12/31/2000 | 204,610,601 | 204,572,294 | | | |
| 12/31/2001 | 186,916,973 | | | | |

Ratios

| Accident Year Ended | 75:63 | 87:75 | 99:87 | 111:99 | 123:111 |
|---------------------|-------|-------|-------|--------|---------|
| 12/31/1995 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 12/31/1996 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 |
| 12/31/1997 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 12/31/1998 | 1.000 | 1.000 | 1.000 | 1.000 | |
| 12/31/1999 | 1.000 | 1.001 | 1.000 | | |
| 12/31/2000 | 1.000 | 1.000 | | | |
| 12/31/2001 | 0.998 | | | | |
| Average Factor : | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 |

Summary of factors

| | | |
|-------------|--|-------|
| 123 to Ult: | (123:Ult) = | 1.000 |
| 111 to Ult: | (111:123) (123:Ult) = | 1.000 |
| 99 to Ult: | (111:99) (111:123) (123:Ult) = | 1.000 |
| 87 to Ult: | (99:87) (111:99) (111:123) (123:Ult) = | 1.000 |
| 75 to Ult: | (87:75) (99:87) (111:99) (111:123) (123:Ult) = | 1.000 |

Excludes Massachusetts, South Carolina and Puerto Rico

Insurance Services Office

Physical Damage Loss Development
Garages Dealers - Other than Collision
Multistate #
Paid Losses

All Companies Reporting to ISO

| Accident Year Ended | 15 Months | 27 Months | 39 Months | 51 Months | 63 Months |
|---------------------------|------------|------------|------------|------------|------------|
| 12/31/1995 | 40,880,546 | 40,272,067 | 40,027,237 | 39,889,282 | 39,859,171 |
| 12/31/1996 | 51,648,607 | 51,315,068 | 50,946,804 | 51,013,216 | 51,121,477 |
| 12/31/1997 | 32,207,721 | 32,331,404 | 32,652,815 | 32,592,084 | 32,554,115 |
| 12/31/1998 | 51,454,469 | 51,241,571 | 51,046,771 | 51,100,923 | 51,035,286 |
| 12/31/1999 | 37,823,517 | 37,791,004 | 37,718,401 | 37,664,533 | 37,584,252 |
| 12/31/2000 | 35,385,684 | 35,572,088 | 35,507,476 | 35,585,474 | 35,602,730 |
| 12/31/2001 | 34,045,957 | 34,258,949 | 34,161,160 | 34,135,164 | 34,131,901 |
| 12/31/2002 | 24,643,125 | 25,445,070 | 25,296,538 | 25,285,454 | 25,247,710 |
| 12/31/2003 | 27,269,515 | 26,807,263 | 26,828,977 | 26,764,377 | |
| 12/31/2004 | 22,542,237 | 22,512,641 | 22,516,991 | | |
| 12/31/2005 | 18,858,216 | 19,696,834 | | | |
| 12/31/2006 | 27,098,112 | | | | |

Ratios

| Accident Year Ended | 27:15 | 39:27 | 51:39 | 63:51 |
|---------------------------|-------|-------|-------|-------|
| 12/31/1995 | 0.985 | 0.994 | 0.997 | 0.999 |
| 12/31/1996 | 0.994 | 0.993 | 1.001 | 1.002 |
| 12/31/1997 | 1.004 | 1.010 | 0.998 | 0.999 |
| 12/31/1998 | 0.996 | 0.996 | 1.001 | 0.999 |
| 12/31/1999 | 0.999 | 0.998 | 0.999 | 0.998 |
| 12/31/2000 | 1.005 | 0.998 | 1.002 | 1.000 |
| 12/31/2001 | 1.006 | 0.997 | 0.999 | 1.000 |
| 12/31/2002 | 1.033 | 0.994 | 1.000 | 0.999 |
| 12/31/2003 | 0.983 | 1.001 | 0.998 | |
| 12/31/2004 | 0.999 | 1.000 | | |
| 12/31/2005 | 1.044 | | | |

Average Factor : 1.009 0.998 0.999 1.000

Summary of factors

| | | |
|------------|--|-------|
| 63 to Ult: | (75:63) (75:Ult) = | 0.999 |
| 51 to Ult: | (63:51) (75:63) (75:Ult) = | 0.999 |
| 39 to Ult: | (51:39) (63:51) (75:63) (75:Ult) = | 0.998 |
| 27 to Ult: | (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 0.996 |
| 15 to Ult: | (27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.005 |

Excludes Massachusetts, South Carolina and Puerto Rico

Insurance Services Office

Physical Damage Loss Development
 Garages Dealers - Other than Collision
 Multistate #
 Paid Losses

All Companies Reporting to ISO

| Accident Year Ended | 75 Months | 87 Months | 99 Months | 111 Months | 123 Months |
|---------------------------|------------|------------|------------|------------|------------|
| 12/31/1995 | 39,824,589 | 39,817,608 | 39,795,533 | 39,807,335 | 39,806,315 |
| 12/31/1996 | 51,061,557 | 51,032,065 | 51,026,485 | 51,017,713 | 51,015,457 |
| 12/31/1997 | 32,601,478 | 32,672,866 | 32,664,860 | 32,661,179 | 32,658,619 |
| 12/31/1998 | 50,995,227 | 51,029,391 | 51,012,927 | 51,010,885 | |
| 12/31/1999 | 37,612,987 | 37,491,164 | 37,490,066 | | |
| 12/31/2000 | 35,614,231 | 35,611,815 | | | |
| 12/31/2001 | 34,128,465 | | | | |

Ratios

| Accident Year Ended | 75:63 | 87:75 | 99:87 | 111:99 | 123:111 |
|---------------------------|-------|-------|-------|--------|---------|
| 12/31/1995 | 0.999 | 1.000 | 0.999 | 1.000 | 1.000 |
| 12/31/1996 | 0.999 | 0.999 | 1.000 | 1.000 | 1.000 |
| 12/31/1997 | 1.001 | 1.002 | 1.000 | 1.000 | 1.000 |
| 12/31/1998 | 0.999 | 1.001 | 1.000 | 1.000 | |
| 12/31/1999 | 1.001 | 0.997 | 1.000 | | |
| 12/31/2000 | 1.000 | 1.000 | | | |
| 12/31/2001 | 1.000 | | | | |
| Average Factor : | 1.000 | 0.999 | 1.000 | 1.000 | 1.000 |

Summary of factors

| | | |
|-------------|--|-------|
| 123 to Ult: | (123:Ult) = | 1.000 |
| 111 to Ult: | (111:123) (123:Ult) = | 1.000 |
| 99 to Ult: | (111:99) (111:123) (123:Ult) = | 1.000 |
| 87 to Ult: | (99:87) (111:99) (111:123) (123:Ult) = | 1.000 |
| 75 to Ult: | (87:75) (99:87) (111:99) (111:123) (123:Ult) = | 0.999 |

Excludes Massachusetts, South Carolina and Puerto Rico

Insurance Services Office
 Physical Damage Loss Development
 Garages Dealers - Collision
 Multistate #
 Paid Losses

All Companies Reporting to ISO

| Accident Year Ended | 15 Months | 27 Months | 39 Months | 51 Months | 63 Months |
|---------------------------|------------|------------|------------|------------|------------|
| 12/31/1995 | 17,700,889 | 17,350,140 | 17,287,727 | 17,188,340 | 17,201,746 |
| 12/31/1996 | 19,585,023 | 19,261,867 | 19,145,651 | 19,188,332 | 19,155,845 |
| 12/31/1997 | 18,356,196 | 18,291,905 | 18,250,548 | 18,170,651 | 18,159,816 |
| 12/31/1998 | 16,964,562 | 16,720,933 | 16,595,987 | 16,563,690 | 16,561,270 |
| 12/31/1999 | 16,579,881 | 16,799,750 | 16,695,530 | 16,658,200 | 16,679,760 |
| 12/31/2000 | 17,132,155 | 17,001,004 | 16,980,733 | 16,842,246 | 16,834,251 |
| 12/31/2001 | 14,177,193 | 13,954,275 | 13,802,031 | 13,775,790 | 13,823,716 |
| 12/31/2002 | 12,832,626 | 12,786,404 | 12,716,332 | 12,713,862 | 12,711,838 |
| 12/31/2003 | 13,656,342 | 13,478,399 | 13,349,735 | 13,302,312 | |
| 12/31/2004 | 11,439,466 | 10,967,378 | 10,958,954 | | |
| 12/31/2005 | 12,714,281 | 12,404,099 | | | |
| 12/31/2006 | 12,763,165 | | | | |

Ratios

| Accident Year Ended | 27:15 | 39:27 | 51:39 | 63:51 |
|---------------------------|-------|-------|-------|-------|
| 12/31/1995 | 0.980 | 0.996 | 0.994 | 1.001 |
| 12/31/1996 | 0.983 | 0.994 | 1.002 | 0.998 |
| 12/31/1997 | 0.996 | 0.998 | 0.996 | 0.999 |
| 12/31/1998 | 0.986 | 0.993 | 0.998 | 1.000 |
| 12/31/1999 | 1.013 | 0.994 | 0.998 | 1.001 |
| 12/31/2000 | 0.992 | 0.999 | 0.992 | 1.000 |
| 12/31/2001 | 0.984 | 0.989 | 0.998 | 1.003 |
| 12/31/2002 | 0.996 | 0.995 | 1.000 | 1.000 |
| 12/31/2003 | 0.987 | 0.990 | 0.996 | |
| 12/31/2004 | 0.959 | 0.999 | | |
| 12/31/2005 | 0.976 | | | |

Average Factor : 0.974 0.995 0.998 1.001

Summary of factors

| | | |
|------------|--|-------|
| 63 to Ult: | (75:63) (75:Ult) = | 1.000 |
| 51 to Ult: | (63:51) (75:63) (75:Ult) = | 1.001 |
| 39 to Ult: | (51:39) (63:51) (75:63) (75:Ult) = | 0.999 |
| 27 to Ult: | (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 0.994 |
| 15 to Ult: | (27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 0.968 |

Excludes Massachusetts, South Carolina and Puerto Rico

Insurance Services Office
 Physical Damage Loss Development
 Garages Dealers - Collision
 Multistate #
 Paid Losses

All Companies Reporting to ISO

| Accident Year Ended | 75 Months | 87 Months | 99 Months | 111 Months | 123 Months |
|---------------------|------------|------------|------------|------------|------------|
| 12/31/1995 | 17,198,189 | 17,190,255 | 17,186,686 | 17,182,281 | 17,184,910 |
| 12/31/1996 | 19,139,455 | 19,132,952 | 19,119,620 | 19,117,739 | 19,119,808 |
| 12/31/1997 | 18,148,158 | 18,145,648 | 18,130,121 | 18,130,203 | 18,129,673 |
| 12/31/1998 | 16,550,756 | 16,550,222 | 16,545,014 | 16,546,886 | |
| 12/31/1999 | 16,673,304 | 16,637,666 | 16,635,028 | | |
| 12/31/2000 | 16,843,567 | 16,815,848 | | | |
| 12/31/2001 | 13,830,650 | | | | |

Ratios

| Accident Year Ended | 75:63 | 87:75 | 99:87 | 111:99 | 123:111 |
|---------------------|-------|-------|-------|--------|---------|
| 12/31/1995 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 12/31/1996 | 0.999 | 1.000 | 0.999 | 1.000 | 1.000 |
| 12/31/1997 | 0.999 | 1.000 | 0.999 | 1.000 | 1.000 |
| 12/31/1998 | 0.999 | 1.000 | 1.000 | 1.000 | |
| 12/31/1999 | 1.000 | 0.998 | 1.000 | | |
| 12/31/2000 | 1.001 | 0.998 | | | |
| 12/31/2001 | 1.001 | | | | |
| Average Factor : | 1.001 | 0.999 | 1.000 | 1.000 | 1.000 |

Summary of factors

| | | |
|-------------|--|-------|
| 123 to Ult: | (123:Ult) = | 1.000 |
| 111 to Ult: | (111:123) (123:Ult) = | 1.000 |
| 99 to Ult: | (111:99) (111:123) (123:Ult) = | 1.000 |
| 87 to Ult: | (99:87) (111:99) (111:123) (123:Ult) = | 1.000 |
| 75 to Ult: | (87:75) (99:87) (111:99) (111:123) (123:Ult) = | 0.999 |

Excludes Massachusetts, South Carolina and Puerto Rico

Insurance Services Office

Physical Damage Loss Development
Garages Keepers - Other than Collision
Multistate #
Paid Losses

All Companies Reporting to ISO

| Accident Year Ended | 15 Months | 27 Months | 39 Months | 51 Months | 63 Months |
|---------------------------|------------|------------|------------|------------|------------|
| 12/31/1995 | 20,102,149 | 21,440,752 | 21,773,612 | 21,924,994 | 21,794,492 |
| 12/31/1996 | 23,773,146 | 25,293,992 | 26,232,438 | 26,326,377 | 26,129,247 |
| 12/31/1997 | 19,964,256 | 21,290,112 | 21,757,294 | 21,879,604 | 21,891,846 |
| 12/31/1998 | 28,295,614 | 30,005,993 | 30,416,934 | 30,570,305 | 30,680,513 |
| 12/31/1999 | 24,602,035 | 26,531,624 | 26,792,333 | 27,072,743 | 27,122,189 |
| 12/31/2000 | 20,678,524 | 22,329,506 | 22,617,096 | 22,717,294 | 22,845,549 |
| 12/31/2001 | 16,827,050 | 18,214,619 | 18,598,202 | 18,696,023 | 18,694,038 |
| 12/31/2002 | 13,914,231 | 15,126,832 | 15,507,814 | 15,609,847 | 15,627,204 |
| 12/31/2003 | 13,155,687 | 13,951,091 | 14,249,050 | 14,254,223 | |
| 12/31/2004 | 10,933,662 | 11,660,397 | 11,876,463 | | |
| 12/31/2005 | 9,153,404 | 9,680,894 | | | |
| 12/31/2006 | 6,484,762 | | | | |

Ratios

| Accident Year Ended | 27:15 | 39:27 | 51:39 | 63:51 |
|---------------------------|-------|-------|-------|-------|
| 12/31/1995 | 1.067 | 1.016 | 1.007 | 0.994 |
| 12/31/1996 | 1.064 | 1.037 | 1.004 | 0.993 |
| 12/31/1997 | 1.066 | 1.022 | 1.006 | 1.001 |
| 12/31/1998 | 1.060 | 1.014 | 1.005 | 1.004 |
| 12/31/1999 | 1.078 | 1.010 | 1.010 | 1.002 |
| 12/31/2000 | 1.080 | 1.013 | 1.004 | 1.006 |
| 12/31/2001 | 1.082 | 1.021 | 1.005 | 1.000 |
| 12/31/2002 | 1.087 | 1.025 | 1.007 | 1.001 |
| 12/31/2003 | 1.060 | 1.021 | 1.000 | |
| 12/31/2004 | 1.066 | 1.019 | | |
| 12/31/2005 | 1.058 | | | |
| Average Factor : | 1.061 | 1.022 | 1.004 | 1.002 |

