

SERFF Tracking Number: FARM-125505698 State: Arkansas  
First Filing Company: Farmers Insurance Company, Inc., ... State Tracking Number: #? \$50  
Company Tracking Number: FAR0840-100470  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: F-AR-2008-HO-F  
Project Name/Number: AR J6234 - Modified Loss Settlement Endt/F-07-082

## Filing at a Glance

Companies: Farmers Insurance Company, Inc., Farmers Insurance Exchange

Product Name: F-AR-2008-HO-F SERFF Tr Num: FARM-125505698 State: Arkansas  
TOI: 04.0 Homeowners SERFF Status: Closed State Tr Num: #? \$50  
Sub-TOI: 04.0000 Homeowners Sub-TOI Co Tr Num: FAR0840-100470 State Status: Fees verified  
Combinations

Filing Type: Form Co Status: Reviewer(s): Becky Harrington,  
Betty Montesi, Brittany Yielding

Authors: Anahit Bekarian, Jeanette Disposition Date: 02/27/2008

Campion, Gayane Rupchian, Mina  
Villegas, Chris SalvaCruz, Edmond  
Balaian, Karen Lacy

Date Submitted: 02/25/2008 Disposition Status: Approved

Effective Date Requested (New): 10/16/2008

Effective Date (New): 10/16/2008

Effective Date Requested (Renewal): 10/16/2008

Effective Date (Renewal):  
10/16/2008

State Filing Description:

## General Information

Project Name: AR J6234 - Modified Loss Settlement Endt

Status of Filing in Domicile: Not Filed

Project Number: F-07-082

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 02/27/2008

State Status Changed: 02/27/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

Cover memo is attached as separate item in Supporting Document header

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## Company and Contact

### Filing Contact Information

Feliksa Barran, Manager - Business Feliksa\_Barran@farmersinsurance.com  
 Implementation  
 4700 Wilshire Blvd. (323) 932-3056 [Phone]  
 Los Angeles, CA 90010

### Filing Company Information

Farmers Insurance Company, Inc. CoCode: 21628 State of Domicile: Kansas  
 10850 Lowell Avenue Group Code: 212 Company Type:  
 Overland Park, KS 66210-1667 Group Name: State ID Number:  
 (323) 932-3056 ext. [Phone] FEIN Number: 48-0609012

Farmers Insurance Exchange CoCode: 21652 State of Domicile: California  
 4680 Wilshire Blvd. Group Code: 212 Company Type:  
 Los Angeles, CA 90010 Group Name: State ID Number:  
 (323) 932-3056 ext. [Phone] FEIN Number: 95-2575893

## Filing Fees

Fee Required? Yes  
 Fee Amount: \$50.00  
 Retaliatory? No  
 Fee Explanation: \$50.00 is the required filing fee amount for this submission.  
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Farmers Insurance Company, Inc.	\$0.00	02/25/2008	
Farmers Insurance Exchange	\$0.00	02/25/2008	

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
3010687331	\$50.00	02/07/2008

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Becky Harrington	02/27/2008	02/27/2008

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## Disposition

Disposition Date: 02/27/2008  
Effective Date (New): 10/16/2008  
Effective Date (Renewal): 10/16/2008  
Status: Approved  
Comment:

Rate data does NOT apply to filing.

### Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	0.000%
Overall Percentage Rate Impact For This Filing	0.000%
Effect of Rate Filing-Written Premium Change For This Program	\$0
Effect of Rate Filing - Number of Policyholders Affected	0

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Cover memo	Approved	Yes
Form	Modified Loss Settlement	Approved	Yes

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## Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Modified Loss Settlement	93-6234	01-08	Endorsement/Amendment/Conditions		46.10	J6234, 3rd ed.pdf

In exchange for a reduction in your premium, you have agreed to the Loss Settlement provisions and coverage changes set forth below. Please read this endorsement carefully.

Refer to the Declarations or renewal notice for the revised **stated limit** for Coverage A (**Dwelling**) and for other revised coverages, as applicable.

