

SERFF Tracking Number: ERCB-125545088 State: Arkansas
Filing Company: Westport Insurance Corporation State Tracking Number: EFT \$100
Company Tracking Number: W-PCOB-AR-08-03293
TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1019 Professional Errors & Omissions Liability
Product Name: Open Brokerage Coverage Unit for Professionals
Project Name/Number: 2008 Rate Revision - 09/01/2008/W-PCOB-AR-08-03293

Filing at a Glance

Company: Westport Insurance Corporation

Product Name: Open Brokerage Coverage Unit SERFF Tr Num: ERCB-125545088 State: Arkansas
for Professionals

TOI: 17.1 Other Liability - Claims Made Only

SERFF Status: Closed

State Tr Num: EFT \$100

Sub-TOI: 17.1019 Professional Errors &
Omissions Liability

Co Tr Num: W-PCOB-AR-08-03293 State Status: Fees verified and
received

Filing Type: Rate/Rule

Co Status:

Reviewer(s): Betty Montesi, Edith
Roberts, Brittany Yielding

Author: Cindy Knoll

Disposition Date: 03/14/2008

Date Submitted: 03/13/2008

Disposition Status: Filed

Effective Date Requested (New): 09/01/2008

Effective Date (New):

Effective Date Requested (Renewal): 09/01/2008

Effective Date (Renewal):

State Filing Description:

General Information

Project Name: 2008 Rate Revision - 09/01/2008

Status of Filing in Domicile:

Project Number: W-PCOB-AR-08-03293

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 03/14/2008

Deemer Date:

State Status Changed: 03/14/2008

Corresponding Filing Tracking Number:

Filing Description:

Re: WESTPORT INSURANCE CORPORATION

NAIC: 181-39845

OPEN BROKERAGE COVERAGE UNIT FOR PROFESSIONALS

Rate and Rule Filing

Our Filing Number: W-PCOB-AR-08-03293-1-R

SERFF Tracking Number: *ERCB-125545088* *State:* *Arkansas*
Filing Company: *Westport Insurance Corporation* *State Tracking Number:* *EFT \$100*
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Dear Sir / Madam:

Westport Insurance Corporation would like to submit the attached rate and rule filing. Manual pages, WIC-IIP-AR (09/08) will replace the following previously approved rate / rule pages:

- WIC-IIP-AR (07/06) - Ref # AR-PC-06-018697
- LAC-CW-E1 (09/05) – Ref # AR-PC-05-017385

A detailed actuarial memorandum and support exhibits are attached to this filing.

We respectfully request an effective date of September 1, 2008.

Thank you for your consideration of this filing. If you should have any questions, please contact me at the telephone number or email address below.

Sincerely,

Cindy Knoll
Regulatory Specialist
866-866-8907, Ext. 5896
Fax: 913-676-6226
Email: cindy_knoll@swissre.com

Company and Contact

Filing Contact Information

Cindy Knoll, Compliance Specialist
5200 Metcalf

cindy_knoll@swissre.com
(800) 255-6931 [Phone]

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Overland Park, KS 66201 (913) 676-6226[FAX]

Filing Company Information

Westport Insurance Corporation CoCode: 39845 State of Domicile: Missouri
5200 Metcalf Group Code: 181 Company Type:
Overland Park, KS 66201 Group Name: Swiss Re State ID Number:
(800) 255-6931 ext. [Phone] FEIN Number: 48-0921045

SERFF Tracking Number: ERCB-125545088 State: Arkansas
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Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Westport Insurance Corporation	\$100.00	03/13/2008	18622581

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Edith Roberts	03/14/2008	03/14/2008

SERFF Tracking Number: *ERCB-125545088* State: *Arkansas*
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Disposition

Disposition Date: 03/14/2008
 Effective Date (New):
 Effective Date (Renewal):
 Status: Filed
 Comment:

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Westport Insurance Corporation	3.400%	\$37,008	216	\$1,099,048	%	%	20.400%

SERFF Tracking Number: *ERCB-125545088* State: *Arkansas*
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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Actuarial Mem & Supporting Exhibits	Filed	Yes
Rate	Rate Schedule	Filed	Yes

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Rate Information

Rate data applies to filing.

Filing Method: File & Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 0.000%
Effective Date of Last Rate Revision: 07/01/2006
Filing Method of Last Filing: File & 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):
Westport Insurance Corporation	20.400%	3.400%	\$37,008	216	\$1,099,048	%	%

SERFF Tracking Number: *ERCB-125545088* State: *Arkansas*
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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	Rate Schedule	WIC-IIP-AR (09/08)	Replacement	listed on General Information tab WIC-IIP-AR 0908.pdf

WESTPORT INSURANCE CORPORATION

Rate Schedule for Insurance Agents and Brokers Errors and Omissions Coverage
Arkansas

- A. Applicable to: Arkansas
- B. Basic Limit: \$100,000/\$100,000
- C. Minimum Deductible: \$2,500 per claim
- D. Rate Base: Per \$1,000 of total of Gross Annual Property & Casualty Written Premium, Life & A&H Commission Income and Other Income from Insurance Services provided
- E. 1. Basic Limit Rates, Minimum Premium and Basic Deductible:
(A minimum limit of liability of \$1,000,000, plus a signed consent form, applies when coverage includes defense or claims expense within the limit of liability.)