Summary of factors

| | | |
|------------|--|-------|
| 63 to Ult: | (75:63) (75:Ult) = | 1.001 |
| 51 to Ult: | (63:51) (75:63) (75:Ult) = | 1.003 |
| 39 to Ult: | (51:39) (63:51) (75:63) (75:Ult) = | 1.007 |
| 27 to Ult: | (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.029 |
| 15 to Ult: | (27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.092 |

Excludes Massachusetts, South Carolina and Puerto Rico

Insurance Services Office

Physical Damage Loss Development
 Garages Keepers - Other than Collision
 Multistate #
 Paid Losses

All Companies Reporting to ISO

| Accident Year Ended | 75 Months | 87 Months | 99 Months | 111 Months | 123 Months |
|---------------------|------------|------------|------------|------------|------------|
| 12/31/1995 | 21,810,899 | 21,858,442 | 21,847,774 | 21,848,579 | 21,848,579 |
| 12/31/1996 | 26,144,761 | 26,149,083 | 26,144,808 | 26,143,939 | 26,143,584 |
| 12/31/1997 | 21,880,738 | 21,879,753 | 21,809,195 | 21,798,950 | 21,789,608 |
| 12/31/1998 | 30,676,667 | 30,656,932 | 30,656,218 | 30,655,487 | |
| 12/31/1999 | 27,130,640 | 27,101,069 | 27,091,316 | | |
| 12/31/2000 | 23,022,177 | 23,028,596 | | | |
| 12/31/2001 | 18,695,604 | | | | |

| | | Ratios | | | | |
|---------------------|-------|--------|-------|--------|---------|--|
| Accident Year Ended | 75:63 | 87:75 | 99:87 | 111:99 | 123:111 | |
| 12/31/1995 | 1.001 | 1.002 | 1.000 | 1.000 | 1.000 | |
| 12/31/1996 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | |
| 12/31/1997 | 0.999 | 1.000 | 0.997 | 1.000 | 1.000 | |
| 12/31/1998 | 1.000 | 0.999 | 1.000 | 1.000 | | |
| 12/31/1999 | 1.000 | 0.999 | 1.000 | | | |
| 12/31/2000 | 1.008 | 1.000 | | | | |
| 12/31/2001 | 1.000 | | | | | |
| Average Factor : | 1.003 | 0.999 | 0.999 | 1.000 | 1.000 | |

| Summary of factors | | | |
|--------------------|---------|--|-------|
| 123 to Ult: | | (123:Ult) = | 1.000 |
| 111 to Ult: | | (111:123) (123:Ult) = | 1.000 |
| 99 to Ult: | | (111:99) (111:123) (123:Ult) = | 1.000 |
| 87 to Ult: | | (99:87) (111:99) (111:123) (123:Ult) = | 0.999 |
| 75 to Ult: | (87:75) | (99:87) (111:99) (111:123) (123:Ult) = | 0.998 |

Excludes Massachusetts, South Carolina and Puerto Rico

Insurance Services Office
 Physical Damage Loss Development
 Garages Keepers - Collision
 Multistate #
 Paid Losses

All Companies Reporting to ISO

| Accident Year Ended | 15 Months | 27 Months | 39 Months | 51 Months | 63 Months |
|---------------------------|------------|------------|------------|------------|------------|
| 12/31/1995 | 16,085,486 | 16,214,012 | 16,287,797 | 16,325,886 | 16,401,163 |
| 12/31/1996 | 16,955,983 | 17,319,868 | 17,345,481 | 17,455,402 | 17,428,289 |
| 12/31/1997 | 16,313,293 | 16,745,257 | 16,748,464 | 16,819,309 | 16,809,358 |
| 12/31/1998 | 17,811,542 | 18,068,699 | 18,163,802 | 18,162,203 | 18,159,548 |
| 12/31/1999 | 19,645,798 | 20,557,802 | 20,580,185 | 20,645,893 | 20,643,707 |
| 12/31/2000 | 18,495,629 | 19,318,191 | 19,449,015 | 19,483,149 | 19,429,257 |
| 12/31/2001 | 16,597,534 | 16,687,562 | 16,742,160 | 16,737,951 | 16,802,898 |
| 12/31/2002 | 11,771,278 | 11,958,079 | 11,925,098 | 11,956,072 | 11,953,263 |
| 12/31/2003 | 11,707,775 | 11,767,276 | 11,714,215 | 11,752,006 | |
| 12/31/2004 | 10,120,949 | 10,196,213 | 10,257,937 | | |
| 12/31/2005 | 8,895,575 | 8,952,027 | | | |
| 12/31/2006 | 6,810,215 | | | | |

Ratios

| Accident Year Ended | 27:15 | 39:27 | 51:39 | 63:51 |
|---------------------------|-------|-------|-------|-------|
| 12/31/1995 | 1.008 | 1.005 | 1.002 | 1.005 |
| 12/31/1996 | 1.021 | 1.001 | 1.006 | 0.998 |
| 12/31/1997 | 1.026 | 1.000 | 1.004 | 0.999 |
| 12/31/1998 | 1.014 | 1.005 | 1.000 | 1.000 |
| 12/31/1999 | 1.046 | 1.001 | 1.003 | 1.000 |
| 12/31/2000 | 1.044 | 1.007 | 1.002 | 0.997 |
| 12/31/2001 | 1.005 | 1.003 | 1.000 | 1.004 |
| 12/31/2002 | 1.016 | 0.997 | 1.003 | 1.000 |
| 12/31/2003 | 1.005 | 0.995 | 1.003 | |
| 12/31/2004 | 1.007 | 1.006 | | |
| 12/31/2005 | 1.006 | | | |
| Average Factor : | 1.006 | 0.999 | 1.002 | 1.000 |

Summary of factors

| | | |
|------------|--|-------|
| 63 to Ult: | (75:63) (75:Ult) = | 1.002 |
| 51 to Ult: | (63:51) (75:63) (75:Ult) = | 1.002 |
| 39 to Ult: | (51:39) (63:51) (75:63) (75:Ult) = | 1.004 |
| 27 to Ult: | (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.003 |
| 15 to Ult: | (27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.009 |

Excludes Massachusetts, South Carolina and Puerto Rico

Insurance Services Office
 Physical Damage Loss Development
 Garages Keepers - Collision
 Multistate #
 Paid Losses

All Companies Reporting to ISO

| Accident Year Ended | 75 Months | 87 Months | 99 Months | 111 Months | 123 Months |
|---------------------------|------------|------------|------------|------------|------------|
| 12/31/1995 | 16,397,448 | 16,395,038 | 16,393,909 | 16,388,552 | 16,388,232 |
| 12/31/1996 | 17,448,544 | 17,446,949 | 17,445,944 | 17,445,815 | 17,443,549 |
| 12/31/1997 | 16,817,384 | 16,810,798 | 16,804,628 | 16,791,556 | 16,789,508 |
| 12/31/1998 | 18,151,171 | 18,173,625 | 18,165,771 | 18,165,293 | |
| 12/31/1999 | 20,624,394 | 20,612,076 | 20,611,865 | | |
| 12/31/2000 | 19,590,048 | 19,583,781 | | | |
| 12/31/2001 | 16,802,091 | | | | |

| Accident Year Ended | Ratios | | | | |
|---------------------------|--------|-------|-------|--------|---------|
| | 75:63 | 87:75 | 99:87 | 111:99 | 123:111 |
| 12/31/1995 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 12/31/1996 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 |
| 12/31/1997 | 1.000 | 1.000 | 1.000 | 0.999 | 1.000 |
| 12/31/1998 | 1.000 | 1.001 | 1.000 | 1.000 | |
| 12/31/1999 | 0.999 | 0.999 | 1.000 | | |
| 12/31/2000 | 1.008 | 1.000 | | | |
| 12/31/2001 | 1.000 | | | | |
| Average Factor : | 1.002 | 1.000 | 1.000 | 1.000 | 1.000 |

| Summary of factors | | | |
|--------------------|---------|--|-------|
| 123 to Ult: | | (123:Ult) = | 1.000 |
| 111 to Ult: | | (111:123) (123:Ult) = | 1.000 |
| 99 to Ult: | | (111:99) (111:123) (123:Ult) = | 1.000 |
| 87 to Ult: | | (99:87) (111:99) (111:123) (123:Ult) = | 1.000 |
| 75 to Ult: | (87:75) | (99:87) (111:99) (111:123) (123:Ult) = | 1.000 |

Excludes Massachusetts, South Carolina and Puerto Rico

CREDIBILITY PROCEDURE FOR EXPERIENCE LOSS RATIO

OBJECTIVE

The extent to which the state experience is reflected in the development of the prospective loss costs is determined by the credibility of the data for that state. Specifically, ISO credibility procedures are based upon the volume of claims for each coverage separately.

METHODOLOGY

The standards for full credibility were determined from a credibility study using various size of loss distributions for liability, other than collision and collision respectively. Combined data for all Commercial Automobile was used to generate the severity moments of the loss distributions. Separate standards by coverage/major class for full credibility were calculated using the Mayerson, Jones and Bowers expansion formula.

CREDIBILITY FOR EXPERIENCE LOSS RATIO

The assignment of credibility to the experience loss ratio is based on the total number of claims for the years used. For liability, the claims are based on BI and PD claims combined. For physical damage, credibility is determined separately for OTC and Collision. Partial credibility (Z), as used for the experience loss ratio, is determined using the square root rule as follows:

$$Z = \sqrt{\frac{\text{Claims}}{X}}$$

Where X equals the full credibility standard, by line and coverage, as shown on the following pages of this section.

YEAR WEIGHTS

The weights assigned to the loss ratio by year are based on the credibility of the average number of claims for the years of experience used. A maximum of five years of experience may be used. This procedure is described in detail in the flow chart on the following page. The claim standard used to determine the year weights is based on the credibility standard for each coverage. The schedules of the number of claims required for the year weight assignments are shown on the following pages.

COMMERCIAL AUTOMOBILE LIABILITY
FLOWCHART TO DETERMINE
YEAR WEIGHTS AND
EXPERIENCE PERIOD CREDIBILITY

Step 1: Determine Number of Years to be used and Year Weights

1. Add latest 2 years of claims and divide by 2 to determine the 2 year average.
2. If 2 year Avg. claims \geq 10,000,
Then use 2 years of experience and assign 70/30 weights.
3. If 2 year Avg. claims \geq 1,200 and $<$ 10,000,
Then use 3 years of experience and assign 50/30/20 weights.
4. If 2 year Avg. claims $<$ 1,200,
Then use 5 years of experience and assign 30/25/20/15/10 weights.

Step 2: Determine the Experience Period Credibility

Calculate partial credibility based on the total number of claims for the number of years used in the review as determined from Step 1.

**COMMERCIAL AUTOMOBILE PHYSICAL DAMAGE
FLOWCHART TO DETERMINE
YEAR WEIGHTS AND
EXPERIENCE PERIOD CREDIBILITY**

Step 1: Determine Number of Years to be used and Year Weights

1. Add latest 2 years of claims and divide by 2 to determine the 2 year average.
2. If 2 year Avg. claims \geq Full Standard,
Then use 2 years of experience and assign 70/30 weights.
3. If 2 year Avg. claims \geq Intermediate Threshold and $<$ Full Standard,
Then use 3 years of experience and assign 50/30/20 weights.
4. If 2 year Avg. claims $<$ Intermediate Threshold,
Then use 5 years of experience and assign 30/25/20/15/10 weights.

Step 2: Determine the Experience Period Credibility

Calculate partial credibility based on the total number of claims for the number of years used in the review as determined from Step 1.

| <u>Coverage</u> | <u>Intermediate Threshold</u> | <u>Full Standard</u> |
|---------------------------------------|-------------------------------|----------------------|
| Trucks, Tractors & Trailers OTC | 1,600 | 13,000 |
| Trucks, Tractors & Trailers Collision | 500 | 4,000 |
| Private Passenger Types OTC | 1,200 | 9,500 |
| Private Passenger Types Collision | 450 | 3,500 |
| Garages OTC | 900 | 7,500 |
| Garages Collision | 250 | 2,000 |

Tables For Use With Trend Data

| <u>Bodily Injury</u> | | | | <u>Property Damage</u> | | | |
|-------------------------|---|----------|--------------|-------------------------|---|----------|--------------|
| <u>Number of Claims</u> | | | <u>Cred.</u> | <u>Number of Claims</u> | | | <u>Cred.</u> |
| 0 | - | 641 | 0.00 | 0 | - | 256 | 0.00 |
| 642 | - | 2027 | 0.05 | 257 | - | 810 | 0.05 |
| 2028 | - | 3571 | 0.10 | 811 | - | 1428 | 0.10 |
| 3572 | - | 5303 | 0.15 | 1429 | - | 2121 | 0.15 |
| 5304 | - | 7258 | 0.20 | 2122 | - | 2903 | 0.20 |
| 7259 | - | 9482 | 0.25 | 2904 | - | 3793 | 0.25 |
| 9483 | - | 12037 | 0.30 | 3794 | - | 4814 | 0.30 |
| 12038 | - | 14999 | 0.35 | 4815 | - | 5999 | 0.35 |
| 15000 | - | 18478 | 0.40 | 6000 | - | 7391 | 0.40 |
| 18479 | - | 22619 | 0.45 | 7392 | - | 9047 | 0.45 |
| 22620 | - | 27631 | 0.50 | 9048 | - | 11052 | 0.50 |
| 27632 | - | 33823 | 0.55 | 11053 | - | 13529 | 0.55 |
| 33824 | - | 41666 | 0.60 | 13530 | - | 16666 | 0.60 |
| 41667 | - | 51923 | 0.65 | 16667 | - | 20769 | 0.65 |
| 51924 | - | 65909 | 0.70 | 20770 | - | 26363 | 0.70 |
| 65910 | - | 86111 | 0.75 | 26364 | - | 34444 | 0.75 |
| 86112 | - | 117857 | 0.80 | 34445 | - | 47142 | 0.80 |
| 117858 | - | 174999 | 0.85 | 47143 | - | 69999 | 0.85 |
| 175000 | - | 308333 | 0.90 | 70000 | - | 123333 | 0.90 |
| 308334 | - | 974999 | 0.95 | 123334 | - | 389999 | 0.95 |
| 975000 | - | and over | 1.00 | 390000 | - | and over | 1.00 |

K = 25,000

K = 10,000

$$\text{CREDIBILITY FORMULA} = (\# \text{ CLAIMS}) / (\# \text{ CLAIMS} + K)$$

ALL LIABILITY COVERAGES
CREDIBILITY TABLE
NUMBER OF CLAIMS

| <u>Credibility</u> | | | |
|--------------------|-------|---|-------|
| 0.05* | 0 | - | 99 |
| 0.10 | 100 | - | 224 |
| 0.15 | 225 | - | 399 |
| 0.20 | 400 | - | 624 |
| 0.25 | 625 | - | 899 |
| 0.30 | 900 | - | 1,224 |
| 0.35 | 1,225 | - | 1,599 |
| 0.40 | 1,600 | - | 2,024 |
| 0.45 | 2,025 | - | 2,499 |
| 0.50 | 2,500 | - | 3,024 |
| 0.55 | 3,025 | - | 3,599 |
| 0.60 | 3,600 | - | 4,224 |
| 0.65 | 4,225 | - | 4,899 |
| 0.70 | 4,900 | - | 5,624 |
| 0.75 | 5,625 | - | 6,399 |
| 0.80 | 6,400 | - | 7,224 |
| 0.85 | 7,225 | - | 8,099 |
| 0.90 | 8,100 | - | 9,024 |
| 0.95 | 9,025 | - | 9,999 |
| 1.00 | | > | 9,999 |

The credibility for the loss cost level ratio is determined by the total number of claims for the total number of years of experience used in the review.

