

<i>SERFF Tracking Number:</i>	<i>PENN-125473762</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Diamond State Insurance Company</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>DS-2007-FO-RA-057</i>		
<i>TOI:</i>	<i>01.0 Property</i>	<i>Sub-TOI:</i>	<i>01.0001 Commercial Property (Fire and Allied Lines)</i>
<i>Product Name:</i>	<i>Ranch and Estate Program</i>		
<i>Project Name/Number:</i>	<i>Rating Factor Revisions/DS-2007-FO-RA-057</i>		

Filing at a Glance

Company: Diamond State Insurance Company

Product Name: Ranch and Estate Program

TOI: 01.0 Property

Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)

Filing Type: Rate

SERFF Tr Num: PENN-125473762 State: Arkansas

SERFF Status: Closed

Co Tr Num: DS-2007-FO-RA-057

Co Status:

Author: Lorna Geiger

Date Submitted: 02/13/2008

State Tr Num: EFT \$100

State Status: Fees verified and received

Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding

Disposition Date: 02/22/2008

Disposition Status: Exempt from Review

Effective Date Requested (New): 03/15/2008

Effective Date Requested (Renewal): 03/15/2008

Effective Date (New): 03/15/2008

Effective Date (Renewal): 03/15/2008

State Filing Description:

General Information

Project Name: Rating Factor Revisions

Project Number: DS-2007-FO-RA-057

Reference Organization:

Reference Title:

Filing Status Changed: 02/22/2008

State Status Changed: 02/22/2008

Corresponding Filing Tracking Number:

Filing Description:

Diamond State Insurance Company is submitting rating factor revisions to our currently approved Ranch and Estate Program. The proposed revisions will result in an overall premium impact of -19.4%.

Status of Filing in Domicile: Pending

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

SERFF Tracking Number: PENN-125473762 State: Arkansas
 Filing Company: Diamond State Insurance Company State Tracking Number: EFT \$100
 Company Tracking Number: DS-2007-FO-RA-057
 TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)
 Product Name: Ranch and Estate Program
 Project Name/Number: Rating Factor Revisions/DS-2007-FO-RA-057

Company and Contact

Filing Contact Information

Lorna Geiger, State Filing Analyst lgeiger@unitednat.com
 Three Bala Plaza East (610) 660-6876 [Phone]
 Bala Cynwyd, PA 19004 (610) 668-3399[FAX]

Filing Company Information

Diamond State Insurance Company CoCode: 42048 State of Domicile: Indiana
 Three Bala Plaza, East Group Code: 920 Company Type:
 Suite 300
 Bala Cynwyd, PA 19004 Group Name: State ID Number:
 (610) 660-6825 ext. [Phone] FEIN Number: 51-0257823

Filing Fees

Fee Required? Yes
 Fee Amount: \$100.00
 Retaliatory? No
 Fee Explanation:
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Diamond State Insurance Company	\$100.00	02/13/2008	17957669

SERFF Tracking Number: PENN-125473762 State: Arkansas
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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Exempt from Review	Llyweyia Rawlins	02/22/2008	02/22/2008

SERFF Tracking Number: PENN-125473762 State: Arkansas
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 Company Tracking Number: DS-2007-FO-RA-057
 TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)
 Product Name: Ranch and Estate Program
 Project Name/Number: Rating Factor Revisions/DS-2007-FO-RA-057

Disposition

Disposition Date: 02/22/2008

Effective Date (New): 03/15/2008

Effective Date (Renewal): 03/15/2008

Status: Exempt from Review

Comment:

This line is exempt from filing rates in compliance with ACA 23-67-206 which states that P&C insurance for commercial risks, excluding workers' compensation, employers' liability and professional liability insurance, including but not limited to, medical malpractice insurance, are exempted from the rate filing and review requirements.

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Diamond State Insurance Company	-19.400%	\$20,049	11	\$24,875	-18.600%	-21.000%	22.500%

SERFF Tracking Number: PENN-125473762 State: Arkansas
 Filing Company: Diamond State Insurance Company State Tracking Number: EFT \$100
 Company Tracking Number: DS-2007-FO-RA-057
 TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)
 Product Name: Ranch and Estate Program
 Project Name/Number: Rating Factor Revisions/DS-2007-FO-RA-057

Item Type	Item Name	Item Status	Public Access
Supporting Document	Actuarial Support	Accepted for Informational Purposes	Yes
Rate	Exhibit 5 - Rate Comparison	Accepted for Informational Purposes	Yes

SERFF Tracking Number:	PENN-125473762	State:	Arkansas
Filing Company:	Diamond State Insurance Company	State Tracking Number:	EFT \$100
Company Tracking Number:	DS-2007-FO-RA-057		
TOI:	01.0 Property	Sub-TOI:	01.0001 Commercial Property (Fire and Allied Lines)
Product Name:	Ranch and Estate Program		
Project Name/Number:	Rating Factor Revisions/DS-2007-FO-RA-057		

Rate Information

Rate data applies to filing.

Filing Method:	File and Use
Rate Change Type:	Decrease
Overall Percentage of Last Rate Revision:	0.000%
Effective Date of Last Rate Revision:	02/03/2000
Filing Method of Last Filing:	File and Use

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
Diamond State Insurance Company	22.500%	-19.400%	\$20,049	11	\$24,875	-18.600%	-21.000%

SERFF Tracking Number: PENN-125473762 State: Arkansas
 Filing Company: Diamond State Insurance Company State Tracking Number: EFT \$100
 Company Tracking Number: DS-2007-FO-RA-057
 TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)
 Product Name: Ranch and Estate Program
 Project Name/Number: Rating Factor Revisions/DS-2007-FO-RA-057

Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Filing Attachments
Accepted for Informational Purposes	Exhibit 5 - Rate Comparison	Pages 1-6	Replacement	99-1FO-157	AR Stable Rate Comparison.pdf