Premium Base (\$)	New Rate (\$)	Minimum Annual Premium (\$)	Basic Deductible (\$)
1 to 200,000	2.72	486	2,500
200,001 to 250,000	2.38	544	2,500
250,001 to 300,000	2.38	595	2,500
300,001 to 400,000	2.17	714	2,500
400,001 to 500,000	2.07	868	2,500
500,001 to 750,000	1.92	1,035	2,500
750,001 to 1,000,000	1.92	1,440	2,500
1,000,001 to 1,500,000	1.73	1,920	2,500
1,500,001 to 2,000,000	1.43	2,595	2,500
2,000,001 to 2,500,000	1.32	2,860	2,500
2,500,001 to 3,000,000	1.32	3,300	2,500
3,000,001 to 4,000,000	1.28	3,960	2,500
4,000,001 to 5,000,000	1.24	5,120	2,500
5,000,001 to 6,000,000	1.21	6,200	2,500
6,000,001 to 7,000,000	1.19	7,260	2,500
7,000,001 to 8,000,000	1.19	8,330	2,500
8,000,001 to 9,000,000	1.15	9,520	2,500
9,000,001 to 10,000,000	1.15	10,350	2,500
10,000,001 and over	Refer to Underwriter	Refer to Underwriter	2,500

**A 10% credit will be applied to the result of the calculation of Item E for the more restrictive coverage unit W-1004A (03/99) and any subsequent editions.

- F. Deductible Credits
 - 1. Deductible applies to loss only:
 - \$ 1,000 each claim = 13% Debit
 - 2,500 each claim = 2% Credit
 - 5,000 each claim = 13% Credit
 - 7,500 each claim = 19% Credit
 - 10,000 each claim = 30% Credit

WESTPORT INSURANCE CORPORATION

Rate Schedule for Insurance Agents and Brokers Errors and Omissions Coverage
Arkansas

2. Deductible applies to loss and expense:

\$ 1,000 each claim	=	2% Credit
2,500 each claim	=	17% Credit
5,000 each claim	=	28% Credit
7,500 each claim	=	34% Credit
10,000 each claim	=	40% Credit
15,000 each claim	=	45% Credit
25,000 each claim	=	65% Credit

Deductibles exceeding those in F 1. and F 2. will be referred to Underwriter.
Deductible Credit may not be allowed on some risks for underwriting reasons.

G. 1. BROKERAGE DEBITS.

The Basic Limit Rate or Minimum Premium is increased if brokerage business is more than 20% of total business (Gross Annual Written Premium), or if brokerage business exceeds \$1,000,000. If brokerage business is 20% or less of total business and does not exceed \$1,000,000 no increase applies. If brokerage business is more than 20% of the total GAP or the brokerage GAP is greater than \$1,000,000, then apply the following formula:

Step 1: Determine the Exclusionary Amount.

Exclusionary Amount = the minimum of \$1,000,000 or 20% of the total GAP

Step 2: Determine the Excess Brokerage GAP.

Excess Brokerage GAP = the maximum of GAP for Brokerage Business minus the result of Step 1 or 0

Step 3: Determine the Debit Percent.

Debit Percentage = The result of Step 2 divided by the total GAP

2. DISHONEST ACTS ENDORSEMENT

The Basic Limit rate or Minimum Premium is increased by 10% if the insured wants to purchase coverage for dishonest acts of employees

3. RIGHT OF DISCOVERY ENDORSEMENT

The Basic Limit rate or Minimum Premium is increased by 5% if the insured wants to purchase coverage for the Right of Discovery Endorsement.

H. Increased Limits Table. The following factors are applied to the Basic Limits Rate and Minimum Premium:

Limit	Factor	Limit	Factor
\$ 500,000/ \$ 500,000	1.52	2,500,000/ 2,500,000	2.24
500,000/ 1,000,000	1.55	2,500,000/ 5,000,000	2.47
500,000/ 1,500,000	1.60	3,000,000/ 3,000,000	2.37
750,000/ 750,000	1.69	3,000,000/ 6,000,000	2.67
750,000/ 1,500,000	1.72	4,000,000/ 4,000,000	2.61
1,000,000/ 1,000,000	1.80	4,000,000/ 8,000,000	3.00
1,000,000/ 2,000,000	1.85	5,000,000/ 5,000,000	2.83
1,000,000/ 3,000,000	1.91	5,000,000/ 6,000,000	2.93
1,500,000/ 1,500,000	1.95	5,000,000/ 7,000,000	3.03
1,500,000/ 3,000,000	2.05	5,000,000/ 8,000,000	3.14
2,000,000/ 2,000,000	2.10	5,000,000/ 9,000,000	3.24
2,000,000/ 4,000,000	2.27	5,000,000/ 10,000,000	3.31
2,000,000/ 6,000,000	2.44		

Limits in excess of \$5,000,000/\$10,000,000 will be referred to underwriter.