*The credibility underlying the calculation of the statewide indication is subject to a minimum of 5%.

PHYSICAL DAMAGE
CREDIBILITY TABLES
NUMBER OF CLAIMS

OTHER THAN COLLISION

| Cred | Trucks, Tractors & Trailers | | Private Passenger Types | | | Garages | |
|-------|-----------------------------|----------|-------------------------|---------|-------|---------|--|
| | | | | | | | |
| 0.05* | 0 | - 129 | 0 | - 94 | 0 | - 74 | |
| 0.10 | 130 | - 292 | 95 | - 213 | 75 | - 168 | |
| 0.15 | 293 | - 519 | 214 | - 379 | 169 | - 299 | |
| 0.20 | 520 | - 812 | 380 | - 593 | 300 | - 468 | |
| 0.25 | 813 | - 1,169 | 594 | - 854 | 469 | - 674 | |
| 0.30 | 1,170 | - 1,592 | 855 | - 1,163 | 675 | - 918 | |
| 0.35 | 1,593 | - 2,079 | 1,164 | - 1,519 | 919 | - 1,199 | |
| 0.40 | 2,080 | - 2,632 | 1,520 | - 1,923 | 1,200 | - 1,518 | |
| 0.45 | 2,633 | - 3,249 | 1,924 | - 2,374 | 1,519 | - 1,874 | |
| 0.50 | 3,250 | - 3,932 | 2,375 | - 2,873 | 1,875 | - 2,268 | |
| 0.55 | 3,933 | - 4,679 | 2,874 | - 3,419 | 2,269 | - 2,699 | |
| 0.60 | 4,680 | - 5,492 | 3,420 | - 4,013 | 2,700 | - 3,168 | |
| 0.65 | 5,493 | - 6,369 | 4,014 | - 4,654 | 3,169 | - 3,674 | |
| 0.70 | 6,370 | - 7,312 | 4,655 | - 5,343 | 3,675 | - 4,218 | |
| 0.75 | 7,313 | - 8,319 | 5,344 | - 6,079 | 4,219 | - 4,799 | |
| 0.80 | 8,320 | - 9,392 | 6,080 | - 6,863 | 4,800 | - 5,418 | |
| 0.85 | 9,393 | - 10,529 | 6,864 | - 7,694 | 5,419 | - 6,074 | |
| 0.90 | 10,530 | - 11,732 | 7,695 | - 8,573 | 6,075 | - 6,768 | |
| 0.95 | 11,733 | - 12,999 | 8,574 | - 9,499 | 6,769 | - 7,499 | |
| 1.00 | | > 12,999 | | > 9,499 | | > 7,499 | |

COLLISION

| Cred | Trucks, Tractors & Trailers | | Private Passenger Types | | | Garages | |
|-------|-----------------------------|---------|-------------------------|---------|-------|---------|--|
| | | | | | | | |
| 0.05* | 0 | - 39 | 0 | - 34 | 0 | - 19 | |
| 0.10 | 40 | - 89 | 35 | - 78 | 20 | - 44 | |
| 0.15 | 90 | - 159 | 79 | - 139 | 45 | - 79 | |
| 0.20 | 160 | - 249 | 140 | - 218 | 80 | - 124 | |
| 0.25 | 250 | - 359 | 219 | - 314 | 125 | - 179 | |
| 0.30 | 360 | - 489 | 315 | - 428 | 180 | - 244 | |
| 0.35 | 490 | - 639 | 429 | - 559 | 245 | - 319 | |
| 0.40 | 640 | - 809 | 560 | - 708 | 320 | - 404 | |
| 0.45 | 810 | - 999 | 709 | - 874 | 405 | - 499 | |
| 0.50 | 1,000 | - 1,209 | 875 | - 1,058 | 500 | - 604 | |
| 0.55 | 1,210 | - 1,439 | 1,059 | - 1,259 | 605 | - 719 | |
| 0.60 | 1,440 | - 1,689 | 1,260 | - 1,478 | 720 | - 844 | |
| 0.65 | 1,690 | - 1,959 | 1,479 | - 1,714 | 845 | - 979 | |
| 0.70 | 1,960 | - 2,249 | 1,715 | - 1,968 | 980 | - 1,124 | |
| 0.75 | 2,250 | - 2,559 | 1,969 | - 2,239 | 1,125 | - 1,279 | |
| 0.80 | 2,560 | - 2,889 | 2,240 | - 2,528 | 1,280 | - 1,444 | |
| 0.85 | 2,890 | - 3,239 | 2,529 | - 2,834 | 1,445 | - 1,619 | |
| 0.90 | 3,240 | - 3,609 | 2,835 | - 3,158 | 1,620 | - 1,804 | |
| 0.95 | 3,610 | - 3,999 | 3,159 | - 3,499 | 1,805 | - 1,999 | |
| 1.00 | | > 3,999 | | > 3,499 | | > 1,999 | |

The credibility for loss cost level ratio is determined by the total number of claims for the total number of years of experience used in the review.

*The credibility underlying the calculation of the statewide indication is subject to a minimum of 5%.

ARKANSAS
CLAIMS PER TERRITORY
LIABILITY

| Territory | Trucks, Tractors & Trailers | Private Passenger Types |
|-----------|---|---|
| | Incurring Claims 5 Years Ending 12/31/2006 Combined BI and PD | Incurring Claims 5 Years Ending 12/31/2006 Combined BI and PD |
| 101 | 2,382 | 591 |
| 103 | 1,536 | 273 |
| 105 | 383 | 50 |
| 106 | 1,089 | 166 |
| 108 | 447 | 72 |
| 109 | 429 | 132 |
| 110 | 787 | 164 |
| 111 | 3,311 | 570 |
| SW Total | 10,364 | 2,018 |

Claims for Trend

| BI | PD |
|------------|--------------|
| <u>673</u> | <u>1,588</u> |

**ARKANSAS
CLAIMS PER TERRITORY
PHYSICAL DAMAGE**

| Territory | Trucks, Tractors & Trailers Paid Claims 5 Years Ending 12/31/06 | | Private Passenger Types Paid Claims 5 Years Ending 12/31/2006 | |
|-----------------|--|--------------|--|--------------|
| | OTC | Coll | OTC | Coll |
| 101 | 711 | 877 | 328 | 361 |
| 103 | 510 | 520 | 156 | 207 |
| 105 | 114 | 121 | 52 | 41 |
| 106 | 363 | 401 | 76 | 99 |
| 108 | 133 | 142 | 53 | 55 |
| 109 | 318 | 180 | 140 | 86 |
| 110 | 197 | 304 | 71 | 90 |
| 111 | 2,109 | 1,560 | 633 | 381 |
| SW Total | 4,455 | 4,105 | 1,509 | 1,320 |

RELATIVITIES USED TO DEVELOP MINOR CLASS AND COVERAGE LOSS COSTS

(1) Public Automobiles Liability

\$100,000 Limit Loss Costs for the Public Automobiles section have been calculated as factor derivatives off the Trucks, Tractors & Trailers Liability \$100,000 Base loss costs. The relativities used are listed below.

| | Differentials to Base Loss Cost CSL Liab |
|-------------------------|--|
| Taxis and Limousines | 5.77 |
| School and Church Buses | 0.61 |
| Other Buses | 4.06 |
| Van Pools | 1.39 |

(2) Public Automobiles Physical Damage

The relativities applied to Trucks, Tractors & Trailers physical damage revised base loss costs to develop the Public Automobile physical damage revised base loss costs are as follows:

| | |
|---------------------------------|------|
| Taxis, Limousines and Van Pools | |
| Other Than Collision: | 1.39 |
| Collision: | 1.50 |
| School, Church and Other Buses | |
| Other Than Collision: | 0.61 |
| Collision: | 0.64 |

(3) Medical Payments Relativities

The latest multistate differentials that relate Medical Payments loss costs to the \$100,000 limit liability base loss costs are listed below.

| Class of Business | Medical Payments Limit | | | |
|-----------------------------|------------------------|-------------|-------------|-------------|
| | <u>500</u> | <u>1000</u> | <u>2000</u> | <u>5000</u> |
| Trucks, Tractors & Trailers | 0.036 | 0.057 | 0.078 | 0.114 |
| Van Pools | 0.071 | 0.100 | 0.121 | 0.157 |
| Taxis and Limousines | 0.036 | 0.050 | 0.071 | 0.107 |
| School and Church Buses | 0.043 | 0.064 | 0.078 | 0.100 |
| All Other Buses | 0.032 | 0.039 | 0.050 | 0.068 |
| Private Passenger Types | 0.021 | 0.036 | 0.050 | 0.064 |

(4) Specified Causes of Loss Relativity

The relativity applied to the Trucks, Tractors & Trailers \$500 Deductible Comprehensive loss cost to develop the Trucks, Tractors & Trailers Specified Causes of Loss loss cost is: 0.720

(5) Garage Keepers Physical Damage Relativities

For Other Than Collision, the base loss cost is the \$6,000 limit for Specified Perils Legal Liability. For Collision, the base loss cost is the \$100 Deductible, Legal Liability at the \$6,000 limit.

| Maximum Limit of Liability | Collision \$100 Deductible | Other Than Collision \$100 Deductible |
|-------------------------------|-------------------------------|---|
| 6,000 | 1.00 | 1.00 |
| 7,500 | 1.16 | 1.17 |
| 9,000 | 1.32 | 1.34 |
| 12,000 | 1.68 | 1.65 |
| 15,000 | 2.00 | 1.94 |
| 18,000 | 2.37 | 2.17 |
| 22,500 | 2.79 | 2.62 |
| 30,000 | 3.58 | 3.28 |
| 37,500 | 4.21 | 3.88 |
| 45,000 | 4.74 | 4.42 |
| 60,000 | 5.95 | 5.45 |
| 75,000 | 7.16 | 6.42 |
| 90,000 | 8.21 | 7.40 |
| 120,000 | 10.26 | 9.11 |
| 150,000 | 12.32 | 10.68 |
| 180,000 | 14.21 | 12.31 |
| 225,000 | 17.00 | 14.80 |
| 300,000 | 21.63 | 18.74 |
| 375,000 | 26.21 | 22.71 |
| 450,000 | 30.74 | 26.60 |
| 600,000 | 39.68 | 34.05 |
| 750,000 | 48.47 | 41.28 |
| 900,000 | 56.74 | 48.31 |
| 1,200,000 | 72.16 | 61.62 |
| 1,500,000 | 86.53 | 73.60 |
| 2,000,000 | 98.74 | 83.28 |
| 2,500,000 | 107.58 | 90.71 |

For Other Than Collision, the following factors apply:

| | |
|----------------|------|
| Direct Primary | 1.35 |
| Direct Excess | 1.15 |
| Comprehensive | 1.20 |

For Collision, the following factors apply:

| | |
|----------------|------|
| Direct Primary | 1.35 |
| Direct Excess | 1.15 |
| \$250 Ded. | 0.65 |
| \$500 Ded. | 0.50 |

- (6) The loss cost for hired autos is set forth in Section D. It applies in all territories and is calculated as 0.20% of the statewide \$100,000 Combined Single Limit average loss cost for all Trucks, Tractors & Trailers.

EXCESS WIND & WATER PROCEDURE
OTHER THAN COLLISION

OBJECTIVE

Other than Collision losses which result from the perils of wind and water are relatively infrequent and do not affect each year similarly. While catastrophic incidents are rare, their impact on loss cost indications can be significant. The occurrence of a weather related catastrophe can result in a large positive indication, followed by an indicated decrease when the catastrophe leaves the experience period in subsequent reviews. This ultimately leads to loss cost instability.

In order to address this ratemaking problem, catastrophic losses which occur during the experience period are removed, and an average provision is added to non-catastrophic losses through a uniform, multiplicative loading factor. Due to the lower credibility of catastrophic loss experience, a longer experience period or a larger body of data is necessary to compensate.

PROCEDURE

The Excess Wind and Water procedure begins by comparing wind and water (W & W) losses to non-wind and water (non-W & W) losses for each year in the long term review period. Wind and water losses have been separately identified as losses reported under the Commercial Statistical Plan (CSP) using Type of Loss (TOL) codes 06 and 07. A ratio of W & W to non-W & W losses is calculated for each year.

The excess portions of these ratios will be treated as excess losses in this procedure. In order to determine the excess portion, an average W & W ratio is calculated. The portion above the average will be considered excess, and will be used to determine a long term excess loading factor. In calculating the average W & W ratio, two adjustments are employed. First, since an unusually high W & W ratio can distort the average W & W ratio, the yearly W & W to non-W & W ratios are capped at 5 times the median ratio. Secondly, a minimum of 0.05 is used for the median W & W to non-W & W ratio. The capped W & W to non-W & W ratios are used in the calculation of the long-term average W & W to non-W & W ratio.

All W & W ratio points that exceed the long-term average W & W to non-W & W ratio represent excess losses, but a W & W to non-W & W ratio must exceed 0.05 for a given year to be considered an excess year. These excess losses are used to calculate an Excess W & W Factor based on long term excess loss experience. Each year's actual excess losses (if any) are removed from the experience, and the resulting losses are multiplied by the Excess W & W Factor.