AEIG Ranch Estate Program
Arkansas
1999 Filled Rates

2006 Revised Rates

COVERAGE FORMS
Dwellings & Structures
Coverage's

COVERAGE FORMS Dwellings & Structures Coverage's	2006 Revised Rates				1999 Filled Rates				Change	Comments
	FO 1-2-3-5 DWELLINGS A B C D	FO-5 FARM BLDG. G	FO-8 CONDO C D	FO 1-2-3-5 DWELLINGS A B C D	FO-6 FARM BLDG. G	FO-8 CONDO C D	FO 1-2-3-5 DWELLINGS A B C D	FO-6 FARM BLDG. G		
	Rate Per 1,000	Rate Per 1,000	Rate Per 1,000	Rate Per 1,000	Rate Per 1,000	Rate Per 1,000	Rate Per 1,000	Rate Per 1,000		
1,000.00	N/A	19.97	N/A	N/A	19.97	N/A	N/A	N/A	1.00	N/A
2,000.00	N/A	17.97	N/A	N/A	17.97	N/A	N/A	N/A	1.00	N/A
3,000.00	N/A	16.97	N/A	N/A	16.97	N/A	N/A	N/A	1.00	N/A
4,000.00	N/A	14.97	N/A	N/A	14.97	N/A	N/A	N/A	1.00	N/A
5,000.00	N/A	12.97	8.40	8.40	12.97	8.40	8.40	8.40	1.00	N/A
7,500.00	N/A	11.97	7.80	7.80	11.97	7.80	7.80	7.80	1.00	N/A
10,000.00	N/A	11.47	7.20	7.20	11.47	7.20	7.20	7.20	1.00	N/A
12,500.00	N/A	10.97	6.60	6.60	10.97	6.60	6.60	6.60	1.00	N/A
15,000.00	N/A	10.47	6.00	6.00	10.47	6.00	6.00	6.00	1.00	N/A
17,500.00	N/A	9.97	5.40	5.40	9.97	5.40	5.40	5.40	1.00	N/A
20,000.00	12.24	9.72	5.40	5.40	12.24	5.40	5.40	5.40	1.00	N/A
22,500.00	11.37	9.47	5.40	5.40	11.37	5.40	5.40	5.40	1.00	N/A
25,000.00	10.56	9.22	5.40	5.40	10.56	5.40	5.40	5.40	1.00	N/A
27,500.00	9.74	9.12	5.40	5.40	9.74	5.40	5.40	5.40	1.00	N/A
30,000.00	8.91	9.02	5.40	5.40	8.91	5.40	5.40	5.40	1.00	N/A
32,500.00	8.53	8.92	5.40	5.40	8.53	5.40	5.40	5.40	1.00	N/A
35,000.00	8.16	8.82	5.40	5.40	8.16	5.40	5.40	5.40	1.00	N/A
37,500.00	7.79	8.72	5.40	5.40	7.79	5.40	5.40	5.40	1.00	N/A
40,000.00	7.42	8.62	5.40	5.40	7.42	5.40	5.40	5.40	1.00	N/A
42,500.00	7.18	8.52	5.40	5.40	7.18	5.40	5.40	5.40	1.00	N/A
45,000.00	6.97	8.47	5.40	5.40	6.97	5.40	5.40	5.40	1.00	N/A
47,500.00	6.76	8.42	5.40	5.40	6.76	5.40	5.40	5.40	1.00	N/A
50,000.00	6.55	8.37	5.40	5.40	6.55	5.40	5.40	5.40	1.00	N/A
55,000.00	6.22	8.32	5.40	5.40	6.22	5.40	5.40	5.40	1.00	N/A
60,000.00	5.92	8.27	5.40	5.40	5.92	5.40	5.40	5.40	1.00	N/A
65,000.00	5.85	8.22	5.40	5.40	5.85	5.40	5.40	5.40	1.00	N/A
70,000.00	5.78	8.17	5.40	5.40	5.78	5.40	5.40	5.40	1.00	N/A
75,000.00	5.57	8.12	5.40	5.40	5.57	5.40	5.40	5.40	1.00	N/A
80,000.00	5.41	8.07	5.40	5.40	5.41	5.40	5.40	5.40	1.00	N/A
85,000.00	5.37	8.02	5.40	5.40	5.37	5.40	5.40	5.40	1.00	N/A
90,000.00	5.33	7.97	5.40	5.40	5.33	5.40	5.40	5.40	1.00	N/A
95,000.00	5.33	7.97	5.40	5.40	5.33	5.40	5.40	5.40	1.00	N/A
100,000.00	5.32	7.97	5.40	5.40	5.32	5.40	5.40	5.40	1.00	N/A
110,000.00	5.32	7.97	5.40	5.40	5.32	5.40	5.40	5.40	1.00	N/A
120,000.00	5.32	7.97	5.40	5.40	5.32	5.40	5.40	5.40	1.00	N/A
130,000.00	5.32	7.97	5.40	5.40	5.32	5.40	5.40	5.40	1.00	N/A
140,000.00	5.32	7.97	5.40	5.40	5.32	5.40	5.40	5.40	1.00	N/A
150,000.00	5.32	7.97	5.40	5.40	5.32	5.40	5.40	5.40	1.00	N/A
160,000.00	5.32	7.97	5.40	5.40	5.32	5.40	5.40	5.40	1.00	N/A
170,000.00	5.32	7.97	5.40	5.40	5.32	5.40	5.40	5.40	1.00	N/A
180,000.00	5.32	7.97	5.40	5.40	5.32	5.40	5.40	5.40	1.00	N/A
190,000.00	5.32	7.97	5.40	5.40	5.32	5.40	5.40	5.40	1.00	N/A
200,000.00	5.32	7.97	5.40	5.40	5.32	5.40	5.40	5.40	1.00	N/A
210,000.00	5.32	7.97	5.40	5.40	5.32	5.40	5.40	5.40	1.00	N/A
220,000.00	5.32	7.97	5.40	5.40	5.32	5.40	5.40	5.40	1.00	N/A
230,000.00	5.32	7.97	5.40	5.40	5.32	5.40	5.40	5.40	1.00	N/A
240,000.00	5.32	7.97	5.40	5.40	5.32	5.40	5.40	5.40	1.00	N/A
250,000.00	5.32	7.97	5.40	5.40	5.32	5.40	5.40	5.40	1.00	N/A
260,000.00	5.32	7.97	5.40	5.40	5.32	5.40	5.40	5.40	1.00	N/A
270,000.00	5.32	7.97	5.40	5.40	5.32	5.40	5.40	5.40	1.00	N/A
280,000.00	5.32	7.97	5.40	5.40	5.32	5.40	5.40	5.40	1.00	N/A
290,000.00	5.32	7.97	5.40	5.40	5.32	5.40	5.40	5.40	1.00	N/A
300,000.00	5.32	7.97	5.40	5.40	5.32	5.40	5.40	5.40	1.00	N/A

AEIG Ranch Estate Program

Arkansas

Coverage's	2006 Revised Rates				1999 Filed Rates				Change	Rate Per 1,000						
	FO-1-2-3 MOBILE HOME A B C D	FO-6 MOBILE BLDG. WRITE DOWN CREDIT	FO-4 TENANT C D	FO-1-2-3 MOBILE HOME A B C D	FO-6 MOBILE BLDG. WRITE DOWN CREDIT	FO-4 TENANT C D	FO-1-2-3 MOBILE HOME A B C D	FO-6 MOBILE BLDG. WRITE DOWN CREDIT								
300,000 to 1,000,000 Each Additional 10,000	53.10	77.95	N/A	53.10	77.95	N/A	1.00	1.00	1.00	N/A						
1,000,000 to 2,000,000 Each Additional 10,000	53.00	77.90	N/A	53.00	77.90	N/A	1.00	1.00	1.00	N/A						
2,000,000 to 3,000,000 Each Additional 10,000	52.90	77.85	N/A	52.90	77.85	N/A	1.00	1.00	1.00	N/A						
3,000,000 to 5,000,000 Each Additional 10,000	52.80	77.80	N/A	52.80	77.80	N/A	1.00	1.00	1.00	N/A						
5,000,000 to 10,000,000 Each Additional 10,000	52.70	77.80	N/A	52.70	77.80	N/A	1.00	1.00	1.00	N/A						
1,000.00	N/A	20.00	N/A	N/A	20.00	N/A	1.00	1.00	1.00	N/A						
2,000.00	N/A	19.00	N/A	N/A	19.00	N/A	1.00	1.00	1.00	N/A						
3,000.00	N/A	18.00	N/A	N/A	18.00	N/A	1.00	1.00	1.00	N/A						
4,000.00	N/A	17.00	N/A	N/A	17.00	N/A	1.00	1.00	1.00	N/A						
5,000.00	0.31	16.00	8.40	0.31	16.00	8.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
6,000.00	28.90	15.00	7.80	28.90	15.00	7.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
7,000.00	26.19	14.00	7.20	26.19	14.00	7.20	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
8,000.00	24.17	13.00	6.60	24.17	13.00	6.60	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
9,000.00	22.50	12.00	6.00	22.50	12.00	6.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
10,000.00	21.33	11.00	5.40	21.33	11.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
11,000.00	20.30	10.00	5.40	20.30	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
12,000.00	19.54	10.00	5.40	19.54	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
13,000.00	18.80	10.00	5.40	18.80	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
14,000.00	18.26	10.00	5.40	18.26	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
15,000.00	17.71	10.00	5.40	17.71	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
17,500.00	16.83	10.00	5.40	16.83	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
20,000.00	15.98	10.00	5.40	15.98	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
22,500.00	15.41	10.00	5.40	15.41	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
25,000.00	14.87	10.00	5.40	14.87	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
27,500.00	14.50	10.00	5.40	14.50	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
30,000.00	14.13	10.00	5.40	14.13	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
32,500.00	13.89	10.00	5.40	13.89	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
35,000.00	13.65	10.00	5.40	13.65	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
35,750.00	13.45	10.00	5.40	13.45	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
40,000.00	13.25	10.00	5.40	13.25	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
42,500.00	13.07	10.00	5.40	13.07	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
45,000.00	12.89	10.00	5.40	12.89	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
47,500.00	12.75	10.00	5.40	12.75	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
50,000.00	12.62	10.00	5.40	12.62	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
55,000.00	12.38	10.00	5.40	12.38	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
60,000.00	12.18	10.00	5.40	12.18	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
65,000.00	11.98	10.00	5.40	11.98	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
70,000.00	11.78	10.00	5.40	11.78	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
75,000.00	11.58	10.00	5.40	11.58	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
80,000.00	11.38	10.00	5.40	11.38	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
85,000.00	11.18	10.00	5.40	11.18	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
90,000.00	10.98	10.00	5.40	10.98	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
95,000.00	10.78	10.00	5.40	10.78	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
100,000.00	10.58	10.00	5.40	10.58	10.00	5.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Coverage B Adjustment Rate per 1,000	3.29			3.29			1.00	1.00	1.00							
Coverage C Adjustment Rate per 1,000	1.90			1.90			1.00	1.00	1.00							
Coverage D Adjustment Rate per 1,000	2.70			2.70			1.00	1.00	1.00							
Deletion Factor for Coverage B	0.98			0.98			1.00	1.00	1.00							
Deletion Factor for Coverage C	0.80			0.80			1.00	1.00	1.00							