WESTPORT INSURANCE CORPORATION

Rate Schedule for Insurance Agents and Brokers Errors and Omissions Coverage
Arkansas

I. Business Type Debits/Credits:

1. Commercial/Personal Multiplier: A 8% debit will be applied to the % of commercial business written and a 12% credit will be applied to the % of personal business written.
2. Life Agents Debit: If Life & A&H Commissions exceeds P&C Agents commissions, then a 25% debit will be applied.

J. Scheduled Debit(s)/Credit(s). The maximum total percent of debits/credits is 40%. Discretionary pricing will be applied based on the following risk characteristics:

1. Agency Profile

	<u>Debit</u>	<u>Credit</u>
Professionalism of management and staff; quality of companies represented; binding authority of agency; education and training; licensed employees	+ 0% to 20%	- 0% to 20%
2. Operations/Procedures

	<u>Debit</u>	<u>Credit</u>
Agency procedure manual; compliance with agency procedures; automated systems (i.e. renewal, suspense, accounting); agency audit of underwriting files on a scheduled basis; regularly scheduled staff meetings.	+ 0% to 20%	- 0% to 20%

K. Prior Acts Credit. If the insured does not qualify for full Prior Acts coverage, apply the following credits to arrive at the claims-made premium:

<u>Number of Years of Prior Acts Coverage</u>	<u>Credit</u>
0	40%
1	25%
2	10%
3+	0

L. Optional Coverage Endorsement(s) Available at the insured's request. Charge 0% to 25% (subject to the underwriters discretion), based on the amount of business the Insured/Applicant has in the exposure area) of the developed premium for each of the following optional endorsements that broaden coverage.

1. Motor Vehicle Title Service Extension Endorsement
2. Mutual Funds Extension Endorsement
3. Prepaid Legal Expense Plan Coverage Endorsement
4. Professional Employer Services Endorsement
5. Safety Consultants Extension Endorsement
6. Investment, Securities Product Extension Endorsement
7. Third Party Administration Extension Endorsement
8. Loan Origination
9. Catastrophe Extra Expense Endorsement
10. Subpoena Endorsement
11. Expert Witness Endorsement
12. Insurance Instruction Endorsement
13. Premium Financing Endorsement
14. Loss Control, Risk Management and Anti Fraud Services Endorsement

WESTPORT INSURANCE CORPORATION

Rate Schedule for Insurance Agents and Brokers Errors and Omissions Coverage
Arkansas

M. Care, Custody and Control Endorsement. If coverage for Care, Custody and Control is endorsed, the charge is a flat annual premium of \$250.00.

N. Premium Computation Steps:

1. Compute Basic Limit Premium (Item E) and determine the greater of the Basic Limit Premium or Minimum Basic Premium. If the optional coverage extension endorsements shown in L.1. are offered, we will include the income from these exposures in the gross annual premium volume for the insurance agents operation.
2. Add factors/debits/credits of F (Deductible Credits), G (Brokerage Debits, Dishonest Acts and/or Right of Discovery Endorsements), H (Increased Limits) then multiply by the greater of the Basic Limit Premium or Minimum Premium and add to the greater of the Basic Limit Premium or Minimum Premium.
3. Multiply I1 (Commercial/personal Multiplier) by result of Step 2 then subtract from result of Step 2.
4. Multiply I2(Life Agents Debit) by result of Step 3 then subtract from result of Step 3.
5. Add % of item J then multiply by the result of Step 4 and then add to/subtract from result of Step 4.
6. Multiply prior acts factor (item K) by result of Step 5 and subtract from result of Step 5.
7. Add any premium for item L for broadened coverages to the result of Step 6.
8. Add any premium for item M for broadened coverages to the result of Step 7.