The statewide Excess W & W Factors for each major class are developed on the subsequent pages.

INSURANCE SERVICES OFFICE, INC.

EXCESS WIND AND WATER PROCEDURE
OTHER THAN COLLISION
ARKANSAS

TRUCKS, TRACTORS, AND TRAILERS

| YEAR ENDING | (1) OTC WIND&WATER LOSSES | (2) OTC TOTAL LOSSES | (3) (2)-(1) TOTAL- WIND&WATER LOSSES | (4) (1)/(3) WIND&WATER / NON(W&W) | (5) CAPPED WIND&WATER RATIO <5M | (6) (5)- AVG(5) CAPPED X/S W&W RATIO | (7) (4)-(5) X/S W&W RATIO ABOVE THE CAP | (8) ((6)+(7))X(3) TOTAL X/S WIND&WATER LOSSES |
|-------------|------------------------------------|-------------------------------|--|--|---|--|---|---|
| 12/31/87 | 45,665 | 783,669 | 738,004 | 0.062 | 0.062 | 0.000 | 0.000 | 0 |
| 12/31/88 | 96,019 | 892,892 | 796,873 | 0.120 | 0.120 | 0.000 | 0.000 | 0 |
| 12/31/89 | 342,706 | 1,253,649 | 910,943 | 0.376 | 0.376 | 0.172 | 0.000 | 156,682 |
| 12/31/90 | 58,310 | 942,747 | 884,437 | 0.066 | 0.066 | 0.000 | 0.000 | 0 |
| 12/31/91 | 138,517 | 1,003,531 | 865,014 | 0.160 | 0.160 | 0.000 | 0.000 | 0 |
| 12/31/92 | 80,133 | 979,898 | 899,765 | 0.089 | 0.089 | 0.000 | 0.000 | 0 |
| 12/31/93 | 57,138 | 1,092,984 | 1,035,846 | 0.055 | 0.055 | 0.000 | 0.000 | 0 |
| 12/31/94 | 148,399 | 1,809,914 | 1,661,515 | 0.089 | 0.089 | 0.000 | 0.000 | 0 |
| 12/31/95 | 240,972 | 1,782,545 | 1,541,573 | 0.156 | 0.156 | 0.000 | 0.000 | 0 |
| 12/31/96 | 1,077,098 | 2,667,846 | 1,590,748 | 0.677 | 0.677 | 0.473 | 0.000 | 752,424 |
| 12/31/97 | 291,974 | 2,301,992 | 2,010,018 | 0.145 | 0.145 | 0.000 | 0.000 | 0 |
| 12/31/98 | 245,083 | 2,274,033 | 2,028,950 | 0.121 | 0.121 | 0.000 | 0.000 | 0 |
| 12/31/99 | 869,069 | 3,209,894 | 2,340,825 | 0.371 | 0.371 | 0.167 | 0.000 | 390,918 |
| 12/31/00 | 413,672 | 2,941,873 | 2,528,201 | 0.164 | 0.164 | 0.000 | 0.000 | 0 |
| 12/31/01 | 328,624 | 2,168,662 | 1,840,038 | 0.179 | 0.179 | 0.000 | 0.000 | 0 |
| 12/31/02 | 397,038 | 1,859,569 | 1,462,531 | 0.271 | 0.271 | 0.067 | 0.000 | 97,990 |
| 12/31/03 | 322,228 | 1,469,967 | 1,147,739 | 0.281 | 0.281 | 0.077 | 0.000 | 88,376 |
| 12/31/04 | 202,951 | 1,204,678 | 1,001,727 | 0.203 | 0.203 | 0.000 | 0.000 | 0 |
| 12/31/05 | 190,386 | 1,551,727 | 1,361,341 | 0.140 | 0.140 | 0.000 | 0.000 | 0 |
| 12/31/06 | 498,088 | 1,910,347 | 1,412,259 | 0.353 | 0.353 | 0.149 | 0.000 | 210,427 |
| AVERAGE | | | | | 0.204 | 0.055 | 0.000 | |

MEDIAN = M* = 0.158
5M = 0.790

(9) EXCESS WIND & WATER FACTOR = $1.0 + \{ (AVG(6) + AVG(7)) / (1.0 + AVG(5) - AVG(6)) \} = 1.048$
* SUBJECT TO A MINIMUM VALUE OF 0.05

INSURANCE SERVICES OFFICE, INC.

EXCESS WIND AND WATER PROCEDURE
OTHER THAN COLLISION
ARKANSAS

PRIVATE PASSENGER TYPES

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|-----------------------|------------------|-------------------------------------|-----------------------------------|-----------------------------|----------------------------------|-------------------------------------|--|
| OTC WIND&WATER LOSSES | OTC TOTAL LOSSES | (2)-(1) TOTAL- WIND&WATER LOSSES | (1)/(3) WIND&WATER / NON (W&W) | CAPPED WIND&WATER RATIO <5M | (5)- AVG(5) CAPPED X/S W&W RATIO | (4)-(5) X/S W&W RATIO ABOVE THE CAP | {(6)+(7)}X(3) TOTAL X/S WIND&WATER LOSSES |
| 12/31/87 | 34,583 | 329,527 | 294,944 | 0.117 | 0.117 | 0.000 | 0 |
| 12/31/88 | 54,203 | 444,319 | 390,116 | 0.139 | 0.139 | 0.000 | 0 |
| 12/31/89 | 252,863 | 750,256 | 497,393 | 0.508 | 0.508 | 0.222 | 110,421 |
| 12/31/90 | 64,986 | 441,759 | 376,773 | 0.172 | 0.172 | 0.000 | 0 |
| 12/31/91 | 86,519 | 594,753 | 508,234 | 0.170 | 0.170 | 0.000 | 0 |
| 12/31/92 | 100,907 | 544,558 | 443,651 | 0.227 | 0.227 | 0.000 | 0 |
| 12/31/93 | 51,553 | 487,296 | 435,743 | 0.118 | 0.118 | 0.000 | 0 |
| 12/31/94 | 85,835 | 657,236 | 571,401 | 0.150 | 0.150 | 0.000 | 0 |
| 12/31/95 | 108,636 | 539,560 | 430,924 | 0.252 | 0.252 | 0.000 | 0 |
| 12/31/96 | 299,200 | 866,069 | 566,869 | 0.528 | 0.528 | 0.242 | 137,182 |
| 12/31/97 | 155,613 | 785,819 | 630,206 | 0.247 | 0.247 | 0.000 | 0 |
| 12/31/98 | 108,068 | 567,730 | 459,662 | 0.235 | 0.235 | 0.000 | 0 |
| 12/31/99 | 346,903 | 917,974 | 571,071 | 0.607 | 0.607 | 0.321 | 183,314 |
| 12/31/00 | 155,386 | 853,283 | 697,897 | 0.223 | 0.223 | 0.000 | 0 |
| 12/31/01 | 78,116 | 503,107 | 424,991 | 0.184 | 0.184 | 0.000 | 0 |
| 12/31/02 | 152,595 | 492,663 | 340,068 | 0.449 | 0.449 | 0.163 | 55,431 |
| 12/31/03 | 108,372 | 381,239 | 272,867 | 0.397 | 0.397 | 0.111 | 30,288 |
| 12/31/04 | 53,881 | 265,462 | 211,581 | 0.255 | 0.255 | 0.000 | 0 |
| 12/31/05 | 55,287 | 317,873 | 262,586 | 0.211 | 0.211 | 0.000 | 0 |
| 12/31/06 | 98,344 | 280,863 | 182,519 | 0.539 | 0.539 | 0.253 | 46,177 |
| AVERAGE | | | | 0.286 | 0.066 | 0.000 | |

MEDIAN = M* = 0.231
5M = 1.155

(9) EXCESS WIND & WATER FACTOR = $1.0 + \{ (AVG(6) + AVG(7)) / (1.0 + AVG(5) - AVG(6)) \} = 1.054$
* SUBJECT TO A MINIMUM VALUE OF 0.05

EXCESS WIND AND WATER PROCEDURE
OTHER THAN COLLISION
ARKANSAS

GARAGE DEALERS

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|-----------------------|------------------|-------------------------------------|----------------------------------|------------------------------------|--|--|--|
| OTC WIND&WATER LOSSES | OTC TOTAL LOSSES | (2)-(1) TOTAL- WIND&WATER LOSSES | (1)/(3) WIND&WATER / NON(W&W) | (5) CAPPED WIND&WATER RATIO <5M | (6) (5)- 1.25XAVG(5) CAPPED X/S W&W RATIO | (7) (4)-(5) X/S W&W RATIO ABOVE THE CAP | (8) {(6)+(7)}X(3) TOTAL X/S WIND&WATER LOSSES |
| YEAR ENDING | | | | | | | |
| 12/31/87 | 246,528 | 595,797 | 349,269 | 0.706 | 0.706 | 0.000 | 0 |
| 12/31/88 | 328,172 | 707,915 | 379,743 | 0.864 | 0.864 | 0.000 | 0 |
| 12/31/89 | 1,576,139 | 2,082,165 | 506,026 | 3.115 | 3.115 | 1.000 | 506,026 |
| 12/31/90 | 123,648 | 703,516 | 579,868 | 0.213 | 0.213 | 0.000 | 0 |
| 12/31/91 | 819,360 | 1,287,312 | 467,952 | 1.751 | 1.751 | 0.000 | 0 |
| 12/31/92 | 412,555 | 1,009,424 | 596,869 | 0.691 | 0.691 | 0.000 | 0 |
| 12/31/93 | 1,043,035 | 1,600,915 | 557,880 | 1.870 | 1.870 | 0.000 | 0 |
| 12/31/94 | 1,265,765 | 1,676,898 | 411,133 | 3.079 | 3.079 | 0.964 | 396,332 |
| 12/31/95 | 1,213,574 | 1,812,689 | 599,115 | 2.026 | 2.026 | 0.000 | 0 |
| 12/31/96 | 2,577,100 | 3,424,400 | 847,300 | 3.042 | 3.042 | 0.927 | 785,447 |
| 12/31/97 | 128,705 | 976,315 | 847,610 | 0.152 | 0.152 | 0.000 | 0 |
| 12/31/98 | 109,129 | 874,412 | 765,283 | 0.143 | 0.143 | 0.000 | 0 |
| 12/31/99 | 1,653,369 | 2,364,673 | 711,304 | 2.324 | 2.324 | 0.209 | 148,663 |
| 12/31/00 | 453,620 | 1,038,366 | 584,746 | 0.776 | 0.776 | 0.000 | 0 |
| 12/31/01 | 403,359 | 789,700 | 386,341 | 1.044 | 1.044 | 0.000 | 0 |
| 12/31/02 | 769,769 | 1,667,718 | 897,949 | 0.857 | 0.857 | 0.000 | 0 |
| 12/31/03 | 2,041,832 | 2,541,527 | 499,695 | 4.086 | 4.086 | 1.971 | 984,899 |
| 12/31/04 | 980,682 | 1,195,559 | 214,877 | 4.564 | 4.564 | 2.449 | 526,234 |
| 12/31/05 | 177,599 | 323,073 | 145,474 | 1.221 | 1.221 | 0.000 | 0 |
| 12/31/06 | 317,874 | 559,555 | 241,681 | 1.315 | 1.315 | 0.000 | 0 |
| AVERAGE | | | | | 1.692 | 0.376 | 0.000 |

MEDIAN = M* = 1.268
5M = 6.340

(9) EXCESS WIND & WATER FACTOR = 1.0 + {(AVG(6) + AVG(7)) / (1.0 + AVG(5) - AVG(6))} = 1.162
* SUBJECT TO A MINIMUM VALUE OF 0.05

INSURANCE SERVICES OFFICE, INC.

EXCESS WIND AND WATER PROCEDURE
OTHER THAN COLLISION
ARKANSAS

GARAGE KEEPERS

| YEAR ENDING | (1) OTC WIND&WATER LOSSES | (2) OTC TOTAL LOSSES | (3) (2)-(1) TOTAL- WIND&WATER LOSSES | (4) (1)/(3) WIND&WATER / NON (W&W) | (5) CAPPED WIND&WATER RATIO <5M | (6) (5)- 1.25XAVG(5) CAPPED X/S W&W RATIO | (7) (4)-(5) X/S W&W RATIO ABOVE THE CAP | (8) {(6)+(7)}X(3) TOTAL X/S WIND&WATER LOSSES |
|-------------|------------------------------------|-------------------------------|--|---|---|---|---|---|
| 12/31/87 | 25,541 | 271,612 | 246,071 | 0.104 | 0.104 | 0.000 | 0.000 | 0 |
| 12/31/88 | 3,787 | 189,083 | 185,296 | 0.020 | 0.020 | 0.000 | 0.000 | 0 |
| 12/31/89 | 231,328 | 408,703 | 177,375 | 1.304 | 0.290 | 0.165 | 1.014 | 209,125 |
| 12/31/90 | 1,592 | 203,157 | 201,565 | 0.008 | 0.008 | 0.000 | 0.000 | 0 |
| 12/31/91 | 91,659 | 402,353 | 310,694 | 0.295 | 0.290 | 0.165 | 0.005 | 52,818 |
| 12/31/92 | 60,075 | 272,618 | 212,543 | 0.283 | 0.283 | 0.158 | 0.000 | 33,582 |
| 12/31/93 | 12,829 | 285,393 | 272,564 | 0.047 | 0.047 | 0.000 | 0.000 | 0 |
| 12/31/94 | 7,315 | 480,245 | 472,930 | 0.015 | 0.015 | 0.000 | 0.000 | 0 |
| 12/31/95 | 13,565 | 265,239 | 251,674 | 0.054 | 0.054 | 0.000 | 0.000 | 0 |
| 12/31/96 | 81,912 | 432,512 | 350,600 | 0.234 | 0.234 | 0.109 | 0.000 | 38,215 |
| 12/31/97 | 23,247 | 320,134 | 296,887 | 0.078 | 0.078 | 0.000 | 0.000 | 0 |
| 12/31/98 | 10,889 | 340,944 | 330,055 | 0.033 | 0.033 | 0.000 | 0.000 | 0 |
| 12/31/99 | 154,505 | 527,212 | 372,707 | 0.415 | 0.290 | 0.165 | 0.125 | 108,085 |
| 12/31/00 | 40,538 | 385,948 | 345,410 | 0.117 | 0.117 | 0.000 | 0.000 | 0 |
| 12/31/01 | 0 | 310,717 | 310,717 | 0.000 | 0.000 | 0.000 | 0.000 | 0 |
| 12/31/02 | 7,225 | 126,593 | 119,368 | 0.061 | 0.061 | 0.000 | 0.000 | 0 |
| 12/31/03 | 13,977 | 231,892 | 217,915 | 0.064 | 0.064 | 0.000 | 0.000 | 0 |
| 12/31/04 | 0 | 126,095 | 126,095 | 0.000 | 0.000 | 0.000 | 0.000 | 0 |
| 12/31/05 | 0 | 63,012 | 63,012 | 0.000 | 0.000 | 0.000 | 0.000 | 0 |
| 12/31/06 | 3,500 | 247,857 | 244,357 | 0.014 | 0.014 | 0.000 | 0.000 | 0 |

AVERAGE

0.100 0.038 0.057

MEDIAN = M* = 0.058
5M = 0.290

(9) EXCESS WIND & WATER FACTOR = $1.0 + \{(\text{AVG}(6) + \text{AVG}(7)) / (1.0 + \text{AVG}(5) - \text{AVG}(6))\} = 1.089$
* SUBJECT TO A MINIMUM VALUE OF 0.05

EXPLANATORY MEMORANDUM FOR EXCESS WIND AND WATER PROCEDURE

COLUMN (1)
OTC WIND AND
WATER LOSSES

Dollar amount of Other than Collision losses resulting from the perils of Wind and Water (Type of Loss Codes 06 & 07).