AEIG Ranch Estate Program

	2006 Revised Rates	1999 Filed Rates	Change
Scheduled Personal Property			
Rate per 1,000			
Money, Coins / With out Safe	55.00	55.00	1.00
Money, Coins / With Safe	10.00	10.00	1.00
Jewelry / No Safe	14.00	14.00	1.00
Jewelry / With Safe	6.00	6.00	1.00
Stamp Collection / No Safe	40.00	40.00	1.00
Stamp Collection / With Safe	6.00	6.00	1.00
Furs	6.00	6.00	1.00
Trailers	10.00	10.00	1.00
Watercraft	30.00	30.00	1.00
Silverware	5.00	5.00	1.00
Guns	15.00	15.00	1.00
Sports Equipment	10.00	10.00	1.00
Sports Equipment / Prof.	20.00	20.00	1.00
Fine Arts Non-breakable	4.00	4.00	1.00
Fine Arts Breakable	6.00	6.00	1.00
Musical Instruments	6.00	6.00	1.00
Musical Instruments / Prof.	18.00	18.00	1.00
Grave Markers	10.00	10.00	1.00
Scheduled Glass	6.00	6.00	1.00
Personal Computer	15.00	15.00	1.00
Camera & Video Non Pro	12.00	12.00	1.00
Camera & Video Professional	24.00	24.00	1.00
Bicycles	40.00	40.00	1.00
Electronic Device	1.00	N/A	New
Outdoor Electronics	N/A	28.00	New Coverage
Motorized Vehicles (Residential)	10.00	10.00	elimination results in no change.
Additional Coverage G Items			
Rate per 1,000			
Permanent Paddock Fencing	10.00	10.00	1.00
Farm Personal Property, Coverage E			
Rate per 1,000			
Tractors & Farm Machinery	6.00	6.00	1.00
Horse Trailers	8.00	8.00	1.00
Golf Carts	10.00	10.00	1.00
Non Licensed Scooters & 4 Wheelers	20.00	20.00	1.00
Snowmobiles	34.00	34.00	1.00
Tack & Barn Supplies	5.00	10.00	0.50
Grooming Equipment	5.00	N/A	New
Small Tools & Supplies	10.00	10.00	1.00
Electronic Office Equipment	15.00	15.00	1.00
Barn Contents	3.00	6.00	0.50
Hay & Grain	3.00	6.00	0.50
Borrowed Machinery	6.00	6.00	1.00
Livestock, Equine & Bovine	12.50	12.50	1.00
Mobile Structures W/Out Tie Downs	18.00	18.00	1.00
Outdoor Electronics	28.00	28.00	1.00
Light Poles	10.00	10.00	1.00
Portable Fencing & Corrals	10.00	10.00	1.00
Watercraft	30.00	30.00	1.00
Mini Blanket (Tack and Grooming Equip)	5.00	N/A	New
Mini Blanket (Small Tools)	10.00	N/A	New
Mini Blanket (Office Equipment)	15.00	N/A	New
Mini Blanket (Barn Contents)	3.00	N/A	New
Miscellaneous Household Personal Property	6.00	N/A	New

Rated same as Tack & Barn Supplies.
Was previously rated as Tack & Barn Supplies.

AEIG Ranch Estate Program

	2006 Revised Rates	Arkansas 1999 Filed Rates	Change
Farm Personal Property Deductible			
250,000	1.20	1.20	1.00
500,000	1.10	1.10	1.00
1,000,000	1.00	1.00	1.00
2,500,000	0.95	0.95	1.00
Farm Personal Property Covered Perils			
Basic	0.90	0.90	1.00
Broad	1.00	1.00	1.00
Special	1.20	1.20	1.00
Supplemental Property Coverages			
Rate Per 1,000			
Fire Department Service Charge	20.00	20.00	1.00
Credit Cards	5.00	5.00	1.00
Money, Coins, & Securities	45.00	45.00	1.00
Business Property	12.00	12.00	1.00
Motorized Vehicles	10.00	10.00	1.00
Tenants Improvements	7.00	7.00	1.00
Refrigerated Foods	10.00	10.00	1.00
Limited Perils Coverage G & E			
Fire and Lightning	0.65	0.65	1.00
Wind or Hail Coverage G	0.15	0.15	1.00
Wind or Hail Coverage E	0.10	0.10	1.00
Vandalism Live Stock	0.05	0.05	1.00
Vandalism All Other Farm Property	0.02	0.02	1.00
Explosion Riot, Aircraft, Vehicles, Smoke	0.10	0.10	1.00
Covered Perils			
Basic	0.90	0.90	1.00
Broad	0.95	1.00	0.95
Special	1.05	1.20	0.88
Elite	1.25	1.35	0.93
Loss Settlement			
Replacement Cost	1.00	1.00	1.00
Actual Cash Value	0.90	0.90	1.00
Self Insurance Retention	1.10	1.10	1.00
Function Replacement Cost	1.10	1.10	1.00
FO-6 Coverage E, ACV Only	1.00	1.00	1.00
FO-3 Coverage C Replacement Cost	1.10	1.10	1.00
Construction Type			
Frame	1.00	1.00	1.00
Masonry	0.95	0.95	1.00
Steel Frame & Siding	0.95	0.95	1.00
Total Fire Resistant Construction	0.90	0.90	1.00
Silos	4.00	4.00	1.00
Greenhouses	4.00	4.00	1.00
House Barn Frame	1.20	1.00	1.20
House Barn Masonry	1.10	1.00	1.10
Pole	1.00	1.00	1.00
Mobile Home	1.00	N/A	New
Type of Roof			
Cedar Shake	1.05	1.05	1.00
Asphalt Shingle	1.00	1.00	1.00
Tile / Slate	1.00	1.00	1.00
Metal	1.00	1.00	1.00
Building Type:			
Type 1	1.00	1.00	1.00
Type 2	1.15	1.25	0.92
Type 3	1.20	1.50	0.80