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Product Name: Open Brokerage Coverage Unit for Professionals
 Project Name/Number: 2008 Rate Revision - 09/01/2008/W-PCOB-AR-08-03293

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-Property & Casualty **Review Status:** Filed 03/14/2008

Comments:

Attachment:

AR NAIC Tran 03293.pdf

Bypassed -Name: NAIC Loss Cost Filing Document for OTHER than Workers' Comp **Review Status:** Filed 03/14/2008

Bypass Reason: n/a

Comments:

Bypassed -Name: NAIC loss cost data entry document **Review Status:** Filed 03/14/2008

Bypass Reason: n/a

Comments:

Satisfied -Name: Actuarial Mem & Supporting Exhibits **Review Status:** Filed 03/14/2008

Comments:

Attachments:

AR OB eff 09-01-08 Memo.pdf

AR IIA exhibits 09-01-08.pdf

Property & Casualty Transmittal Document

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

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #

5. Company Tracking Number	
-----------------------------------	--

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

6.	Name and address	Title	Telephone #s	FAX #	e-mail

7. Signature of authorized filer	
8. Please print name of authorized filer	

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

9. Type of Insurance (TOI)	
10. Sub-Type of Insurance (Sub-TOI)	
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12. Company Program Title (Marketing title)	
13. Filing Type	<input 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: _____ Renewal: _____
15. Reference Filing?	<input type="checkbox"/> Yes <input type="checkbox"/> No
16. Reference Organization (if applicable)	
17. Reference Organization # & Title	
18. Company's Date of Filing	
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 #

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

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 #:
Amount:

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

***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

FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)
 (Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	
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2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)	
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3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement Or withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

PC FFS-1

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 #	
-----------	--	--

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.)	
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4a.	Rate Change by Company (As Proposed)						
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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)

4b.	Rate Change by Company (As Accepted) For State Use Only						
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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)			
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		COMPANY USE	STATE USE
5a	Overall percentage rate indication (when applicable)		
5b	Overall percentage rate impact for this filing		
5c	Effect of Rate Filing – Written premium change for this program		
5d	Effect of Rate Filing – Number of policyholders affected		

6.	Overall percentage of last rate revision	
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7.	Effective Date of last rate revision	
-----------	---	--

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

9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

Westport Insurance Corporation
Open Brokerage Coverage Unit for Professionals
Actuarial Memorandum
Other Liability
Arkansas

Westport Insurance Corporation is filing changes to their Open Brokerage Coverage Unit for Professionals program for Insurance Agents and Brokers Errors & Omissions Liability coverage. An outline of the proposed changes and their estimated impact is below:

- Increasing the manual base rates by +2%.
- Implementing a Commercial/Personal Multiplier. This will have an estimated +1.4% impact on the rates.
- Life Debit Factor is being added to our rating pages. This has been previously approved.
- Removing the Agency Audit Credit. No policies will be affected in this state by this change.

The overall estimated effect of the changes described above is 3.4% to the Arkansas book of business.

Development of Indication and Expected Loss Ratio

Along with state specific filing forms, attached are Exhibits 1, 2, 3 and 4 which calculate an indication, expected loss ratio, investment income return and tax rate to support the filing. Rate pages for the Arkansas Open Brokerage Coverage Unit for Professionals are also attached.

Exhibit 1 – Indication Exhibit

This exhibit derives the calculated and selected rate change for the Arkansas program. Accident year premiums and losses were used to develop the indication. The indicated rate change for the program in Arkansas is 20.4%.

Exhibit 2 – Expense Exhibit

The expenses shown are both the Industry Wide and Westport averages for Other Liability for the latest 5 years. The selected expenses are the program specific expenses. The total estimated expense for this line is 46.1%. The provision for underwriting profit is derived in Exhibit 3.

Exhibit 3 Pages 1 and 2 – Cash Flow Model

These exhibits derive the provision for underwriting profit using a discounted cash flow model. The model projects cash flows for a typical policy. It considers premiums, losses, expenses, income taxes and investment income on investable funds. Investable funds are the difference between income items (premiums collected, surplus supplied and investment income) and outgo items (expenses, losses and income taxes paid). Investable funds generate investment income earned.

The assumptions used in the model are:

- Expenses: From Exhibit 2.
- Surplus Requirement: The premium to surplus ratio is 1.30. This is the industry standard for A-rated companies.
- Return on Equity: Swiss Re, our parent company, requires a return on equity of 15.0%.
- Reserve Discount Rate: Assumed to be the same as the Investment Income Return.
- Payout Pattern: The payout pattern is based upon the combination of company and industry payout patterns for Other Liability.

Exhibit 4– Investment Income Return and Tax Rate

This exhibit derives the 4.0% rate of return and 23.4% income tax rate. All dollar amounts come from the Company's Annual Statement. All calculations (a) through (f) are shown in the "notes" section at the bottom of the exhibit.

The proposed effective date for the changes described above is 09/01/2008.