In exchange for a reduction in premium, you have agreed:

1. to a **stated limit** of insurance for Coverage A (**Dwelling**) that is lower than the estimated cost to replace the **dwelling**. This will result in a lower limit for any coverage that is a percentage of Coverage A, including but not limited to **Separate Structures**, Personal Property, and Loss of Use;
2. to our use of less costly but functionally equivalent construction and materials in settling loss or damage to **building structures** under Coverage A (**Dwelling**) and Coverage B (**Separate Structures**). We will replace custom, obsolete, upgraded or unique construction or materials with functionally equivalent construction and materials;
3. to our use of **actual cash value** for settlement of all **Separate Structures** which are not **building structures**; and
4. that **SECTION I - EXTENSIONS OF COVERAGE, 2. Extended replacement cost-Coverage A and 4. Building ordinance or law** do not apply.

You understand and agree that in the event of a loss, you may not have enough coverage to completely repair or return a damaged **building structure** or **separate structure** to its pre-loss custom, upgraded or unique condition.

**SECTION I - EXTENSIONS OF COVERAGE**, the following items are deleted:

2. Extended replacement cost - Coverage A
4. Building ordinance or law

**SECTION I - PROPERTY CONDITION, 5.a. How We Settle Covered Loss**, Coverage A (**Dwelling**) and Coverage B (**Separate Structures**), is deleted and replaced with the following:

5. How we settle covered loss.
  - a. Coverage A (**Dwelling**) and Coverage B (**Separate Structures**).
    - (1) Settlement for covered loss or damage to a **building structure** under Coverage A (**Dwelling**) or Coverage B (**Separate Structures**) will be settled as follows:
      - i. Actual repair cost - if you repair or replace the damaged or destroyed **building structure**, we will pay the smallest of the following amounts:
        - a. the **stated limit** or other limit of insurance under this policy that applies to the damaged or destroyed **building structure**;
        - b. the amount you actually and necessarily spent to repair or replace damage to the **building structure**. If the **building structure** was used for other than a private residential premises, we will pay only the amount to repair or replace the **building structure** for use as a private residential premises;

- c. repair or replacement costs as if at the same location if replacement is at a different location; or
  - d. the loss to the interest of the **insured** in the **building structure**.
- ii. **Actual Cash Value** - if you do not repair or replace the damaged or destroyed **building structure**, we will pay the **actual cash value** of the loss, but no greater than the smallest of the following amounts:
- a. the **stated limit** or other limit of insurance under this policy that applies to the damaged or destroyed **building structure**; or
  - b. the loss to the interest of the **insured** in the **building structure**.

For purposes of settlement under both subparagraph i) and ii) above, the repair or replacement cost will be estimated using modern common construction methods and basic, common, standard grade materials, surfaces, finishes and fixtures, that are locally available, and which are equal in function instead of and in place of any obsolete, antique, decorative, custom, luxury, artisan, upgraded or unique construction methods, workmanship, materials, surfaces, finishes or fixtures. For example, wallboard will be used instead of plaster. For settlement on an **actual cash value** basis, depreciation will then be applied to the replacement or repair cost so estimated.

- (2) Loss settlement for any **separate structure** that is not a **building structure** will only be settled at **actual cash value** of the damage, but for no more than the smallest of the following:
- i. the **stated limit** or other limit of insurance under this policy that applies to the damaged or destroyed property ;
  - ii. the amount you actually and necessarily spent to repair or replace damage to the **separate structure**; or
  - iii. the loss to the interest of the **insured** in the property.

Loss or damage to a **separate structure** which is not a **building structure**, but which is attached to a **building structure**, will also be settled under this subparagraph (2).

- (3) When the cost to repair or replace a damaged or destroyed **building structure** is more than \$2,500, we will settle the loss on an **actual cash value** basis until actual repair or replacement is completed. If you do not actually repair or replace the **building structure** within 12 months of our first payment toward **actual cash value**, then the damage will only be settled on an **actual cash value** basis whether or not you have decided to repair or replace the damaged or destroyed **building structure**.
- (4) Notwithstanding the foregoing, if damaged or destroyed property is subject to a "valued policy" law or similar law that applies to the loss or damage, then we will pay the amount required by such law.

**SECTION I - PROPERTY CONDITION, 6. Replacement Cost Settlement**, is amended by the addition of the following:

This Condition does not apply to loss or damage to **building structures** under **SECTION I - PROPERTY CONDITION, 5.a. How We Settle Covered Loss**, Coverage A (**Dwelling**) and Coverage B (**Separate Structures**).

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.