AEIG Ranch Estate Program

Exhibit 5

Cov A, B, C Deductible:	2006 Revised Rates		1999 Filed Rates		Change
	Arkansas	Arkansas	Arkansas	Arkansas	
250.00	1.20	1.20	1.20	1.00	
500.00	1.10	1.10	1.10	1.00	
1,000.00	1.00	1.00	1.00	1.00	
2,500.00	0.95	0.95	0.95	1.00	
5,000.00	0.90	0.90	0.90	1.00	
7,500.00	N/A	N/A	0.85	N/A	No policies were actually provided with this coverage, so elimination results in no change.
10,000.00	0.85	0.80	0.80	1.06	
Percentage Scale Based On MPL	Coverage A & G		Coverage A & G		
MPL 100,000 to 250,000					
0.01	N/A		1.00	N/A	No policies were actually provided with this coverage, so elimination results in no change.
0.05	N/A		0.90	N/A	No policies were actually provided with this coverage, so elimination results in no change.
0.10	N/A		0.80	N/A	No policies were actually provided with this coverage, so elimination results in no change.
MPL 250,000 and Higher					
0.01	0.95	0.95	0.95	1.00	
0.05	0.80	0.80	0.80	1.00	
0.10	0.70	0.70	0.70	1.00	
0.25	0.60	0.60	0.60	1.00	
0.50	0.50	0.50	0.50	1.00	
Deductible Coverage G	Coverage A & G		Coverage A & G		
250.00	1.20	1.20	1.20	1.00	
500.00	1.10	1.10	1.10	1.00	
1,000.00	1.00	1.00	1.00	1.00	
2,500.00	0.95	0.95	0.95	1.00	
5,000.00	0.90	0.90	0.90	1.00	
7,500.00	0.85	0.85	0.85	1.00	
10,000.00	0.80	0.80	0.80	1.00	
Fire Protection Class:	Coverage A & G		Coverage A & G		
1000' from hydrant	0.80	0.80	0.80	1.00	
No hydrant, 2 mi./station	1.00	1.00	1.00	1.00	
No hydrant, 2 to 5 mi./station	1.10	1.20	1.20	0.92	
No hydrant 5 to 10 mi./station	1.25	1.45	1.45	0.86	
No hydrant, over 10 mi.	1.50	1.50	1.50	0.89	
Occupancy:	Coverage A & G		Coverage A & G		
Owner - Primary	1.00	1.00	1.00	1.00	
Owner - Seasonal	1.10	1.10	1.10	1.00	
Owner W/ Multi Family	1.10	1.10	1.10	1.00	
Not Owner Occupied	1.10	1.20	1.20	0.92	
Under Construction	1.25	1.25	1.25	1.00	
Safety Equipment	Coverage A & G		Coverage A & G		
Battery Powered Smoke Alarms	0.98	0.98	0.98	1.00	
Central Burglar Alarm	0.96	0.96	0.96	1.00	
Central Burglar Alarm with 24 hour monitoring	0.94	0.94	0.94	1.00	
Central Smoke Alarm	0.96	N/A	N/A	New	
Central Smoke Alarm with 24 hour monitoring	0.94	N/A	N/A	New	
Sprinkler System	N/A	N/A	N/A	N/A	
UL Approved Lightning Rods	0.98	0.98	0.98	1.00	
Vacancy Permit	Coverage A & G		Coverage A & G		
Up to 30 Days Vacant	1.10	1.10	1.10	1.00	
31 to 60 Days Vacant	1.20	1.20	1.20	1.00	
61 to 90 Days Vacant	1.30	1.30	1.30	1.00	
Each Additional 30 Days	0.10	0.10	0.10	1.00	
Building to Code or Law	All Forms 25 % Max		All Forms 25 % Max		
Surcharge for each 5 % increment	1.04	1.04	1.04	1.00	

AIEG Ranch Estate Program

	2006 Revised Rates			1999 Filed Rates			Change
	All Forms 20 % Max	Territory 1	Territory 2	Territory 3	Territory 1	Territory 2	Territory 3
Inflation Guard							
FO-5, 5%	1.010						
All Other Forms 5%	1.025						
10%	1.050						
15%	1.075						
20%	1.100						
Secured Parties Interest	10				10		
Earth Quake Coverage: FO, 1,2,3,4,5,8							
Rate per 1,000 (Frame)	0.57	Territory 1	Territory 2	Territory 3	Territory 1	Territory 2	Territory 3
Rate per 1,000 (Others)	0.87	0.57	0.38	0.19	0.57	0.38	0.19
Rate per 1,000 Personal Property (Frame)	0.42	0.42	0.28	0.14	0.42	0.28	0.14
Rate per 1,000 Personal Property (Other)	0.57	0.57	0.38	0.19	0.57	0.38	0.19
Deductible Scale FO - 1,2,3,5,							
2%	1.00						
4%	0.98						
6%	0.96						
8%	0.94						
10%	0.90						
15%	0.86						
20%	0.76						
Earth Quake Coverage: FO-6							
Rate per 1,000 (Frame)	0.46	Territory 1	Territory 2	Territory 3	Territory 1	Territory 2	Territory 3
Rate per 1,000 (Others)	0.64	0.46	0.31	0.16	0.46	0.31	0.16
Farm Personal Property (E)	0.31	0.64	0.43	0.22	0.64	0.43	0.22
Deductible Scale (G) & (E)							
5%	1.00						
10%	0.98						
15%	0.96						
20%	0.90						
Zone 1 (Structures Only)	1.40				1.40		
Zone 2 (Structures Only)	1.00				1.00		
Loss of Use Coverage (G)							
10%	0.04				0.04		
20%	0.08				0.08		
Risk Variations							
Max per policy	40%						
Manual Rules 10							
10.1	(+) 10% to (-) 10%						
10.2	(+) 10% to (-) 10%						
10.3	(+) 10% to (-) 10%						
10.4	(+) 10% to (-) 10%						
10.5	(+) 5% to (-) 5%						
10.6	(+) 5% to (-) 5%						
10.7	(+) 10% to (-) 10%						
10.8	(+) 10% to (-) 10%						
10.9	(+) 10% to (-) 10%						
10.10	(+) 5% to (-) 5%						
10.11	(+) 10% to (-) 10%						
10.12	(+) 10% to (-) 10%						
Territory 1 Clay							
Craighead							
Cross							
Crittenden							
Fulton							
Territory 2 Arkansas							
Conway							
Baxter							
Desha							
Clebume							
Faulkner							
Territory 3 Remainder of State							
Zone 1 Arkansas							
Benton							
Boone							
Cleburne							
Crittenden							
Crawford							
Izard							
Carroll							
Clark							
Drew							
Faulkner							
Lawrence							
Hempstead							

AEIG Ranch Estate Program

Arkansas
1999 Filed Rates

2006 Revised Rates

- | | |
|----------------|-----------|
| Johnson | Lee |
| Mississippi | Newton |
| Monroe | Polk |
| Quachita | Randolph |
| Zone 1 Prairie | Sebastian |
| St. Francis | Union |
| Sevier | White |
| Woodruff | |