COLUMN (2)
OTC TOTAL
LOSSES

Dollar amount of Other Than Collision losses resulting from all perils.

COLUMN (3)
OTC LOSSES
OTHER THAN
WIND AND WATER

Dollar amount of Other Than Collision losses resulting from all perils other than Wind and Water. Column (2) - Column (1).

COLUMN (4)
WIND AND WATER
TO NON-WIND AND
WATER RATIO

Ratio of Wind and Water losses to Non-Wind and Water losses.
Column (1) ÷ Column (3). The median of these ratios is calculated (subject to a minimum of 0.05).

COLUMN (5)
CAPPED WIND AND
WATER TO NON-
WIND AND WATER
RATIO

Equal to Column (4) capped at 5 times the median Wind and Water Ratio. A cap is used to prevent possible distortions in the average due to experience of large excess years.

COLUMN (6)
CAPPED EXCESS
WIND AND WATER
RATIO

Equal to Column (5) minus the threshold ratio for determining excess years. For Trucks, Tractors & Trailers and Private Passenger Types, this threshold equals the average of Column (5). For Garage coverages, the threshold equals 1.25 x Avg (5). For years below the threshold, the capped Excess Wind and Water Ratio equals zero.

COLUMN (7)
EXCESS WIND AND
WATER RATIO
ABOVE THE CAP

Measures excess Wind and Water experience above the cap used in Column(5). It equals Column (4) - Column (5).

COLUMN (8)
TOTAL EXCESS
WIND AND WATER
LOSSES

To calculate excess Wind and Water losses, the Excess Ratio is multiplied by Non-Wind and Water losses in a given year. This equals the sum of Columns (6) + (7), multiplied by Column (3). These losses are to be subtracted from Total OTC losses (Column (2)), to yield Non-Excess OTC losses.

**ITEM (9)
EXCESS WIND AND
WATER FACTOR**

This is the OTC Catastrophe Loading Factor, which is calculated as $1 + \{(Avg(6) + Avg(7)) \div (1 + Avg(5) - Avg(6))\}$. This factor is multiplied by Non-Excess OTC losses, to yield Total Adjusted OTC losses. Specifically, Column (8) is subtracted from Column (2), and the difference is multiplied by Item (9) for purposes of ratemaking.

INSURANCE SERVICES OFFICE, INC.

EXCESS WIND AND WATER PROCEDURE
 TERRITORIAL EXCESS LOSSES
 TRUCKS, TRACTORS, AND TRAILERS
 ARKANSAS
 YEAR = 2002

| | (1) | (2) | (3) = (1) / ((1)+(2)) | (4)* = (3) - (8) | (5) = (4) * ((1)+(2)) | (6)** = (5) * OBF |
|-----------|-----------------------------------|--|------------------------------|------------------------------------|--------------------------|----------------------|
| TERRITORY | (W&W) WIND AND WATER LOSSES | OTHER THAN WIND AND WATER LOSSES | W&W LOSSES % TOTAL LOSSES | RATIO ABOVE SW NORMAL LOSSES | DOLLAR AMOUNT | EXCESS LOSSES |
| 101 | 2,198 | 262,950 | 0.008 | 0.000 | 0 | 0 |
| 103 | 12,819 | 123,989 | 0.094 | 0.000 | 0 | 0 |
| 105 | 3,695 | 14,725 | 0.201 | 0.040 | 737 | 451 |
| 106 | 11,551 | 108,303 | 0.096 | 0.000 | 0 | 0 |
| 108 | 1,957 | 41,105 | 0.045 | 0.000 | 0 | 0 |
| 109 | 181,349 | 97,755 | 0.650 | 0.489 | 136,482 | 83,483 |
| 110 | 17,919 | 95,440 | 0.158 | 0.000 | 0 | 0 |
| 111 | 165,550 | 718,264 | 0.187 | 0.026 | 22,979 | 14,056 |
| SW | 397,038 | 1,462,531 | 0.214 | | 160,198 | 97,990 |

(7) WIND AND WATER EXCESS = 97,990

(8) STATEWIDE NORMAL WIND AND WATER RATIO = 0.161
 THE STATEWIDE RATIO IS CALCULATED AS (W&W LOSSES - EXCESS W&W LOSSES) / TOTAL LOSSES

* IF (3) < (8), THIS COLUMN = 0

** OBF = (W&W X/S) / (SUM(5)). THIS AMOUNT IS REMOVED FROM THE INDIVIDUAL TERRITORY.

EXCESS WIND AND WATER PROCEDURE
 TERRITORIAL EXCESS LOSSES
 TRUCKS, TRACTORS, AND TRAILERS
 ARKANSAS
 YEAR = 2003

| | (1) | (2) | (3) =(1)/((1)+(2)) | (4)* =(3)-(8) | (5) =(4)*((1)+(2)) | (6)** =(5)*OBF |
|-----------|-----------------------------------|--|------------------------------|------------------------------------|-----------------------|-------------------|
| TERRITORY | (W&W) WIND AND WATER LOSSES | OTHER THAN WIND AND WATER LOSSES | W&W LOSSES % TOTAL LOSSES | RATIO ABOVE SW NORMAL LOSSES | DOLLAR AMOUNT | EXCESS LOSSES |
| 101 | 15,532 | 119,202 | 0.115 | 0.000 | 0 | 0 |
| 103 | 105,392 | 184,825 | 0.363 | 0.204 | 59,204 | 50,784 |
| 105 | 6,347 | 20,179 | 0.239 | 0.080 | 2,122 | 1,820 |
| 106 | 29,500 | 117,997 | 0.200 | 0.041 | 6,047 | 5,187 |
| 108 | 28,958 | 48,345 | 0.375 | 0.216 | 16,697 | 14,322 |
| 109 | 5,461 | 43,957 | 0.111 | 0.000 | 0 | 0 |
| 110 | 8,257 | 82,298 | 0.091 | 0.000 | 0 | 0 |
| 111 | 122,781 | 530,936 | 0.188 | 0.029 | 18,958 | 16,262 |
| SW | 322,228 | 1,147,739 | 0.219 | | 103,028 | 88,375 |

(7) WIND AND WATER EXCESS = 88,376

(8) STATEWIDE NORMAL WIND AND WATER RATIO = 0.159
 THE STATEWIDE RATIO IS CALCULATED AS (W&W LOSSES - EXCESS W&W LOSSES) / TOTAL LOSSES

* IF (3)<(8), THIS COLUMN = 0

** OBF = (W&W X/S) / (SUM(5)). THIS AMOUNT IS REMOVED FROM THE INDIVIDUAL TERRITORY.

EXCESS WIND AND WATER PROCEDURE
 TERRITORIAL EXCESS LOSSES
 TRUCKS, TRACTORS, AND TRAILERS
 ARKANSAS
 YEAR = 2006

| | (1) | (2) | (3) = (1) / ((1)+(2)) | (4)* = (3) - (8) | (5) = (4) * ((1)+(2)) | (6)** = (5) * OBF |
|-----------|-----------------------------------|--|------------------------------|------------------------------------|--------------------------|----------------------|
| TERRITORY | (W&W) WIND AND WATER LOSSES | OTHER THAN WIND AND WATER LOSSES | W&W LOSSES % TOTAL LOSSES | RATIO ABOVE SW NORMAL LOSSES | DOLLAR AMOUNT | EXCESS LOSSES |
| 101 | 18,818 | 305,416 | 0.058 | 0.000 | 0 | 0 |
| 103 | 215,518 | 172,382 | 0.556 | 0.405 | 157,100 | 122,724 |
| 105 | 15,257 | 50,212 | 0.233 | 0.082 | 5,368 | 4,193 |
| 106 | 14,450 | 157,232 | 0.084 | 0.000 | 0 | 0 |
| 108 | 0 | 117,570 | 0.000 | 0.000 | 0 | 0 |
| 109 | 25,539 | 9,981 | 0.719 | 0.568 | 20,175 | 15,760 |
| 110 | 22,421 | 60,741 | 0.270 | 0.119 | 9,896 | 7,731 |
| 111 | 186,085 | 538,725 | 0.257 | 0.106 | 76,830 | 60,018 |
| SW | 498,088 | 1,412,259 | 0.261 | | 269,369 | 210,426 |

(7) WIND AND WATER EXCESS = 210,427

(8) STATEWIDE NORMAL WIND AND WATER RATIO = 0.151
 THE STATEWIDE RATIO IS CALCULATED AS (W&W LOSSES - EXCESS W&W LOSSES) / TOTAL LOSSES

* IF (3) < (8), THIS COLUMN = 0

** OBF = (W&W X/S) / (SUM(5)). THIS AMOUNT IS REMOVED FROM THE INDIVIDUAL TERRITORY.

EXCESS WIND AND WATER PROCEDURE
 TERRITORIAL EXCESS LOSSES
 PRIVATE PASSENGER TYPES
 ARKANSAS
 YEAR = 2002

| | (1) | (2) | (3) = (1) / ((1) + (2)) | (4)* = (3) - (8) | (5) = (4) * ((1) + (2)) | (6)** = (5) * OBF |
|-----------|-----------------------------------|--|------------------------------|------------------------------------|----------------------------|----------------------|
| TERRITORY | (W&W) WIND AND WATER LOSSES | OTHER THAN WIND AND WATER LOSSES | W&W LOSSES % TOTAL LOSSES | RATIO ABOVE SW NORMAL LOSSES | DOLLAR AMOUNT | EXCESS LOSSES |
| 101 | 3,817 | 50,912 | 0.070 | 0.000 | 0 | 0 |
| 103 | 0 | 23,080 | 0.000 | 0.000 | 0 | 0 |
| 105 | 9,869 | 23,332 | 0.297 | 0.100 | 3,320 | 2,550 |
| 106 | 0 | 17,184 | 0.000 | 0.000 | 0 | 0 |
| 108 | 0 | 8,524 | 0.000 | 0.000 | 0 | 0 |
| 109 | 52,562 | 11,782 | 0.817 | 0.620 | 39,893 | 30,645 |
| 110 | 11,848 | 21,792 | 0.352 | 0.155 | 5,214 | 4,005 |
| 111 | 74,499 | 183,462 | 0.289 | 0.092 | 23,732 | 18,230 |
| SW | 152,595 | 340,068 | 0.310 | | 72,159 | 55,430 |

(7) WIND AND WATER EXCESS = 55,431

(8) STATEWIDE NORMAL WIND AND WATER RATIO = 0.197
 THE STATEWIDE RATIO IS CALCULATED AS (W&W LOSSES - EXCESS W&W LOSSES) / TOTAL LOSSES

* IF (3) < (8), THIS COLUMN = 0

** OBF = (W&W X/S) / (SUM(5)). THIS AMOUNT IS REMOVED FROM THE INDIVIDUAL TERRITORY.

EXCESS WIND AND WATER PROCEDURE
 TERRITORIAL EXCESS LOSSES
 PRIVATE PASSENGER TYPES
 ARKANSAS
 YEAR = 2003

| | (1) | (2) | (3) = (1) / ((1)+(2)) | (4)* = (3) - (8) | (5) = (4) * ((1)+(2)) | (6)** = (5) * OBF |
|-----------|-----------------------------------|--|------------------------------|------------------------------------|--------------------------|----------------------|
| TERRITORY | (W&W) WIND AND WATER LOSSES | OTHER THAN WIND AND WATER LOSSES | W&W LOSSES % TOTAL LOSSES | RATIO ABOVE SW NORMAL LOSSES | DOLLAR AMOUNT | EXCESS LOSSES |
| 101 | 10,672 | 45,439 | 0.190 | 0.000 | 0 | 0 |
| 103 | 58,453 | 46,945 | 0.555 | 0.350 | 36,889 | 25,494 |
| 105 | 0 | 7,416 | 0.000 | 0.000 | 0 | 0 |
| 106 | 0 | 38,744 | 0.000 | 0.000 | 0 | 0 |
| 108 | 0 | 11,724 | 0.000 | 0.000 | 0 | 0 |
| 109 | 2,349 | 9,254 | 0.202 | 0.000 | 0 | 0 |
| 110 | 4,610 | 21,766 | 0.175 | 0.000 | 0 | 0 |
| 111 | 32,288 | 91,579 | 0.261 | 0.056 | 6,937 | 4,794 |
| SW | 108,372 | 272,867 | 0.284 | | 43,826 | 30,288 |

(7) WIND AND WATER EXCESS = 30,288

(8) STATEWIDE NORMAL WIND AND WATER RATIO = 0.205
 THE STATEWIDE RATIO IS CALCULATED AS (W&W LOSSES - EXCESS W&W LOSSES) / TOTAL LOSSES