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## Supporting Document Schedules

**Satisfied -Name:** Uniform Transmittal Document-  
Property & Casualty **Review Status:** Approved 02/27/2008

**Comments:**

**Attachment:**

P & C transmittal.pdf

**Satisfied -Name:** Cover memo **Review Status:** Approved 02/27/2008

**Comments:**

**Attachment:**

Cover memo.pdf

## Property & Casualty Transmittal Document

<p><b>1. Reserved for Insurance Dept. Use Only</b></p>	<p><b>2. Insurance Department Use only</b></p> <p>a. Date the filing is received:</p> <p>b. Analyst:</p> <p>c. Disposition:</p> <p>d. Date of disposition of the filing:</p> <p>e. Effective date of filing:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">New Business</td> <td></td> </tr> <tr> <td>Renewal Business</td> <td></td> </tr> </table> <p>f. State Filing #:</p> <p>g. SERFF Filing #:</p> <p>h. Subject Codes</p>	New Business		Renewal Business	
New Business					
Renewal Business					

<b>3.</b>	<b>Group Name</b>	<b>Group NAIC #</b>			
	Farmers Insurance Group of Companies	0212			
<b>4.</b>	<b>Company Name(s)</b>	<b>Domicile</b>	<b>NAIC #</b>	<b>FEIN #</b>	<b>NAIC #</b>
	Farmers Insurance Exchange	CA	21652	95-2575893	0212

<b>5. Company Tracking Number</b>	FAR0840-100470
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**Contact Info of Filer(s) or Corporate Officer(s)** [include toll-free number]

6.	Name and address	Title	Telephone #	FAX #	e-mail
	Julie Whittington 4700 Wilshire Blvd. Los Angeles, CA 90010	Sr. Analyst, Personal Lines/Underwriting/ Contracts	(323) 932-3170		

<b>7.</b>	Signature of authorized filer	
<b>8.</b>	Please print name of authorized filer	Mina Villegas

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

<b>9. Type of Insurance (TOI)</b>	Homeowners
<b>10. Sub-Type of Insurance (Sub-TOI)</b>	Homeowners Sub-Type TOI
<b>11. State Specific Product code(s)(if applicable)[See State Specific Requirements]</b>	04.0/04.0000
<b>12. Company Program Title (Marketing title)</b>	J6234 – Modified Loss Settlement
<b>13. Filing Type</b>	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
<b>14. Effective Date(s) Requested</b>	New: 10-16-2008      Renewal: 10-16-2008
<b>15. Reference Filing?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>16. Reference Organization (if applicable)</b>	
<b>17. Reference Organization # &amp; Title</b>	

<b>18.</b>	<b>Company's Date of Filing</b>	February 25, 2008
<b>19.</b>	<b>Status of filing in domicile</b>	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

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## Property & Casualty Transmittal Document—

<b>20.</b>	<b>This filing transmittal is part of Company Tracking #</b>	
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<b>21.</b>	<b>Filing Description</b> [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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See cover memo.

<b>22.</b>	<b>Filing Fees</b> (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]
<p><b>Check #: 3010387331</b> <b>Amount: \$50.00</b></p> <p><b>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</b></p>	

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

PC TD-1 pg 2 of 2



FARMERS

4700 Wilshire Blvd  
Los Angeles, CA 90010  
Bus number: (323) 932-3170  
Fax number: (323) 932-3950  
[www.farmersinsurance.com](http://www.farmersinsurance.com)

February 25, 2008

Honorable Julie Benafield Bowman  
Commissioner of Insurance  
Arkansas Insurance Department  
1200 West 3<sup>rd</sup> Street  
Little Rock, Arkansas 72201-1904

SUBJECT: Revision to J6234 – Modified Loss Settlement Endorsement

Company Name	Reference #	NAIC #	Group #
Farmers Insurance Exchange	FAR0840-100470	21652	0212

Dear Commissioner:

We submit for your review and approval J6234, 3<sup>rd</sup> Edition - **Modified Loss Settlement Endorsement**. The revision to this endorsement will provide a change in language to clarify the intent of coverage and to provide an easier to understand explanation of how claims will be settled in the event of loss.

This endorsement will only be used with our Next Generation Homeowners Policy.

The proposed implementation date is October 16, 2008 for both new business and renewals.

If you have any questions concerning this change, please feel free to contact me, Juliette Whittington at (323) 932-3170 [julie\\_whittington@farmersinsurance.com](mailto:julie_whittington@farmersinsurance.com).

Very truly yours,  
FARMERS INSURANCE EXCHANGE

By: Julie Whittington  
Personal Lines Contracts