Zone 2 Remainder of State

Change

SERFF Tracking Number: PENN-125473762 State: Arkansas
Filing Company: Diamond State Insurance Company State Tracking Number: EFT \$100
Company Tracking Number: DS-2007-FO-RA-057
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)
Product Name: Ranch and Estate Program
Project Name/Number: Rating Factor Revisions/DS-2007-FO-RA-057

Supporting Document Schedules

Satisfied -Name: Actuarial Support

Review Status:

Accepted for Informational 02/22/2008
Purposes

Comments:

Attachments:

AR Actuarial Memo.pdf
Stable Expense and Profit.pdf
AR ELR Support.pdf
AR Stable Rate Impact.pdf

Diamond State Insurance Company
Ranch and Estate Program – Property

Actuarial Memorandum

Diamond State Insurance Company is submitting the attached exhibits supporting rating factor revisions to the Ranch and Estate Program in the state of Arkansas. The proposed revisions will result in an overall premium impact of -19.4%. The following exhibits are attached:

Exhibit 1 – Expense Analysis

Shows the derivation of the permissible loss & LAE ratio based on historical commercial property expense data for the group. Also contained are the budgeted expense provisions for the program.

Exhibit 2 – Projected After-Tax Rate of Return

Shows the derivation of the profit provision based on Diamond State's target return on equity.

Exhibit 3 – Projected Loss and LAE Ratio

Shows the derivation of the projected loss and LAE ratio for the program. The premium volume for this program in Arkansas has been very low to date and there have been few reported claims. Therefore, the projected loss and LAE ratio is based on countrywide experience.

Exhibit 4 – Calculation of Rate Change Impact

Shows the rate impact of each rate/rating factor change and the overall weighted impact of all changes.

Exhibit 5 – Rate Comparison

Shows a side by side rate comparison between the current and proposed rates and rating factors.

**Diamond State Insurance Company
Commercial Property**

Expense Analysis

Category	CY Direct Commercial Property Data (000)						3-Year Average	Selected
	2004		2005		2006			
	\$	%	\$	%	\$	%		
(1) Earned Premium	72,771		71,217		94,071			
(2) Direct Commissions	17,189	23.6%	19,325	27.1%	24,366	25.9%	22.0%	
(3) Other Acquisition	1,704	2.3%	2,486	3.5%	2,562	2.7%	2.8%	
(4) General Expenses	3,166	4.4%	4,976	7.0%	5,246	5.6%	6.8%	
(5) Taxes, Licenses and Fees	637	0.9%	890	1.2%	1,153	1.1%	2.5%	
(6) Underwriting Profit & Contingencies							8.2%	
(7) Investment Income Offset							-2.3%	
(8) Total (Exp, Taxes and Profit) [Sum of (3) through (7)]							40.0%	
(9) Permissible Loss and LAE Ratio [1.000 - (8)]							60.0%	

(1) Earned Premium
(2) Direct Commissions
(3) Other Acquisition
(4) General Expenses
(5) Taxes, Licenses and Fees
(6) Underwriting Profit & Contingencies
(7) Investment Income Offset
(8) Total (Exp, Taxes and Profit) [Sum of (3) through (7)]
(9) Permissible Loss and LAE Ratio [1.000 - (8)]

**Diamond State Insurance Company
Commercial Property
Projected After-Tax Rate of Return**

A. Operating Return

(1) Earned Premium	100.0%
(2) Expected Loss & Loss Adjustment Expense (Exhibit 1)	60.0%
(3) Commission & Brokerage Fees (Exhibit 1)	22.0%
(4) General & Other Acquisition Expenses (Exhibit 1)	9.6%
(5) Taxes, Licenses & Fees (Exhibit 1)	2.5%
(6) Underwriting Profit Before Federal Income Tax (Exhibit 1)	8.2%
(7) Federal Income Tax on Underwriting Profit = (6) x 35%	2.9%
(8) Underwriting Profit After Federal Income Tax = (6) - (7)	5.3%
(9) After-Tax Inv. Income on Policyholder Supplied Funds (Exhibit 2, Page 2)	2.3%
(10) After-Tax Return from Insurance Operations = (8) + (9)	7.6%

B. Total Rate of Return

(11) Premium to Surplus Ratio (Exhibit 2, Page 3)	1.00:1
(12) After-Tax Investment Income on a Dollar of Surplus (Exhibit 2, Page 2)	3.5%
(13) Total After-Tax Rate of Return on Statutory Surplus = (10) x (11) + (12)	11.1%

**Diamond State Insurance Company
Commercial Property
Estimated Investment Earnings On Policyholder Supplied Funds**

A. Unearned Premium Reserve		
(1) Direct Earned Premium		94,071
(2) Mean Unearned Premium Reserve		37,038
(3) Percentage Pre-paid Expense		29.3%
(a) Commission & Brokerage (Exhibit 1)	22.0%	
(b) Taxes, Licenses, & Fees (Exhibit 1)	2.5%	
(c) 50% of Other Acquisition (Exhibit 1)	1.4%	
(d) 50% of General Expense (Exhibit 1)	3.4%	
(4) Deduction for Federal Income Taxes Payable		7.0%
(5) Total Prepaid Expense (A.2) x [(A.3) + (A.4)]		13,445
(6) Total Unearned Premium Reserve Available For Investment [(A.2) - (A.5)]		23,593
B. Delayed Remission of Premiums		
(1) Average Agents' Balance as % of Premium		13.4%
(2) Total Delayed Remission = (A.1) x (B.1)		12,597
C. Expected Loss and Loss Adjustment Expense (LAE) Reserve		
(1) Expected Loss & LAE Ratio (Exhibit 1)		57.7%
(2) Expected Loss & LAE (A.1) * (C.1)		54,279
(3) Reserve To Incurred Ratio		94.4%
(4) Expected Loss & LAE Reserve (C.2) * (C.3)		51,217
D. Total Funds Available For Investment (A.6) - (B.2) + (C.4)		62,213
E. Projected After Tax Rate of Return		3.5%
F. Investment Earnings on Policyholder Supplied Funds = (D) x (E)		2,149
G. After-Tax Investment Earnings on Policyholder Supplied Funds = (F) / (A.1)		2.3%