* IF (3) < (8), THIS COLUMN = 0

** OBF = (W&W X/S) / (SUM(5)). THIS AMOUNT IS REMOVED FROM THE INDIVIDUAL TERRITORY.

EXCESS WIND AND WATER PROCEDURE
 TERRITORIAL EXCESS LOSSES
 PRIVATE PASSENGER TYPES
 ARKANSAS
 YEAR = 2006

| | (1) | (2) | (3) = (1) / ((1) + (2)) | (4)* = (3) - (8) | (5) = (4) * ((1) + (2)) | (6)** = (5) * OBF |
|-----------|-----------------------------------|--|------------------------------|------------------------------------|----------------------------|----------------------|
| TERRITORY | (W&W) WIND AND WATER LOSSES | OTHER THAN WIND AND WATER LOSSES | W&W LOSSES % TOTAL LOSSES | RATIO ABOVE SW NORMAL LOSSES | DOLLAR AMOUNT | EXCESS LOSSES |
| 101 | 11,709 | 29,420 | 0.285 | 0.099 | 4,072 | 3,344 |
| 103 | 46,722 | 7,962 | 0.854 | 0.668 | 36,529 | 29,994 |
| 105 | 5,467 | 8,151 | 0.401 | 0.215 | 2,928 | 2,404 |
| 106 | 0 | 15,787 | 0.000 | 0.000 | 0 | 0 |
| 108 | 1,522 | 2,038 | 0.428 | 0.242 | 862 | 708 |
| 109 | 3,176 | 1,999 | 0.614 | 0.428 | 2,215 | 1,819 |
| 110 | 856 | 42,486 | 0.020 | 0.000 | 0 | 0 |
| 111 | 28,892 | 74,676 | 0.279 | 0.093 | 9,632 | 7,909 |
| SW | 98,344 | 182,519 | 0.350 | | 56,238 | 46,178 |

(7) WIND AND WATER EXCESS = 46,177

(8) STATEWIDE NORMAL WIND AND WATER RATIO = 0.186
 THE STATEWIDE RATIO IS CALCULATED AS (W&W LOSSES - EXCESS W&W LOSSES) / TOTAL LOSSES

* IF (3) < (8), THIS COLUMN = 0

** OBF = (W&W X/S) / (SUM(5)). THIS AMOUNT IS REMOVED FROM THE INDIVIDUAL TERRITORY.

EXPLANATORY MEMORANDUM FOR ADJUSTING TERRITORIAL EXCESS LOSSES

| | |
|--|--|
| OBJECTIVE | In order to proceed with Step II - Determination of Territory Relativities in Section B of this filing, it is necessary to remove the actual excess losses, as determined by the Statewide Excess Procedure, from the individual territories. Staff has developed the following simple yet equitable procedure for accomplishing this. Simply stated, Wind and Water (W&W) losses are removed from territories where they represent a high percentage of the total territorial loss volume. An adjustment is made separately for each excess year. |
| COLUMN (1) W&W LOSSES | Dollar amount of W&W losses by territory |
| COLUMN (2) OTHER THAN W&W LOSSES | Dollar amount of losses resulting from perils other than W&W by territory. |
| COLUMN (3) RATIO OF W&W LOSSES TO TOTAL LOSSES | For individual territories, this is the ratio of W&W losses to total (W&W plus non-W&W). |
| COLUMN (4) DIFFERENCE BETWEEN TERRITORIAL RATIO AND STATEWIDE | This is the difference between the ratio calculated in Column (3) for the individual territory and the statewide ratio of Non-Excess W&W losses to total losses, for territories with ratios greater than statewide. For territories with ratios less than the statewide ratio, Column (4) is zero. |
| COLUMN (5) DOLLAR AMOUNT | This column converts Column (4) from a ratio to a dollar amount. It is calculated by multiplying Column (4) by total OTC losses (Columns (1)+(2)). |
| COLUMN (6) CORRECTION FOR OFF-BALANCE | The sum of the losses removed from the individual territories must balance to the excess W&W losses calculated in the Statewide Procedure. This is accomplished by applying an Off-Balance Factor, equal to the Statewide Excess W&W losses, divided by the sum of Column (5). This results in excess losses being removed equitably from territories. Territories with high W&W losses relative to the territorial volume are treated, while territories with few W&W losses relative to the territorial volume are left unchanged. |

ARKANSAS
COMMERCIAL AUTOMOBILE

SECTION D - REVISED PROSPECTIVE LOSS COSTS

| | |
|--|---------|
| Liability and Medical Payments | D2-D9 |
| Physical Damage - All Coverages Except Garages | D10-D17 |
| Garage Physical Damage | D18-D21 |
| Hired Autos (Rule 90)..... | D22 |

COMMERCIAL LINES MANUAL
 DIVISION ONE
 AUTOMOBILE
 LOSS COST PAGES

ARKANSAS (03)
 TERRITORY 101

| LIABILITY | MEDICAL PAYMENTS | | | | PERSONAL INJURY PROTECTION |
|--|-------------------|--------|--------|--------|----------------------------|
| Limit Of Liab. \$100,000 | Limit Per Person | | | | Basic Limits |
| | 500 | 1000 | 2000 | 5000 | |
| RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS | | | | | |
| \$ 402 | \$ 14 | \$ 23 | \$ 31 | \$ 46 | N/A |
| RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS | | | | | |
| \$ 399 | \$ 8 | \$ 14 | \$ 20 | \$ 26 | N/A |
| RULE 40. PUBLIC AUTO CLASSIFICATIONS – | | | | | |
| – TAXICABS AND LIMOUSINES | | | | | |
| \$ 2320 | \$ 84 | \$ 116 | \$ 165 | \$ 248 | N/A |
| – SCHOOL AND CHURCH BUSES | | | | | |
| \$ 245 | \$ 11 | \$ 16 | \$ 19 | \$ 25 | N/A |
| – OTHER BUSES | | | | | |
| \$ 1632 | \$ 52 | \$ 64 | \$ 82 | \$ 111 | N/A |
| – VAN POOLS | | | | | |
| \$ 559 | \$ 40 | \$ 56 | \$ 68 | \$ 88 | N/A |
| RULE 49. AUTO DEALERS – PREMIUM DEVELOPMENT | | | | | |
| \$ 765 | Refer to Rule 49. | | | | N/A |
| <ul style="list-style-type: none"> • For liability increased limits factors, refer to Rule 100. • For liability fleet factors, refer to Rules 22. and 39. • Other Than Auto losses for Garage risks are subject to an aggregate limit equal to three times the liability limit. For additional limits, refer to Rule 49. • For Medical Payments Coverage – Work Loss and Accidental Death Benefit, refer to Rule 93. | | | | | |

| LIABILITY Limit Of Liab. \$100,000 | MEDICAL PAYMENTS Limit Per Person | | | | PERSONAL INJURY PROTECTION Basic Limits |
|--|--------------------------------------|-------|--------|--------|--|
| | 500 | 1000 | 2000 | 5000 | |
| RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS | | | | | |
| \$ 318 | \$ 11 | \$ 18 | \$ 25 | \$ 36 | N/A |
| RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS | | | | | |
| \$ 334 | \$ 7 | \$ 12 | \$ 17 | \$ 21 | N/A |
| RULE 40. PUBLIC AUTO CLASSIFICATIONS – | | | | | |
| – TAXICABS AND LIMOUSINES | | | | | |
| \$ 1835 | \$ 66 | \$ 92 | \$ 130 | \$ 196 | N/A |
| – SCHOOL AND CHURCH BUSES | | | | | |
| \$ 194 | \$ 8 | \$ 12 | \$ 15 | \$ 19 | N/A |
| – OTHER BUSES | | | | | |
| \$ 1291 | \$ 41 | \$ 50 | \$ 65 | \$ 88 | N/A |
| – VAN POOLS | | | | | |
| \$ 442 | \$ 31 | \$ 44 | \$ 53 | \$ 69 | N/A |
| RULE 49. AUTO DEALERS – PREMIUM DEVELOPMENT | | | | | |
| \$ 605 | Refer to Rule 49. | | | | N/A |
| <ul style="list-style-type: none"> • For liability increased limits factors, refer to Rule 100. • For liability fleet factors, refer to Rules 22. and 39. • Other Than Auto losses for Garage risks are subject to an aggregate limit equal to three times the liability limit. For additional limits, refer to Rule 49. • For Medical Payments Coverage – Work Loss and Accidental Death Benefit, refer to Rule 93. | | | | | |

COMMERCIAL LINES MANUAL
DIVISION ONE
AUTOMOBILE
LOSS COST PAGES

ARKANSAS (03)
TERRITORY 105

| LIABILITY | MEDICAL PAYMENTS | | | | PERSONAL INJURY PROTECTION |
|--|-------------------|-------|--------|--------|----------------------------|
| Limit Of Liab. \$100,000 | Limit Per Person | | | | Basic Limits |
| | 500 | 1000 | 2000 | 5000 | |
| RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS | | | | | |
| \$ 282 | \$ 10 | \$ 16 | \$ 22 | \$ 32 | N/A |
| RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS | | | | | |
| \$ 315 | \$ 7 | \$ 11 | \$ 16 | \$ 20 | N/A |
| RULE 40. PUBLIC AUTO CLASSIFICATIONS – | | | | | |
| – TAXICABS AND LIMOUSINES | | | | | |
| \$ 1627 | \$ 59 | \$ 81 | \$ 116 | \$ 174 | N/A |
| – SCHOOL AND CHURCH BUSES | | | | | |
| \$ 172 | \$ 7 | \$ 11 | \$ 13 | \$ 17 | N/A |
| – OTHER BUSES | | | | | |
| \$ 1145 | \$ 37 | \$ 45 | \$ 57 | \$ 78 | N/A |
| – VAN POOLS | | | | | |
| \$ 392 | \$ 28 | \$ 39 | \$ 47 | \$ 62 | N/A |
| RULE 49. AUTO DEALERS – PREMIUM DEVELOPMENT | | | | | |
| \$ 536 | Refer to Rule 49. | | | | N/A |
| <ul style="list-style-type: none"> • For liability increased limits factors, refer to Rule 100. • For liability fleet factors, refer to Rules 22. and 39. • Other Than Auto losses for Garage risks are subject to an aggregate limit equal to three times the liability limit. For additional limits, refer to Rule 49. • For Medical Payments Coverage – Work Loss and Accidental Death Benefit, refer to Rule 93. | | | | | |

COMMERCIAL LINES MANUAL
DIVISION ONE
AUTOMOBILE
LOSS COST PAGES

| LIABILITY | MEDICAL PAYMENTS | | | | PERSONAL INJURY PROTECTION |
|--|--------------------------|------------------|--------|--------|----------------------------|
| | Limit Of Liab. \$100,000 | Limit Per Person | | | |
| | 500 | 1000 | 2000 | 5000 | |
| RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS | | | | | |
| \$ 315 | \$ 11 | \$ 18 | \$ 25 | \$ 36 | N/A |
| RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS | | | | | |
| \$ 327 | \$ 7 | \$ 12 | \$ 16 | \$ 21 | N/A |
| RULE 40. PUBLIC AUTO CLASSIFICATIONS - | | | | | |
| - TAXICABS AND LIMOUSINES | | | | | |
| \$ 1818 | \$ 65 | \$ 91 | \$ 129 | \$ 195 | N/A |
| - SCHOOL AND CHURCH BUSES | | | | | |
| \$ 192 | \$ 8 | \$ 12 | \$ 15 | \$ 19 | N/A |
| - OTHER BUSES | | | | | |
| \$ 1279 | \$ 41 | \$ 50 | \$ 64 | \$ 87 | N/A |
| - VAN POOLS | | | | | |
| \$ 438 | \$ 31 | \$ 44 | \$ 53 | \$ 69 | N/A |
| RULE 49. AUTO DEALERS - PREMIUM DEVELOPMENT | | | | | |
| \$ 599 | Refer to Rule 49. | | | | N/A |
| <ul style="list-style-type: none"> • For liability increased limits factors, refer to Rule 100. • For liability fleet factors, refer to Rules 22. and 39. • Other Than Auto losses for Garage risks are subject to an aggregate limit equal to three times the liability limit. For additional limits, refer to Rule 49. • For Medical Payments Coverage - Work Loss and Accidental Death Benefit, refer to Rule 93. | | | | | |

COMMERCIAL LINES MANUAL
 DIVISION ONE
 AUTOMOBILE
 LOSS COST PAGES

ARKANSAS (03)
 TERRITORY 108

| LIABILITY Limit Of Liab. \$100,000 | MEDICAL PAYMENTS Limit Per Person | | | | PERSONAL INJURY PROTECTION Basic Limits |
|--|--------------------------------------|-------|--------|--------|--|
| | 500 | 1000 | 2000 | 5000 | |
| RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS \$ 320 | \$ 12 | \$ 18 | \$ 25 | \$ 36 | N/A |
| RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS \$ 276 | \$ 6 | \$ 10 | \$ 14 | \$ 18 | N/A |
| RULE 40. PUBLIC AUTO CLASSIFICATIONS – | | | | | |
| – TAXICABS AND LIMOUSINES \$ 1846 | \$ 66 | \$ 92 | \$ 131 | \$ 198 | N/A |
| – SCHOOL AND CHURCH BUSES \$ 195 | \$ 8 | \$ 12 | \$ 15 | \$ 20 | N/A |
| – OTHER BUSES \$ 1299 | \$ 42 | \$ 51 | \$ 65 | \$ 88 | N/A |
| – VAN POOLS \$ 445 | \$ 32 | \$ 45 | \$ 54 | \$ 70 | N/A |
| RULE 49. AUTO DEALERS – PREMIUM DEVELOPMENT \$ 609 | Refer to Rule 49. | | | | N/A |
| <ul style="list-style-type: none"> • For liability increased limits factors, refer to Rule 100. • For liability fleet factors, refer to Rules 22. and 39. • Other Than Auto losses for Garage risks are subject to an aggregate limit equal to three times the liability limit. For additional limits, refer to Rule 49. • For Medical Payments Coverage – Work Loss and Accidental Death Benefit, refer to Rule 93. | | | | | |

COMMERCIAL LINES MANUAL
DIVISION ONE
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LOSS COST PAGES

| LIABILITY Limit Of Liab. \$100,000 | MEDICAL PAYMENTS Limit Per Person | | | | PERSONAL INJURY PROTECTION Basic Limits |
|--|--------------------------------------|-------|--------|--------|--|
| | 500 | 1000 | 2000 | 5000 | |
| RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS | | | | | |
| \$ 294 | \$ 11 | \$ 17 | \$ 23 | \$ 34 | N/A |
| RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS | | | | | |
| \$ 333 | \$ 7 | \$ 12 | \$ 17 | \$ 21 | N/A |
| RULE 40. PUBLIC AUTO CLASSIFICATIONS – | | | | | |
| – TAXICABS AND LIMOUSINES | | | | | |
| \$ 1696 | \$ 61 | \$ 85 | \$ 120 | \$ 181 | N/A |
| – SCHOOL AND CHURCH BUSES | | | | | |
| \$ 179 | \$ 8 | \$ 11 | \$ 14 | \$ 18 | N/A |
| – OTHER BUSES | | | | | |
| \$ 1194 | \$ 38 | \$ 47 | \$ 60 | \$ 81 | N/A |
| – VAN POOLS | | | | | |
| \$ 409 | \$ 29 | \$ 41 | \$ 49 | \$ 64 | N/A |
| RULE 49. AUTO DEALERS – PREMIUM DEVELOPMENT | | | | | |
| \$ 560 | Refer to Rule 49. | | | | N/A |
| <ul style="list-style-type: none"> • For liability increased limits factors, refer to Rule 100. • For liability fleet factors, refer to Rules 22. and 39. • Other Than Auto losses for Garage risks are subject to an aggregate limit equal to three times the liability limit. For additional limits, refer to Rule 49. • For Medical Payments Coverage – Work Loss and Accidental Death Benefit, refer to Rule 93. | | | | | |