**ARKANSAS INSURANCE DEPARTMENT
RATE FILING ABSTRACT**

FORM RF-1
Rev. 4/96

Insurer Name : Westport Insurance Corporation Contact Person : Cindy Knoll
 NAIC Number : 181 - 39845 Signature : _____
 Name of Advisory Organization Whose Filing You Are Referencing n/a Telephone No : 800-255-6931 ext. 5896
 Co. Affiliation to Advisory Organization: Member _____ Subscriber _____ Service Purchaser _____
 Reference Filing # : n/a Proposed Effective Date : 9/1/2008

(1) LINE OF INSURANCE By Coverage	(2) Indicated % Rate Level Change	(3) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(4) Expected Loss Ratio	(5) Loss Cost Modification Factor	(6) Selected Loss Cost Multiplier	(7) Expense Constant (If Applicable)	(8) Co. Current Loss Cost Multiplier
Other Liability - Professional Liability E & O	20.4%	3.4%	53.9%	n/a	n/a	n/a	n/a
TOTAL OVERALL EFFECT	20.4%	3.4%	53.9%	n/a	n/a	n/a	n/a

Apply Loss Cost Factors to Future Filings ? (Y or N) n/a
 Estimated Maximum Rate Increase for any Arkansas Insured (%) 10.0% Corresponds to Question 3 on RF-2 or RF-WC
 Estimated Maximum Rate Decrease for any Arkansas Insured (%) -10.0%

5 Year History

Accident Year - Program Specific

Year	Policy Count	Rate Change History		AR Earned Premium (000)	Incurred Losses (000)	Arkansas Loss Ratio	Countrywide Loss Ratio	Selected Provisions		
		%	Eff. Date					A. Total Production Expense	B. General Expense	C. Taxes, Licenses & Fees
2007	216	0.0%	08/01/06	\$1,194	\$654	54.8%	54.2%	D. Underwriting Profit & Contingencies	7.9%	7.0%
2006	213	3.5%	07/01/05	\$1,102	\$1,006	91.3%	63.9%	E. Other (explain)	0.0%	2.5%
2005	226	7.5%	04/01/04	\$1,434	\$1,239	86.4%	72.5%	F. TOTAL	46.1%	
2004	227	22.0%	04/01/03	\$1,290	\$856	66.4%	73.4%			
2003	230	5.0%	04/01/02	\$1,166	\$498	42.7%	63.9%			

INS00010

Arkansas
Insurance Agents Professional Liability
Independent Insurance Agents Professional Liability Package and Open Brokerage Coverage Unit for Professionals
Total Limits Indication
As of 12/31/07

Assuming rate change for annual policies will be effective at this date =>: 9/1/2008

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Accident Year	Earned Premium	Premium Adjustment Factor	Current Rate Earned Premium = (1)*(2)	Recorded Losses*	Actual Excess Amount	Capped Recorded Losses = (4) - (5)	Calculated Excess	Loss Development Factor	Projected Ultimate Loss+ALAE = [(6)+(7)] *(8)	Trend Factor at 2.9% per year	ULAE Factor	Trended Ultimate Loss + LAE = (9)*(10) + (9)*(10)*(11)	Trended Ultimate L+LAE Ratio = (12) / (3)
2002	862,391	1.762	1,519,578	708,211	109,962	598,249	412,045	1.082	1,093,137	1.228	3.8%	1,392,849	91.7%
2003	1,165,649	1.393	1,623,423	104,764	0	104,764	254,335	1.119	401,832	1.193	3.8%	497,585	30.7%
2004	1,289,518	1.140	1,469,837	325,232	0	325,232	263,988	1.207	711,189	1.159	3.8%	855,789	58.2%
2005	1,434,438	1.035	1,484,042	1,205,201	597,634	607,566	165,612	1.370	1,059,255	1.127	3.8%	1,238,726	83.5%
2006	1,102,333	0.998	1,099,925	401,607	0	401,607	60,768	1.915	885,448	1.095	3.8%	1,006,309	91.5%
2007	1,194,363	1.004	1,198,827	105,713	0	105,713	15,065	4.904	592,296	1.064	3.8%	654,184	54.6%
2003-2007	6,186,301		6,876,054	2,142,517	597,634	1,544,882	759,769		3,650,020			4,252,592	61.8%

Selected State Loss Ratio	61.8%
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(15)	Credibility of State's Projected Loss+ALAE Ratio $\{\sqrt{((14)/1082)}\}$	41.5%
(16)	Countrywide Loss Ratio	67.1%
(17)	Credibility Weighted Loss Ratio $\{(15) \times (13) + \{[1.0-(15)] \times (16)\}$	64.9%
(18)	Permissible Loss Ratio (Considering expenses, investment income and target profit)	53.9%
(19)	Rate Indication $\{(17) / (18) - 1.0\}$	20.4%

Selected Rate Change	3.4%
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* We are removing all Agents E&O losses that have resulted from catastrophic events (i.e. Hurricanes, Earthquakes, Tornadoes etc.).