**Diamond State Insurance Company
Commercial Property
Source Notes for Exhibit 2, Page 2
(000 omitted)**

<u>Line</u>	
(A.1) Calendar Year 2006 Commercial Property Earned Premium 2006 IEE, Part III, Line(s) 1,2.1,3,5.1 Column 3	94,071
(A.2) (1) Calendar Year 2006 Commercial Property UPR 2006 IEE, Part III, Line(s) 1,2.1,3,5.1 Column 19	43,508
(2) Calendar Year 2005 Commercial Property UPR 2005 IEE, Part III, Line(s) 1,2.1,3,5.1 Column 19	30,568
(3) Mean Unearned Premium Reserve = [(1)+(2)]/2	37,038
(A.4) The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. At a corporate rate of 35%, this tax = 7% (=20% x 35%).	
(B.1) Selected Agents' Balances	13.4%
Calendar Year 2006 Commercial Property Agents' Balances	13.1%
Calendar Year 2005 Commercial Property Agents' Balances IEES, Part III, Line(s) 1,2.1,3,5.1 Column 22	13.7%
(C.3) (1) CY 2006 Countrywide Commercial Property Unpaid Loss & LAE 2006 IEE, Part III, Line(s) 1,2.1,3,5.1 Columns 13, 15, 17	28,036
(2) CY 2005 Countrywide Commercial Property Unpaid Loss & LAE 2005 IEE, Part III, Line(s) 1,2.1,3,5.1 Columns 13, 15, 17	44,969
(3) CY 2004 Countrywide Commercial Property Unpaid Loss & LAE 2004 IEE, Part III, Line(s) 1,2.1,3,5.1 Columns 13, 15, 17	36,775
(4) Average 2006 Unpaid Loss & LAE = [(1)+(2)]/2	36,503
(5) Average 2005 Unpaid Loss & LAE = [(2)+(3)]/2	40,872
(6) CY 2006 Commercial Property Incurred Loss & LAE 2006 IEE, Part III, Line(s) 1,2.1,3,5.1 Columns 7, 9, 11	38,366
(7) CY 2005 Commercial Property Incurred Loss & LAE 2005 IEE, Part III, Line(s) 1,2.1,3,5.1 Columns 7, 9, 11	39,991
(8) 2006 Reserve to Incurred Ratio = (4)/(6)	95.1%
(9) 2005 Reserve to Incurred Ratio = (5)/(7)	102.2%
(10) Selected Reserve to Incurred Ratio	100.0%
(11) Estimated Reserve Discount	16.1%
(12) Federal Income Taxes Payable (11)*0.35	5.6%
(13) Reserve to Incurred Ratio Adjusted for Reserve Discount (10)*[1.0-(12)]	94.4%

Diamond State Insurance Company
Commercial Property
Derivation of After-Tax Rate of Return on Statutory Surplus
(000 omitted)

Investment Category	2006 Investment Income Earned	Tax Rate	After-Tax Portion	2006 After-Tax Investment Income
Taxable Bonds	10,054	35.00%	65.00%	6,535
Non-Taxable Bonds	10,071	5.25%	94.75%	9,542
Preferred Stocks	203	14.18%	85.82%	174
Common Stocks	1,925	14.18%	85.82%	1,652
Common Stocks in Affiliates	21,990	0.00%	100.00%	21,990
Cash	2,893	35.00%	65.00%	1,880
All Other Investments	2,703	35.00%	65.00%	1,757
Total	49,839			43,531
Total Investment Expense	4,708	35.00%	65.00%	3,060
Net Investment Income Earned	45,130			40,470
Invested Assets as of 12/31/2005 2006 Annual Statement, Page 2, Line 10, Column 4				702,205
Invested Assets as of 12/31/2006 2006 Annual Statement, Page 2, Line 10, Column 3				736,415
Average Invested Assets				719,310
		<u>Pre-Tax</u>		<u>After-Tax</u>
Rate of Return		6.3%		5.6%

Diamond State Insurance Company
Commercial Property
Derivation of After-Tax Rate of Return on Statutory Surplus
(000 omitted)

Investment Category	2005 Investment Income Earned	Tax Rate	After-Tax Portion	2005 After-Tax Investment Income
Taxable Bonds	4,751	35.00%	65.00%	3,088
Non-Taxable Bonds	12,664	5.25%	94.75%	11,999
Preferred Stocks	251	14.18%	85.82%	216
Common Stocks	777	14.18%	85.82%	666
Common Stocks in Affiliates	-	0.00%	100.00%	-
Cash	2,059	35.00%	65.00%	1,338
All Other Investments	807	35.00%	65.00%	525
Total	21,308			17,832
Total Investment Expense	4,709	35.00%	65.00%	3,061
Net Investment Income Earned	16,599			14,771
Invested Assets as of 12/31/2004 2005 Annual Statement, Page 2, Line 10, Column 4				711,573
Invested Assets as of 12/31/2005 2005 Annual Statement, Page 2, Line 10, Column 3				702,205
Average Invested Assets				706,889
		<u>Pre-Tax</u>		<u>After-Tax</u>
Rate of Return		2.3%		2.1%

Diamond State Insurance Company
Commercial Property
Derivation of After-Tax Rate of Return on Statutory Surplus
(000 omitted)

Investment Category	2004 Investment Income Earned	Tax Rate	After-Tax Portion	2004 After-Tax Investment Income
Taxable Bonds	7,092	35.00%	65.00%	4,610
Non-Taxable Bonds	11,655	5.25%	94.75%	11,043
Preferred Stocks	254	14.18%	85.82%	218
Common Stocks	596	14.18%	85.82%	512
Common Stocks in Affiliates	-	0.00%	100.00%	-
Cash	1,085	35.00%	65.00%	705
All Other Investments	1,135	35.00%	65.00%	738
Total	21,817			17,825
Total Investment Expense	4,600	35.00%	65.00%	2,990
Net Investment Income Earned	17,217			14,835
Invested Assets as of 12/31/2003 2004 Annual Statement, Page 2, Line 10, Column 4				738,295
Invested Assets as of 12/31/2004 2004 Annual Statement, Page 2, Line 10, Column 3				711,573
Average Invested Assets				724,934
		<u>Pre-Tax</u>		<u>After-Tax</u>
Rate of Return		2.4%		2.0%

**Diamond State Insurance Company
Commercial Property
Derivation of After-Tax Rate of Return on Statutory Surplus
(000 omitted)**

Year	Invested Assets	Realized Gains	
		\$	%
2003	738,295	290	0.0%
2004	711,573	6,142	0.9%
2005	702,205	2,177	0.3%
2006	736,415	281	0.0%
Total/Average	2,888,489	8,890	0.3%
Selected Rate of Return			0.3%
Tax Rate			35.0%
After Tax Rate of Return			0.2%

Total Return on Invested Assets

	<u>Pre-Tax</u>	<u>Tax Rate</u>	<u>After-Tax</u>
* Interest Income	3.7%	11.2%	3.3%
Realized Capital Gains	0.3%	35.0%	0.2%
Total Rate of Return	4.0%		3.5%
Selected Rate of Return			3.5%

Notes:

*Average of 2004, 2005 and 2006 rates of return

Diamond State Insurance Company
Commercial Property
Premium to Surplus Ratio
(000 omitted)

	Calendar Year 2005	Calendar Year 2006
(1) Beginning Surplus As Regards Policyholders Annual Statement, Page 4, Line 39, Column 2	373,669	359,512
(2) Ending Surplus As Regards Poicyholders Annual Statement, Page 4, Line 39, Column 1	359,512	412,005
(3) Average Surplus Level = [(1)+(2)]/2	366,591	385,759
(4) Direct Written Premiums IEE, Part III, Line 34, Column 1	370,116	401,093
(5) Premium to Surplus Ratio = (4)/(3)	1.01	1.04
(6) Selected Premium to Surplus Ratio		1.00

Diamond State Insurance Company
Commercial Property
Derivation of After-Tax Target Rate of Return on Statutory Surplus
(000 omitted)

After Tax Rate of Return on Net Worth			
Year	(1) Property/ Casualty	(2) Industry Total	(3) =[(1)+(2)]/2 Average
1995	8.8%	14.0%	11.4%
1996	9.0%	14.1%	11.6%
1997	11.4%	13.9%	12.7%
1998	9.2%	13.4%	11.3%
1999	6.5%	15.2%	10.9%
2000	6.6%	14.6%	10.6%
2001	0.3%	10.4%	5.4%
2002	1.7%	10.2%	6.0%
2003	8.2%	12.6%	10.4%
2004	8.1%	13.9%	11.0%
1995-2004	7.0%	13.2%	10.1%
Avg x-2001	7.7%	13.5%	10.6%
(4)	Selected After-Tax Return on GAAP Equity		11.0%
(5)	2006 Statutory Surplus		412,005
(6)	2006 Net Unearned Premium Reserve		58
(7)	Pre-Paid Expenses		15.7%
(8)	GAAP Equity in Unearned Premium Reserve		9
(9)	2006 GAAP Equity = (5)+(8)		412,014
(10)	GAAP to Statutory Adjustment Factor = (9)/(5)		1.00
(11)	Target After-Tax Return on Statutory Surplus = (4)x(10)		11.0%