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DIVISION ONE
AUTOMOBILE
LOSS COST PAGES

ARKANSAS (03)
TERRITORY 110

| LIABILITY | MEDICAL PAYMENTS | | | | PERSONAL INJURY PROTECTION |
|--|-------------------|-------|--------|--------|----------------------------|
| Limit Of Liab. \$100,000 | Limit Per Person | | | | Basic Limits |
| | 500 | 1000 | 2000 | 5000 | |
| RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS | | | | | |
| \$ 327 | \$ 12 | \$ 19 | \$ 26 | \$ 37 | N/A |
| RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS | | | | | |
| \$ 310 | \$ 7 | \$ 11 | \$ 16 | \$ 20 | N/A |
| RULE 40. PUBLIC AUTO CLASSIFICATIONS – | | | | | |
| – TAXICABS AND LIMOUSINES | | | | | |
| \$ 1887 | \$ 68 | \$ 94 | \$ 134 | \$ 202 | N/A |
| – SCHOOL AND CHURCH BUSES | | | | | |
| \$ 199 | \$ 9 | \$ 13 | \$ 16 | \$ 20 | N/A |
| – OTHER BUSES | | | | | |
| \$ 1328 | \$ 42 | \$ 52 | \$ 66 | \$ 90 | N/A |
| – VAN POOLS | | | | | |
| \$ 455 | \$ 32 | \$ 46 | \$ 55 | \$ 71 | N/A |
| RULE 49. AUTO DEALERS – PREMIUM DEVELOPMENT | | | | | |
| \$ 623 | Refer to Rule 49. | | | | N/A |
| <ul style="list-style-type: none"> • For liability increased limits factors, refer to Rule 100. • For liability fleet factors, refer to Rules 22. and 39. • Other Than Auto losses for Garage risks are subject to an aggregate limit equal to three times the liability limit. For additional limits, refer to Rule 49. • For Medical Payments Coverage – Work Loss and Accidental Death Benefit, refer to Rule 93. | | | | | |

| LIABILITY | MEDICAL PAYMENTS | | | | PERSONAL INJURY PROTECTION |
|--|--------------------------|------------------|-------|--------|----------------------------|
| | Limit Of Liab. \$100,000 | Limit Per Person | | | |
| | 500 | 1000 | 2000 | 5000 | Basic Limits |
| RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS | | | | | |
| \$ 209 | \$ 8 | \$ 12 | \$ 16 | \$ 24 | N/A |
| RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS | | | | | |
| \$ 294 | \$ 6 | \$ 11 | \$ 15 | \$ 19 | N/A |
| RULE 40. PUBLIC AUTO CLASSIFICATIONS – | | | | | |
| – TAXICABS AND LIMOUSINES | | | | | |
| \$ 1206 | \$ 43 | \$ 60 | \$ 86 | \$ 129 | N/A |
| – SCHOOL AND CHURCH BUSES | | | | | |
| \$ 127 | \$ 5 | \$ 8 | \$ 10 | \$ 13 | N/A |
| – OTHER BUSES | | | | | |
| \$ 849 | \$ 27 | \$ 33 | \$ 42 | \$ 58 | N/A |
| – VAN POOLS | | | | | |
| \$ 291 | \$ 21 | \$ 29 | \$ 35 | \$ 46 | N/A |
| RULE 49. AUTO DEALERS – PREMIUM DEVELOPMENT | | | | | |
| \$ 397 | Refer to Rule 49. | | | | N/A |
| <ul style="list-style-type: none"> • For liability increased limits factors, refer to Rule 100. • For liability fleet factors, refer to Rules 22. and 39. • Other Than Auto losses for Garage risks are subject to an aggregate limit equal to three times the liability limit. For additional limits, refer to Rule 49. • For Medical Payments Coverage – Work Loss and Accidental Death Benefit, refer to Rule 93. | | | | | |

COMMERCIAL LINES MANUAL
 DIVISION ONE
 AUTOMOBILE
 LOSS COST PAGES

ARKANSAS (03)
 TERRITORY 101

| PHYSICAL DAMAGE Original Cost New Range \$15,001 – 20,000 | | | |
|---|--------------------------------|------------------------|------------------------|
| | Specified Causes Of Loss | \$500 Ded. Comp. | \$500 Ded. Coll. |
| RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS | | | |
| – Not Used In Dumping Operations | | | |
| – Local And Intermediate – All Vehicles | | | |
| – Long Distance – Light Trucks And Trailers Used With Light Trucks | | | |
| | \$ 50 | \$ 70 | \$ 203 |
| RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS | | | |
| | N/A | \$ 35 | \$ 197 |
| RULE 40. PUBLIC AUTO CLASSIFICATIONS | | | |
| – TAXICABS AND LIMOUSINES | | | |
| | \$ 70 | \$ 97 | \$ 305 |
| – SCHOOL AND CHURCH BUSES | | | |
| | \$ 31 | \$ 43 | \$ 130 |
| – OTHER BUSES | | | |
| | \$ 31 | \$ 43 | \$ 130 |
| – VAN POOLS | | | |
| | \$ 70 | \$ 97 | \$ 305 |
| <ul style="list-style-type: none"> • For physical damage fleet factors, refer to Rules 22. and 39. • For additional coverages, refer to the Additional Coverages Table in Rules 23. and 40. • For Deductible factors, refer to Rule 98. • For Original Cost New and Age Group factors, refer to Rule 101. • For Stated Amount factors, refer to Rule 101. • For trucks and trailers used in dumping operations and all truck-tractors, multiply the collision premium by 1.25. • For Rule 34. Towing and Labor Costs, charge \$9.23 per car. | | | |

COMMERCIAL LINES MANUAL
DIVISION ONE
AUTOMOBILE
LOSS COST PAGES

| PHYSICAL DAMAGE Original Cost New Range \$15,001 – 20,000 | | | |
|---|--------------------------------|------------------------|------------------------|
| | Specified Causes Of Loss | \$500 Ded. Comp. | \$500 Ded. Coll. |
| RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS | | | |
| – Not Used In Dumping Operations | | | |
| – Local And Intermediate – All Vehicles | | | |
| – Long Distance – Light Trucks And Trailers Used With Light Trucks | | | |
| | \$ 49 | \$ 68 | \$ 194 |
| RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS | | | |
| | N/A | \$ 49 | \$ 191 |
| RULE 40. PUBLIC AUTO CLASSIFICATIONS | | | |
| – TAXICABS AND LIMOUSINES | | | |
| | \$ 68 | \$ 95 | \$ 291 |
| – SCHOOL AND CHURCH BUSES | | | |
| | \$ 30 | \$ 41 | \$ 124 |
| – OTHER BUSES | | | |
| | \$ 30 | \$ 41 | \$ 124 |
| – VAN POOLS | | | |
| | \$ 68 | \$ 95 | \$ 291 |
| <ul style="list-style-type: none"> • For physical damage fleet factors, refer to Rules 22. and 39. • For additional coverages, refer to the Additional Coverages Table in Rules 23. and 40. • For Deductible factors, refer to Rule 98. • For Original Cost New and Age Group factors, refer to Rule 101. • For Stated Amount factors, refer to Rule 101. • For trucks and trailers used in dumping operations and all truck-tractors, multiply the collision premium by 1.25. • For Rule 34. Towing and Labor Costs, charge \$9.23 per car. | | | |

COMMERCIAL LINES MANUAL
DIVISION ONE
AUTOMOBILE
LOSS COST PAGES

ARKANSAS (03)
TERRITORY 105

| PHYSICAL DAMAGE Original Cost New Range \$15,001 – 20,000 | | | |
|---|--------------------------------|------------------------|------------------------|
| | Specified Causes Of Loss | \$500 Ded. Comp. | \$500 Ded. Coll. |
| RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS | | | |
| – Not Used In Dumping Operations | | | |
| – Local And Intermediate – All Vehicles | | | |
| – Long Distance – Light Trucks And Trailers Used With Light Trucks | | | |
| | \$ 58 | \$ 80 | \$ 212 |
| RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS | | | |
| | N/A | \$ 65 | \$ 217 |
| RULE 40. PUBLIC AUTO CLASSIFICATIONS | | | |
| – TAXICABS AND LIMOUSINES | | | |
| | \$ 81 | \$ 111 | \$ 318 |
| – SCHOOL AND CHURCH BUSES | | | |
| | \$ 35 | \$ 49 | \$ 136 |
| – OTHER BUSES | | | |
| | \$ 35 | \$ 49 | \$ 136 |
| – VAN POOLS | | | |
| | \$ 81 | \$ 111 | \$ 318 |
| <ul style="list-style-type: none"> • For physical damage fleet factors, refer to Rules 22. and 39. • For additional coverages, refer to the Additional Coverages Table in Rules 23. and 40. • For Deductible factors, refer to Rule 98. • For Original Cost New and Age Group factors, refer to Rule 101. • For Stated Amount factors, refer to Rule 101. • For trucks and trailers used in dumping operations and all truck-tractors, multiply the collision premium by 1.25. • For Rule 34. Towing and Labor Costs, charge \$9.23 per car. | | | |

COMMERCIAL LINES MANUAL
DIVISION ONE
AUTOMOBILE
LOSS COST PAGES

| PHYSICAL DAMAGE Original Cost New Range \$15,001 – 20,000 | | | |
|---|--------------------------------|------------------------|------------------------|
| | Specified Causes Of Loss | \$500 Ded. Comp. | \$500 Ded. Coll. |
| RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS | | | |
| – Not Used In Dumping Operations | | | |
| – Local And Intermediate – All Vehicles | | | |
| – Long Distance – Light Trucks And Trailers Used With Light Trucks | | | |
| | \$ 57 | \$ 79 | \$ 201 |
| RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS | | | |
| | N/A | \$ 46 | \$ 180 |
| RULE 40. PUBLIC AUTO CLASSIFICATIONS | | | |
| – TAXICABS AND LIMOUSINES | | | |
| | \$ 79 | \$ 110 | \$ 302 |
| – SCHOOL AND CHURCH BUSES | | | |
| | \$ 35 | \$ 48 | \$ 129 |
| – OTHER BUSES | | | |
| | \$ 35 | \$ 48 | \$ 129 |
| – VAN POOLS | | | |
| | \$ 79 | \$ 110 | \$ 302 |
| <ul style="list-style-type: none"> ● For physical damage fleet factors, refer to Rules 22. and 39. ● For additional coverages, refer to the Additional Coverages Table in Rules 23. and 40. ● For Deductible factors, refer to Rule 98. ● For Original Cost New and Age Group factors, refer to Rule 101. ● For Stated Amount factors, refer to Rule 101. ● For trucks and trailers used in dumping operations and all truck-tractors, multiply the collision premium by 1.25. ● For Rule 34. Towing and Labor Costs, charge \$9.23 per car. | | | |

COMMERCIAL LINES MANUAL
 DIVISION ONE
 AUTOMOBILE
 LOSS COST PAGES

ARKANSAS (03)
 TERRITORY 108

| PHYSICAL DAMAGE Original Cost New Range \$15,001 – 20,000 | | | |
|---|--------------------------------|------------------------|------------------------|
| | Specified Causes Of Loss | \$500 Ded. Comp. | \$500 Ded. Coll. |
| RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS | | | |
| – Not Used In Dumping Operations | | | |
| – Local And Intermediate – All Vehicles | | | |
| – Long Distance – Light Trucks And Trailers Used With Light Trucks | | | |
| | \$ 63 | \$ 87 | \$ 211 |
| RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS | | | |
| | N/A | \$ 55 | \$ 206 |
| RULE 40. PUBLIC AUTO CLASSIFICATIONS | | | |
| – TAXICABS AND LIMOUSINES | | | |
| | \$ 88 | \$ 121 | \$ 317 |
| – SCHOOL AND CHURCH BUSES | | | |
| | \$ 38 | \$ 53 | \$ 135 |
| – OTHER BUSES | | | |
| | \$ 38 | \$ 53 | \$ 135 |
| – VAN POOLS | | | |
| | \$ 88 | \$ 121 | \$ 317 |
| <ul style="list-style-type: none"> • For physical damage fleet factors, refer to Rules 22. and 39. • For additional coverages, refer to the Additional Coverages Table in Rules 23. and 40. • For Deductible factors, refer to Rule 98. • For Original Cost New and Age Group factors, refer to Rule 101. • For Stated Amount factors, refer to Rule 101. • For trucks and trailers used in dumping operations and all truck-tractors, multiply the collision premium by 1.25. • For Rule 34. Towing and Labor Costs, charge \$9.23 per car. | | | |

COMMERCIAL LINES MANUAL
DIVISION ONE
AUTOMOBILE
LOSS COST PAGES

| PHYSICAL DAMAGE Original Cost New Range \$15,001 – 20,000 | | | |
|---|--------------------------------|------------------------|------------------------|
| | Specified Causes Of Loss | \$500 Ded. Comp. | \$500 Ded. Coll. |
| RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS | | | |
| – Not Used In Dumping Operations | | | |
| – Local And Intermediate – All Vehicles | | | |
| – Long Distance – Light Trucks And Trailers Used With Light Trucks | | | |
| | \$ 67 | \$ 93 | \$ 203 |
| RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS | | | |
| | N/A | \$ 50 | \$ 199 |
| RULE 40. PUBLIC AUTO CLASSIFICATIONS | | | |
| – TAXICABS AND LIMOUSINES | | | |
| | \$ 93 | \$ 129 | \$ 305 |
| – SCHOOL AND CHURCH BUSES | | | |
| | \$ 41 | \$ 57 | \$ 130 |
| – OTHER BUSES | | | |
| | \$ 41 | \$ 57 | \$ 130 |
| – VAN POOLS | | | |
| | \$ 93 | \$ 129 | \$ 305 |
| <ul style="list-style-type: none"> • For physical damage fleet factors, refer to Rules 22. and 39. • For additional coverages, refer to the Additional Coverages Table in Rules 23. and 40. • For Deductible factors, refer to Rule 98. • For Original Cost New and Age Group factors, refer to Rule 101. • For Stated Amount factors, refer to Rule 101. • For trucks and trailers used in dumping operations and all truck-tractors, multiply the collision premium by 1.25. • For Rule 34. Towing and Labor Costs, charge \$9.23 per car. | | | |