Exhibit 1

(14)
Claim Counts
37
45
46
46
29
20
186

Westport Insurance Corporation
Other Liability

	2002		2003		2004		2005		2006		Total		Selected
	(000's) \$	% of Premium											
Direct Written Premium	221,966		277,496		312,744		292,551		278,707		1,383,464		
Direct Earned Premium	215,215	100.0%	251,834	100.0%	296,596	100.0%	302,246	100.0%	283,143	100.0%	1,349,034	100.0%	
Incurred Loss & ALAE	253,195	117.6%	202,072	80.2%	261,692	88.2%	401,031	132.7%	137,755	48.7%	1,255,745	93.1%	
ULAE	6,717	2.7%	2,223	1.1%	8,272	3.2%	11,808	2.9%	6,012	4.4%	35,032	2.8%	
Commissions	39,629	17.9%	48,625	17.5%	53,293	17.0%	53,373	18.2%	51,765	18.6%	246,685	17.8%	19.5%
Other Acquisition Expense	7,748	3.6%	10,870	4.3%	16,281	5.5%	19,786	6.5%	27,548	9.7%	82,233	6.1%	9.2%
General Expense	6,834	3.2%	7,920	3.1%	7,649	2.6%	6,596	2.2%	6,186	2.2%	35,185	2.6%	7.0%
Taxes, Licenses & Fees	5,236	2.4%	6,203	2.2%	7,198	2.3%	9,451	3.2%	7,537	2.7%	35,625	2.6%	2.5%

Total Expense Provision: 38.2%

Profit & Contingencies: 7.9%

Industry Wide
Other Liability

	2002		2003		2004		2005		2006		Total	
	(000's) \$	% of Premium	(000's) \$	% of Premium								
Direct Written Premium	41,356,966		49,938,238		52,483,590		54,067,434		55,673,538		253,519,766	
Direct Earned Premium	36,804,324	100.0%	45,780,768	100.0%	50,641,580	100.0%	52,968,970	100.0%	53,851,693	100.0%	240,047,335	100.0%
Incurred Loss & ALAE	38,785,333	105.4%	40,281,626	88.0%	45,068,609	89.0%	42,592,793	80.4%	35,327,523	65.6%	202,055,884	84.2%
ULAE	1,551,333	4.0%	1,884,478	4.7%	1,956,826	4.3%	2,186,960	5.1%	2,161,096	6.1%	9,740,693	4.8%
Commissions	5,385,433	13.0%	6,403,526	12.8%	6,823,130	13.0%	6,800,589	12.6%	6,976,776	12.5%	32,389,454	12.8%
Other Acquisition Expense	1,736,041	4.7%	1,828,421	4.0%	2,170,705	4.3%	2,311,439	4.4%	2,485,201	4.6%	10,531,807	4.4%
General Expense	1,670,678	4.5%	1,845,929	4.0%	2,134,769	4.2%	2,308,019	4.4%	2,306,235	4.3%	10,265,630	4.3%
Taxes, Licenses & Fees	759,176	1.8%	874,713	1.8%	1,086,748	2.1%	945,765	1.7%	1,010,044	1.8%	4,676,446	1.8%

ULAE to Loss & ALAE Ratio: 3.8%

Notes:

1. The 3.8% ULAE to Loss Ratio is the average of the Industry and Westport Insurance Corporation.
2. Westport Insurance Corporation Data taken from Line 17 of the Insurance Expense Exhibit.

Westport Insurance Corporation
Investment Income Exhibit
Other Liability

Underwriting Tax Rate:	35.0%
Invst Income Tax Rate:	23.4%
Invst Income Return:	4.0%
Reserve Discount Rate:	4.0%
Initial Prem/Surplus:	1.30
Variable (EP) Expense Ratio:	38.2%
Fixed (WP) Expense Ratio:	0.0%
Target Loss Ratio:	51.9%
ALAE to Loss Ratio:	0.0%
ULAE to Loss & ALAE Ratio:	3.8%
Premium Payments:	1 (1 or 12 only)
Loss & LAE Ratio:	53.9%
Combined Ratio:	92.1%
Underwriting Profit Margin:	7.9%
ROE:	15.0%
PVROP:	10.0%

PATTERNS	<u>Time</u>	<u>Premium Payments</u>	<u>Unearned Premium</u>	<u>Payout Pattern</u>	<u>Cumulative Paid</u>
	0.00				
	1.00	100	-	6.14%	6.1%
	2.00	-	-	21.55%	27.7%
	3.00	-	-	26.10%	53.8%
	4.00	-	-	19.26%	73.1%
	5.00	-	-	9.73%	82.8%
	6.00	-	-	5.25%	88.0%
	7.00	-	-	3.21%	91.2%
	8.00	-	-	1.70%	92.9%
	9.00	-	-	1.58%	94.5%
	10.00	-	-	1.27%	95.8%
	11.00	-	-	1.20%	97.0%
	12.00	-	-	0.95%	97.9%
	13.00	-	-	0.78%	98.7%
	14.00	-	-	0.58%	99.3%
	15.00	-	-	0.40%	99.7%
	16.00	-	-	<u>0.30%</u>	100.0%
				100.00%	
	Duration			3.51	