Notes:

- (1), (2) From 2006 NAIC Profitability Analysis
 (4) Excludes 2001 because September 11th causes it to be an outlier
 (5) 2006 Annual Statement, Page 3, Line 35, Column 1
 (6) 2006 IEE, Part II, Line 34, Column 19
 (7) 2006 IEE, Part II, Line 34 [Clmn 24+Clmn 26+Clmn 28*.5+Clmn 30*.5]
 (8) = (6) x (7)

Equine Pkg Property - Countrywide Excluding CATS
Analysis As of 5/31/07
 Limited to 100k Loss/LAE

Untrended Analysis

AY	Unlim			Deitrend			Incurred	Pd LDF	Inc LDF	Paid Ult	Inc Ult	Pd B-F Ult	Inc B-F Ult	Sel Ult	Ult LR
	DEP	ULTEP	ELR	Paid	Incurred	Pd LDF									
2000	144,906	144,906	35.8%	21,160	21,160	1,000	1,000	21,160	1,000	310,456	21,160	21,160	21,160	21,160	14.6%
2001	605,992	605,992	36.9%	310,456	310,456	1,000	1,000	310,456	1,000	165,887	310,456	310,456	310,456	310,456	51.2%
2002	938,854	938,854	37.1%	165,887	165,887	1,000	1,000	165,887	1,000	857,389	165,887	165,887	165,887	165,887	17.7%
2003	1,287,107	1,287,107	35.8%	857,389	857,389	1,000	1,000	857,389	1,000	370,229	857,389	857,389	857,389	857,389	66.6%
2004	2,141,417	2,141,417	33.7%	370,229	370,229	1,005	1,000	370,229	1,005	683,748	370,229	370,229	370,229	370,229	17.3%
2005	2,616,923	2,616,923	32.6%	667,007	672,607	1,025	1,000	672,607	1,025	1,082,912	672,607	687,926	672,607	672,607	25.7%
2006	2,616,323	2,616,323	33.4%	960,360	980,476	1,128	1,025	980,476	1,128	224,341	1,004,988	1,059,148	1,001,767	1,030,458	39.4%
2007	1,006,910	2,757,000	33.3%	19,895	47,391	11,276	5,125	47,391	11,276	224,341	242,880	856,122	785,950	917,603	33.3%
00-06 Wtd	10,351,521	10,351,521		3,352,487	3,378,203			3,378,203		3,493,632	3,402,715	3,475,784	3,399,494	3,428,184	33.1%

Trended Analysis

AY	On-Level		Trended		Trended		Trended		Trended		Trended		Trended		Sel Ult LR
	ULTEP	OLF	ULTEP	ELR	Paid	Incurred	Paid Ult	Inc Ult	Pd B-F Ult	Inc B-F Ult	Sel Ult	Inc B-F Ult	Sel Ult	Sel Ult LR	
2000	186,118	1,284	186,118	33.3%	26,024	26,024	26,024	26,024	26,024	26,024	26,024	26,024	26,024	26,024	14.0%
2001	778,339	1,284	778,339	33.3%	370,701	370,701	370,701	370,701	370,701	370,701	370,701	370,701	370,701	370,701	47.6%
2002	1,176,457	1,253	1,176,457	33.3%	192,308	192,308	192,308	192,308	192,308	192,308	192,308	192,308	192,308	192,308	16.3%
2003	1,513,889	1,176	1,513,889	33.3%	964,999	964,999	964,999	964,999	964,999	964,999	964,999	964,999	964,999	964,999	63.7%
2004	2,298,993	1,074	2,298,993	33.3%	404,559	404,559	406,582	404,559	404,559	404,559	404,559	404,559	404,559	404,559	17.6%
2005	2,642,534	1,010	2,642,534	33.3%	707,627	713,568	725,389	713,568	713,568	713,568	713,568	713,568	713,568	713,568	27.0%
2006	2,621,311	1,002	2,621,311	33.3%	989,171	1,009,891	1,115,399	1,035,138	1,087,904	1,031,170	1,059,537	1,031,170	1,059,537	1,059,537	40.4%
2007	2,757,000	1,000	2,757,000	33.3%	19,895	47,391	224,341	242,880	856,122	785,950	917,603	785,950	917,603	917,603	33.3%
00-06 Wtd	11,217,641		11,217,641		3,655,389	3,682,050	3,801,402	3,707,297	3,779,464	3,703,329	3,731,696	3,703,329	3,731,696	3,731,696	33.3%

Selected LR Projected to 1/1/07
 Large Loss Load
 ULAE Load
 Adjusted LR Projected to 1/1/07
 Target Loss Ratio
 Indicated Rate Change
 Actual Rate Change from Proposed Rates

Historical Claims >= \$100,000

AY	DEP	On-Level ULT EP	Inc LLAE	Trended Inc LLAE	Incurred Loss Ratio	Trend Inc Loss Ratio
2000	144,906	186,118	-	-	0.0%	0.0%
2001	605,992	778,339	-	-	0.0%	0.0%
2002	938,854	1,176,457	-	-	0.0%	0.0%
2003	1,287,107	1,513,889	133,031	174,829	10.3%	11.5%
2004	2,141,417	2,298,993	-	-	0.0%	0.0%
2005	2,616,923	2,642,534	86,223	97,564	3.3%	3.7%
2006	2,616,323	2,621,311	160,127	164,122	6.1%	6.3%
2007	1,006,910	2,757,000	-	-	0.0%	0.0%
00-06 Wtd	10,351,521	11,217,641	379,381	436,516	3.7%	3.9%

Expected Losses based on Industry Tables

Total Insured Value Range	Premium	Expected Premium > 100k as % Total Premium
-	25,000	0.0%
25,001	270	0.0%
50,001	2,640	0.0%
100,001	13,830	0.0%
200,001	50,593	1.9%
300,001	99,646	6.9%
400,001	101,576	12.1%
500,001	120,524	17.7%
750,001	300,193	24.5%
1,000,001	277,822	31.9%
1,500,001	258,832	37.7%
2,000,001	114,901	43.2%
3,000,001	122,926	53.2%
4,000,001	31,853	58.6%
5,000,001	27,702	60.3%
Total		29.6%
Initial ELR		37.0%
Expected LLAE > 100k as % of Premium		11.0%
Trended Inc LLAE > 100k as % of Premium		3.9%
Selected Large Loss Load		11.0%

Equine Pkg Property - Countrywide Excluding CATS
Analysis As of 5/31/07
Paid Loss & LAE lim 100k

AY	5	17	29	41	53	65	77	89
2000	-	-	21,160	21,160	21,160	21,160	21,160	21,160
2001	-	299,646	310,456	310,456	310,456	310,456	310,456	
2002	45,041	158,598	165,887	165,887	165,887	165,887		
2003	198,269	766,365	877,674	859,645	857,389			
2004	4,972	381,278	355,672	370,229				
2005	66,618	596,632	667,007					
2006	636	960,360						
2007	19,895							