COMMERCIAL LINES MANUAL
 DIVISION ONE
 AUTOMOBILE
 LOSS COST PAGES

ARKANSAS (03)
 TERRITORY 110

| PHYSICAL DAMAGE | | | |
|---|---|---------------------------------|---------------------------------|
| Original Cost New Range | | | |
| \$15,001 – 20,000 | | | |
| | Specified Causes Of Loss | \$500 Ded. Comp. | \$500 Ded. Coll. |
| RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS | | | |
| – Not Used In Dumping Operations | | | |
| – Local And Intermediate – All Vehicles | | | |
| – Long Distance – Light Trucks And Trailers Used With Light Trucks | | | |
| | \$ 50 | \$ 70 | \$ 191 |
| RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS | | | |
| | N/A | \$ 33 | \$ 155 |
| RULE 40. PUBLIC AUTO CLASSIFICATIONS | | | |
| – TAXICABS AND LIMOUSINES | | | |
| | \$ 70 | \$ 97 | \$ 287 |
| – SCHOOL AND CHURCH BUSES | | | |
| | \$ 31 | \$ 43 | \$ 122 |
| – OTHER BUSES | | | |
| | \$ 31 | \$ 43 | \$ 122 |
| – VAN POOLS | | | |
| | \$ 70 | \$ 97 | \$ 287 |
| <ul style="list-style-type: none"> • For physical damage fleet factors, refer to Rules 22. and 39. • For additional coverages, refer to the Additional Coverages Table in Rules 23. and 40. • For Deductible factors, refer to Rule 98. • For Original Cost New and Age Group factors, refer to Rule 101. • For Stated Amount factors, refer to Rule 101. • For trucks and trailers used in dumping operations and all truck-tractors, multiply the collision premium by 1.25. • For Rule 34. Towing and Labor Costs, charge \$9.23 per car. | | | |

COMMERCIAL LINES MANUAL
DIVISION ONE
AUTOMOBILE
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| PHYSICAL DAMAGE Original Cost New Range \$15,001 – 20,000 | | | |
|---|--------------------------------|------------------------|------------------------|
| | Specified Causes Of Loss | \$500 Ded. Comp. | \$500 Ded. Coll. |
| RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS | | | |
| – Not Used In Dumping Operations | | | |
| – Local And Intermediate – All Vehicles | | | |
| – Long Distance – Light Trucks And Trailers Used With Light Trucks | | | |
| | \$ 66 | \$ 91 | \$ 203 |
| RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS | | | |
| | N/A | \$ 63 | \$ 198 |
| RULE 40. PUBLIC AUTO CLASSIFICATIONS | | | |
| – TAXICABS AND LIMOUSINES | | | |
| | \$ 92 | \$ 126 | \$ 305 |
| – SCHOOL AND CHURCH BUSES | | | |
| | \$ 40 | \$ 56 | \$ 130 |
| – OTHER BUSES | | | |
| | \$ 40 | \$ 56 | \$ 130 |
| – VAN POOLS | | | |
| | \$ 92 | \$ 126 | \$ 305 |
| <ul style="list-style-type: none"> • For physical damage fleet factors, refer to Rules 22. and 39. • For additional coverages, refer to the Additional Coverages Table in Rules 23. and 40. • For Deductible factors, refer to Rule 98. • For Original Cost New and Age Group factors, refer to Rule 101. • For Stated Amount factors, refer to Rule 101. • For trucks and trailers used in dumping operations and all truck-tractors, multiply the collision premium by 1.25. • For Rule 34. Towing and Labor Costs, charge \$9.23 per car. | | | |

COMMERCIAL LINES MANUAL
DIVISION ONE
AUTOMOBILE
LOSS COST PAGES

ARKANSAS (03)

49. AUTO DEALERS – PREMIUM DEVELOPMENT

| FIRE | | | |
|---|----------------------------------|------------------------|---|
| \$ 0.06 | | | |
| FIRE AND THEFT | | | |
| *Theft is subject to a \$100 per car/\$500 per occurrence deductible. | | | |
| Territory Code | Buildings And Standard Open Lots | Non-Standard Open Lots | Miscellaneous Types Listed In This Rule |
| All Territories | \$ 0.41 | \$ 0.49 | \$ 0.22 |
| | | | |
| *Optional Deductibles: \$250 per car and \$1,000 per occurrence – Multiply the above by .90. \$500 per car and \$2,500 per occurrence – Multiply the above by .75. | | | |

| SPECIFIED PERILS | | | | | |
|---|-----------|--------------------|------------------------|---------------------------------|-----------|
| *Theft and Mischief or Vandalism are subject to a \$100 per car/\$500 per occurrence deductible. | | | | | |
| Territory Code | Buildings | Open Lots | | Misc. Types Listed In This Rule | |
| | | Standard Open Lots | Non-Standard Open Lots | Buildings | Open Lots |
| All Territories | \$ 0.69 | \$ 0.77 | \$ 0.86 | \$ 0.51 | \$ 0.59 |
| | | | | | |
| *Optional Deductibles: \$250 per car and \$1,000 per occurrence – Multiply the above by .90. \$500 per car and \$2,500 per occurrence – Multiply the above by .75. | | | | | |

| LIMITED SPECIFIED PERILS | | | | | |
|---|-----------|--------------------|------------------------|---------------------------------|-----------|
| *Theft is subject to a \$100 per car/\$500 per occurrence deductible. | | | | | |
| Territory Code | Buildings | Open Lots | | Misc. Types Listed In This Rule | |
| | | Standard Open Lots | Non-Standard Open Lots | Buildings | Open Lots |
| All Territories | \$ 0.65 | \$ 0.69 | \$ 0.78 | \$ 0.46 | \$ 0.51 |
| | | | | | |
| *Optional Deductibles: \$250 per car and \$1,000 per occurrence – Multiply the above by .90. \$500 per car and \$2,500 per occurrence – Multiply the above by .75. | | | | | |

COMMERCIAL LINES MANUAL
 DIVISION ONE
 AUTOMOBILE
 LOSS COST PAGES

49. AUTO DEALERS – PREMIUM DEVELOPMENT
 (Cont'd)

| COMPREHENSIVE | | | | |
|---|-----------|--------------------|------------------------|---|
| *Theft and Mischief or Vandalism are subject to a \$100 per car/\$500 per occurrence deductible. | | | | |
| Territory Code | Buildings | Standard Open Lots | Non-Standard Open Lots | Miscellaneous Types Listed In This Rule |
| All Territories | \$ 0.83 | \$ 0.94 | \$ 1.02 | \$ 0.77 |
| | | | | |
| | | | | |
| *Optional Deductibles: \$250 per car and \$1,000 per occurrence – Multiply the above by .90. \$500 per car and \$2,500 per occurrence – Multiply the above by .75. | | | | |

| BLANKET COLLISION | | | |
|---|--|-------------------------|-----------------|
| | <ul style="list-style-type: none"> • Reporting Form – Total of Values Reported Each Month or Quarter • Non-Reporting Form – Total of Limits of Liability • In Rating Territories Having the Same Collision Rate Level | | |
| Deductible | First \$ 50,000 And Under | \$ 50,001 To \$ 100,000 | Over \$ 100,000 |
| \$100 | \$ 1.55 | \$ 0.61 | \$ 0.28 |
| \$250 | 0.96 | 0.39 | 0.16 |
| See Rule 98. for Deductibles not shown in this table. | | | |

COMMERCIAL LINES MANUAL
DIVISION ONE
AUTOMOBILE
LOSS COST PAGES

ARKANSAS (03)

55. GARAGEKEEPERS' INSURANCE – PREMIUM DEVELOPMENT

| GARAGEKEEPERS' – OTHER THAN COLLISION | | | | |
|---|---|------------------|-----------------|------------------|
| *Theft and Mischief or Vandalism are subject to a \$100 per car/\$500 per occurrence deductible. | | | | |
| Maximum Limit Of Liability | Specified Perils | | Comprehensive | |
| | Legal Liability | Direct (Primary) | Legal Liability | Direct (Primary) |
| \$ 6,000 | \$ 23 | \$ 31 | \$ 28 | \$ 37 |
| 7,500 | 27 | 36 | 32 | 44 |
| 9,000 | 31 | 42 | 37 | 50 |
| 12,000 | 38 | 51 | 46 | 61 |
| 15,000 | 45 | 60 | 54 | 72 |
| 18,000 | 50 | 67 | 60 | 81 |
| 22,500 | 60 | 81 | 72 | 98 |
| 30,000 | 75 | 102 | 91 | 122 |
| 37,500 | 89 | 120 | 107 | 145 |
| 45,000 | 102 | 137 | 122 | 165 |
| 60,000 | 125 | 169 | 150 | 203 |
| 75,000 | 148 | 199 | 177 | 239 |
| 90,000 | 170 | 230 | 204 | 276 |
| 120,000 | 210 | 283 | 251 | 339 |
| 150,000 | 246 | 332 | 295 | 398 |
| 180,000 | 283 | 382 | 340 | 459 |
| 225,000 | 340 | 460 | 408 | 551 |
| 300,000 | 431 | 582 | 517 | 698 |
| 375,000 | 522 | 705 | 627 | 846 |
| 450,000 | 612 | 826 | 734 | 991 |
| 600,000 | 783 | 1057 | 940 | 1269 |
| 750,000 | 949 | 1282 | 1139 | 1538 |
| 900,000 | 1111 | 1500 | 1333 | 1800 |
| 1,200,000 | 1417 | 1913 | 1701 | 2296 |
| 1,500,000 | 1693 | 2285 | 2031 | 2742 |
| 2,000,000 | 1915 | 2586 | 2299 | 3103 |
| 2,500,000 | 2086 | 2817 | 2504 | 3380 |
| Over 2,500,000 | Refer to Company | | | |
| Direct Coverage (Excess) | | | | |
| Specified Perils – Multiply the Legal Liability premium by 1.15. | | | | |
| Comprehensive – Multiply the Legal Liability premium by 1.15. | | | | |
| *Optional Deductibles: | \$250 per car and \$1,000 per occurrence – Multiply the above by .90. | | | |
| | \$500 per car and \$2,500 per occurrence – Multiply the above by .75. | | | |

COMMERCIAL LINES MANUAL
 DIVISION ONE
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 LOSS COST PAGES

55. GARAGEKEEPERS' INSURANCE – PREMIUM DEVELOPMENT (Cont'd)

| GARAGEKEEPERS' – COLLISION | | | | | | |
|--|--------------------|---------------------|--------------------|---------------------|--------------------|---------------------|
| Maximum Limit Of Liability | Deductibles | | | | | |
| | \$ 100 | | \$ 250 | | \$ 500 | |
| | Legal Liability | Direct (Primary) | Legal Liability | Direct (Primary) | Legal Liability | Direct (Primary) |
| \$ 6,000 | \$ 31 | \$ 42 | \$ 20 | \$ 27 | \$ 16 | \$ 21 |
| 7,500 | 36 | 49 | 23 | 32 | 18 | 24 |
| 9,000 | 41 | 55 | 27 | 36 | 20 | 28 |
| 12,000 | 52 | 70 | 34 | 46 | 26 | 35 |
| 15,000 | 62 | 84 | 40 | 54 | 31 | 42 |
| 18,000 | 73 | 99 | 48 | 64 | 37 | 50 |
| 22,500 | 86 | 117 | 56 | 76 | 43 | 58 |
| 30,000 | 111 | 150 | 72 | 97 | 55 | 75 |
| 37,500 | 131 | 176 | 85 | 115 | 65 | 88 |
| 45,000 | 147 | 198 | 96 | 129 | 73 | 99 |
| 60,000 | 184 | 249 | 120 | 162 | 92 | 125 |
| 75,000 | 222 | 300 | 144 | 195 | 111 | 150 |
| 90,000 | 255 | 344 | 165 | 223 | 127 | 172 |
| 120,000 | 318 | 429 | 207 | 279 | 159 | 215 |
| 150,000 | 382 | 516 | 248 | 335 | 191 | 258 |
| 180,000 | 441 | 595 | 286 | 387 | 220 | 297 |
| 225,000 | 527 | 711 | 343 | 462 | 264 | 356 |
| 300,000 | 671 | 905 | 436 | 588 | 335 | 453 |
| 375,000 | 813 | 1097 | 528 | 713 | 406 | 548 |
| 450,000 | 953 | 1286 | 619 | 836 | 476 | 643 |
| 600,000 | 1230 | 1661 | 800 | 1079 | 615 | 830 |
| 750,000 | 1503 | 2028 | 977 | 1319 | 751 | 1014 |
| 900,000 | 1759 | 2375 | 1143 | 1543 | 879 | 1187 |
| 1,200,000 | 2237 | 3020 | 1454 | 1963 | 1118 | 1510 |
| 1,500,000 | 2682 | 3621 | 1744 | 2354 | 1341 | 1811 |
| 2,000,000 | 3061 | 4132 | 1990 | 2686 | 1530 | 2066 |
| 2,500,000 | 3335 | 4502 | 2168 | 2926 | 1667 | 2251 |
| Over 2,500,000 | Refer to Company | | | | | |
| Direct Coverage (Excess) | | | | | | |
| Multiply the Legal Liability premium for the desired deductible by 1.15. | | | | | | |
| For additional coverages, refer to company. | | | | | | |

90. HIRED AUTOS

B. Cost Of Hire Basis – Liability Coverages**3. Premium Computation****b. Bodily Injury and Property Damage**

Subline Code (611)

Limits Identifier Code (1)

\$100,000 Limit – Limit Code (10)

All Territories \$0.6860**d. Minimum Premium \$***

* Refer to company.

C. Hired Auto Physical Damage (Class Code 6614)**2. Premium Computation****c. Rates per each \$100 estimated annual cost of hire:**

| | Per Each \$100 Annual Cost of Hire |
|---------------------------------|---|
| Comprehensive | |
| Full Coverage | |
| (Coverage Code 001) | .34 |
| \$ 50 Deductible | |
| (Coverage Code 003) | .32 |
| \$100 Deductible | |
| (Coverage Code 010) | .31 |
| | Per Each \$100 Annual Cost of Hire |
| Collision | |
| \$ 100 Deductible | |
| (Coverage Code 074) | .51 |
| 250 Deductible | |
| (Coverage Code 076) | .49 |
| 500 Deductible | |
| (Coverage Code 077) | .46 |
| 1,000 Deductible | |
| (Coverage Code 078) | .43 |
| | Per Each \$100 Annual Cost of Hire |
| Specified Causes of Loss | |
| Full Coverage | |
| (Coverage Code 020) | .16 |

3. The minimum premium for hired car physical damage is \$*.

* Refer to company.