Note:

1. The payout pattern is based upon the combination of company and industry payout patterns.

Westport Insurance Corporation
Investment Income Exhibit - Other Liability

Total return from Insurance Transactions and Surplus												
	1	2	3	4	5	6	7	8	9	10	11	12
Time	Premium	Earned Premium	Variable Expenses	Fixed Expenses	Loss Payments	ALAE Payments	ULAE Payments	Loss & LAE Reserve	Underwriting Profit/Loss	Discount Factors	Discounted Loss & LAE Reserve	Change in Discounted Reserve
0												
1	100.00	100.00	38.20	-	3.19	-	1.05	49.65	7.92	0.9044	44.90	
2	-	-	-	-	11.19	-	0.21	38.25	-	0.9165	35.05	1.55
3	-	-	-	-	13.55	-	0.26	24.44	-	0.9149	22.36	1.11
4	-	-	-	-	10.00	-	0.19	14.26	0.00	0.9022	12.86	0.68
5	-	-	-	-	5.05	-	0.10	9.11	0.00	0.8916	8.12	0.41
6	-	-	-	-	2.73	-	0.05	6.33	-	0.8861	5.61	0.27
7	-	-	-	-	1.67	-	0.03	4.63	(0.00)	0.8850	4.10	0.19
8	-	-	-	-	0.88	-	0.02	3.73	(0.00)	0.8960	3.35	0.14
9	-	-	-	-	0.82	-	0.02	2.90	0.00	0.9060	2.63	0.12
10	-	-	-	-	0.66	-	0.01	2.23	(0.00)	0.9183	2.05	0.09
11	-	-	-	-	0.62	-	0.01	1.59	0.00	0.9287	1.48	0.07
12	-	-	-	-	0.49	-	0.01	1.09	(0.00)	0.9405	1.02	0.05
13	-	-	-	-	0.40	-	0.01	0.68	0.00	0.9520	0.64	0.03
14	-	-	-	-	0.30	-	0.01	0.37	(0.00)	0.9648	0.36	0.02
15	-	-	-	-	0.21	-	0.00	0.16	0.00	0.9808	0.16	0.01
16	-	-	-	-	0.16	-	0.00	-	0.00	0.9808	-	0.00
	100.00	100.00	38.20	-	51.91	-	1.97		7.92			4.74

Total return from Insurance Transactions and Surplus											
	13	14	15	16	17	18	19	20	21	22	23
Time	Underwriting Profit/Loss	Tax on Und Profit	Und Profit Net of Tax	Requirement for Next Yr	Beginning Funds	Ending Funds	Investable Funds	Invst Income	Tax on Invst Income	Net Invst Income	Flows
0	-	-	-	76.92		76.92					(76.92)
1	12.66	4.43	3.49	0.00	138.72	134.49	136.61	5.40	1.26	4.13	84.54
2	(1.55)	(0.54)	0.54	0.00	49.65	38.25	43.95	1.74	0.41	1.33	1.87
3	(1.11)	(0.39)	0.39	0.00	38.25	24.44	31.35	1.24	0.29	0.95	1.34
4	(0.68)	(0.24)	0.24	0.00	24.44	14.26	19.35	0.76	0.18	0.59	0.82
5	(0.41)	(0.14)	0.14	0.00	14.26	9.11	11.68	0.46	0.11	0.35	0.50
6	(0.27)	(0.09)	0.09	0.00	9.11	6.33	7.72	0.30	0.07	0.23	0.33
7	(0.19)	(0.07)	0.07	0.00	6.33	4.63	5.48	0.22	0.05	0.17	0.23
8	(0.14)	(0.05)	0.05	0.00	4.63	3.73	4.18	0.17	0.04	0.13	0.18
9	(0.12)	(0.04)	0.04	0.00	3.73	2.90	3.32	0.13	0.03	0.10	0.14
10	(0.09)	(0.03)	0.03	0.00	2.90	2.23	2.56	0.10	0.02	0.08	0.11
11	(0.07)	(0.02)	0.02	0.00	2.23	1.59	1.91	0.08	0.02	0.06	0.08
12	(0.05)	(0.02)	0.02	0.00	1.59	1.09	1.34	0.05	0.01	0.04	0.06
13	(0.03)	(0.01)	0.01	0.00	1.09	0.68	0.88	0.03	0.01	0.03	0.04
14	(0.02)	(0.01)	0.01	0.00	0.68	0.37	0.52	0.02	0.00	0.02	0.02
15	(0.01)	(0.00)	0.00	0.00	0.37	0.16	0.26	0.01	0.00	0.01	0.01
16	(0.00)	(0.00)	0.00	-	0.16	0.00	0.08	0.00	0.00	0.00	0.00
	7.92	2.77	5.15		0.00			10.71	2.51	8.21	13.35
										Return on Surplus	15.00%