AY	5 - 17	17 - 29	29 - 41	41 - 53	53 - 65	65 - 77	77 - 89
2000			1.000	1.000	1.000	1.000	1.000
2001		1.036	1.000	1.000	1.000	1.000	
2002	3.521	1.046	1.000	1.000	1.000		
2003	3.865	1.145	0.979	0.997			
2004	76.681	0.933	1.041				
2005	8.956	1.118					
2006	1,510.856						

ATA	5 - 17	17 - 29	29 - 41	41 - 53	53 - 65	65 - 77	77 - 89
All-yr avg	320.776	1.056	1.004	0.999	1.000	1.000	1.000
5-yr avg	320.776	1.056	1.004				
All-yr wtd	10.024	1.089	0.998	0.998	1.000	1.000	1.000
5-yr wtd	9.074	1.079	0.998				
All xhilo	320.776	1.056	1.000				
5 xhilo	29.834	1.067	1.000				
Benchmark	2.525	1.414	1.050	1.037	1.016	1.006	1.000
Selected	10.000	1.100	1.020	1.005	1.000	1.000	1.000

	ATU	5-Ult	17-Ult	29-Ult	41-Ult	53-Ult	65-Ult	77-Ult	89-Ult
Benchmark		3.975	1.574	1.113	1.060	1.022	1.006	1.000	1.000
Selected		11.276	1.128	1.025	1.005	1.000	1.000	1.000	1.000

Equine Pkg Property - Countrywide Excluding CATS
Analysis As of 5/31/07
Incurred Loss & LAE lim 100k

AY	5	17	29	41	53	65	77	89
2000	-	-	21,160	21,160	21,160	21,160	21,160	21,160
2001	-	301,646	310,456	310,456	310,456	310,456	310,456	
2002	53,047	158,598	165,887	165,887	165,887	165,887		
2003	291,777	912,874	915,394	859,645	857,389			
2004	19,987	401,891	355,672	370,229				
2005	130,002	705,374	672,607					
2006	115,342	980,476						
2007	47,391							
AY	5 - 17	17 - 29	29 - 41	41 - 53	53 - 65	65 - 77	77 - 89	
2000			1.000	1.000	1.000	1.000	1.000	
2001		1.029	1.000	1.000	1.000	1.000		
2002	2.990	1.046	1.000	1.000	1.000			
2003	3.129	1.003	0.939	0.997				
2004	20.107	0.885	1.041					
2005	5.426	0.954						
2006	8.501							
ATA	5 - 17	17 - 29	29 - 41	41 - 53	53 - 65	65 - 77	77 - 89	
All-yr avg	8.030	0.983	0.996	0.999	1.000	1.000	1.000	
5-yr avg	8.030	0.983	0.996					
All-yr wtd	5.672	0.984	0.977	0.998	1.000	1.000	1.000	
5-yr wtd	5.178	0.976	0.977					
All xhilo	8.030	0.983	1.000					
5 xhilo	5.685	0.995	1.000					
Benchmark	2.206	1.147	1.000	1.000	1.000	1.000	1.000	
Selected	5.000	1.025	1.000	1.000	1.000	1.000	1.000	
ATU	5-Ult	17-Ult	29-Ult	41-Ult	53-Ult	65-Ult	77-Ult	89-Ult
Benchmark	2.529	1.147	1.000	1.000	1.000	1.000	1.000	1.000
Selected	5.125	1.025	1.000	1.000	1.000	1.000	1.000	1.000

**Equine Pkg Property - Countrywide Excluding CATS
Analysis As of 5/31/07
Data Trended to 7/1/07**

Exhibit 3
Page 5

AY	Premium Onlevel	Loss Trend
2000	1.284	1.230
2001	1.284	1.194
2002	1.253	1.159
2003	1.176	1.126
2004	1.074	1.093
2005	1.010	1.061
2006	1.002	1.030
2007	1.000	1.000

Calculation of Rate Change Impact - Arkansas

Exhibit 4

I. Scheduled Other Personal Property

Overall Impact of Changes in Scheduled Personal Property 0.0%

II. Scheduled Farm Personal Property

Farm Personal Property, Coverage E

	Old Rate	Proposed Rate	Old Premium	Change	New Premium
Tack & Barn Supplies	10.00	5.00	1,380.86	-50.0%	690.43
Barn Contents	6.00	3.00	73.77	-50.0%	36.89
Hay & Grain	6.00	3.00	156.90	-50.0%	78.45
Total Change			1,611.53	-50.0%	805.77
Total Premium for Sched Farm Pers Prop			14,372.41		
Wtd Sched Farm Pers Prop Change				-5.6%	
Overall Impact of Changes in Scheduled Farm Personal Property				-5.6%	

III. Buildings

Other Covered Perils

	Old Factor	Proposed Factor	Old Premium	Change	New Premium
Broad	1.00	0.95	78,686.00	-5.0%	74,751.70
Special	1.20	1.05	29,545.00	-12.5%	25,851.88
Elite	1.35	1.25	1,810.00	-7.4%	1,675.93
Total Change			110,041.00	-7.1%	102,279.50
Total Premium for Buildings			131,926.00		
Wtd Building Change				-5.9%	

Building Type

	Old Factor	Proposed Factor	Old Premium	Change	New Premium
Type 2	1.25	1.15	83,650.00	-8.0%	76,958.00
Type 3	1.50	1.20	30,614.00	-20.0%	24,491.20
Total Change			114,264.00	-11.2%	101,449.20
Total Premium for Buildings			131,926.00		
Wtd Building Change				-9.7%	

Loss Settlement

	Old Factor	Proposed Factor	Old Premium	Change	New Premium
FO 4-8 Replacement Cost	1.25	1.35	-	8.0%	-
Total Change			-	0.0%	-
Total Premium for Buildings			131,926.00		
Wtd Building Change				0.00%	

Construction Type

	Old Factor	Proposed Factor	Old Premium	Change	New Premium
House Barn Frame	1.00	1.20	-	20.0%	-
House Barn Masonry	1.00	1.10	-	10.0%	-
Total Change			-	0.0%	-
Total Premium for Buildings			131,926.00		
Wtd Building Change				0.0%	

Calculation of Rate Change Impact - Arkansas

Exhibit 4

Cov A Deductible

	Old Factor	Proposed Factor	Old Premium	Change	New Premium
10,000.00	0.80	0.85	-	6.3%	-
Total Change			-	0.0%	-
Total Premium for Buildings			131,926.00		
Wtd Building Change				0.00%	

Fire Protection Class

	Old Factor	Proposed Factor	Old Premium	Change	New Premium
No hydrant, 2 to 5 mi./station	1.20	1.10	39,498.00	-8.3%	36,206.50
No hydrant 5 to 10 mi./station	1.45	1.25	34,602.00	-13.8%	29,829.31
No hydrant, over 10 mi.	1.80	1.60	-	-11.1%	-
Total Change			74,100.00	-10.9%	66,035.81
Total Premium for Buildings			131,926.00		
Wtd Building Change				-6.1%	

Occupancy

	Old Factor	Proposed Factor	Old Premium	Change	New Premium
Not Owner Occupied	1.20	1.10	15,091.00	-8.3%	13,833.42
Total Change			15,091.00	-8.3%	13,833.42
Total Premium for Buildings			131,926.00		
Wtd Building Change				-1.0%	
Overall Impact of Changes in Building Rates/Factors				-21.0%	

IV. Overall Impact of Rate Changes

	Impact	Premium
Policies with Bldg Coverage Only	-21.0%	28,664
Policies with Bldg and Farm Pers Prop	-19.2%	100,618
Policies with Bldg, Other PP and Farm PP	-18.6%	17,196
Final Overall Estimated Impact of Rate Changes	-19.4%	146,478