1 Not actual written premium, used to reflect premium payment pattern.
2 Total(1) - Cumulative(2)
3 (2) * Variable Expense Ratio of 38.2%
4 Total(1) * Fixed Expense Ratio of 0%
5 Total(1) * Expected Loss Ratio of 51.9% * Payout Pattern
6 (5) * ALAE/Loss Ratio of 0%
7 time 1 formula is: [(5) + (6)] * ULAE*1/2 + ULAE*1/2*ELR*(1+ALAE to LR)*(1)
time 2-16 formula is: [(5)+(6)]*ULAE*1/2
8 Total(5) + Total(6) + Total(7) - sum[columns (5)+(6)+(7)]
9 (2) - (3) - (4) - [(5) - (6) - (7) - (8)] - (8prior)
10 Discounted Payout Pattern
11 (8) * (10)
12 (5) + (6) + (7) + (11) - (11prior)

13 time 1 formula is: (2) - (3) - (4) - (5) - (6) - (7) - (11)
time 2-16 formula is: (2) - (3) - (4) - (12)
14 (13) * Underwriting Tax Rate of 35%
15 (9) - (14)
16 Reserve/ Surplus Ratio
17 time 1 formula is: (18prior) + (1) - (3)
time 2-16 formula is: (18prior) + (16prior) - (16prior2) - (14prior) - (15prior)
18 time 1 formula is: (18prior)+(1) - (3) - (4) - (5) - (6) - (7)
time 2-16 formula is: (17) - (3) - (4) - (5) - (6) - (7) - (14) - (15)
19 Average[(17) + (18)]
20 (19) * Investment Income Return of 3.95%
21 (20) * Investment Income Tax Rate of 23.4%
22 (20) - (21)
23 time 1 is: (16prior) + (22) + (15) time 2-16 is: (22) + (15)

Westport Insurance Corporation
Investment Income Exhibit
Estimated Investment Earnings On
Surplus and Unearned Premium & Loss Reserves

The rate of return is the ratio of net investment income earned to mean cash and invested assets as determined from the base company Annual Statement.

	Net Investment Income Earned (In Thousands)	Mean Cash and Investment Assets (In Thousands)	Rate of Return	Realized Capital Gains/Losses	Unrealized Capital Gains/Losses	Realized % of Assets	Unrealized % of Assets
2006	33,594	793,809	4.2%	117	34	0.0%	0.0%
2005	<u>31,739</u>	<u>866,210</u>	<u>3.7%</u>	<u>571</u>	<u>191</u>	<u>0.1%</u>	<u>0.0%</u>
	65,333	1,660,019	4.0%	688	225	0.0%	0.0%

The average rate of Federal Income Tax was determined by applying current tax rates to the distribution of investment income earned. This data is from the base company Annual Statement.

	Investment Income Earned (In Thousands)	Federal Income Tax Rate	
Bonds			
Taxable	16,962	0.350	(c)
Non-Taxable	13,112	0.053	(a)
Total	30,074	0.221	(d)
Stock			
Taxable	125	0.142	(b)
Taxable Affiliates	0		
Total	125		
Mortgage Loans on Real Estate	0		
Real Estate	0		
Cash on Deposit and Short Term Investments	4,272		
All Other	372		
Sub-Total	4,644	0.350	(c)
Total	34,843	0.238	(e)
Investment Deductions	1,249	0.350	(c)
Net Investment Income Earned	33,594	0.234	(f)

- Notes:
- (a) 100% of the income on tax-exempt bonds is subject to proration; that is, 15% of the of that income taxed at a full corporate income tax rate of 35%. The applicable tax rate is $[(1.00 \times .15 \times .35) = .0525]$.
- (b) 30% of dividend income on stock is subject to the full corporate income tax rate of 35%. 100% of the remaining dividend income on stocks is subject to proration: that is, 15% of the remaining 70% of dividend income is taxed at a rate of 35%. The applicable tax rate is thus $[(.30 \times .35) + (1.00 \times .70 \times .15 \times .35) = 0.142]$.
- (c) The full corporate income tax rate is 35%.
- (d) Weighted average of the taxable and non-taxable bonds $[(16,962 \times 0.35 + 13,112 \times 0.053)/30,074]$.
- (e) Weighted average of all investment incomes $[(30,074 \times 0.221 + 125 \times 0.142 + 4,644 \times 0.35)/34,843]$.
- (f) Investment income tax rate: $[(34,843 \times 0.238 - 1,249 \times 0.35)/33,594]$.