

SERFF Tracking Number: FEMC-125533650 State: Arkansas  
First Filing Company: Federated Mutual Insurance Company, ... State Tracking Number: EFT \$100  
Company Tracking Number: WC-AR-08-4  
TOI: 16.0 Workers Compensation Sub-TOI: 16.0001 Alternative WC  
Product Name: Workers Compensation  
Project Name/Number: WC-AR-08-4/WC-AR-08-4

## Filing at a Glance

Companies: Federated Mutual Insurance Company, Federated Service Insurance Company

Product Name: Workers Compensation SERFF Tr Num: FEMC-125533650 State: Arkansas  
TOI: 16.0 Workers Compensation SERFF Status: Closed State Tr Num: EFT \$100  
Sub-TOI: 16.0001 Alternative WC Co Tr Num: WC-AR-08-4 State Status: Fees verified and received  
Filing Type: Rule Co Status: Reviewer(s): Betty Montesi, Carol Stiffler, Brittany Yielding  
Author: Carolyn Stursa Disposition Date: 03/21/2008  
Date Submitted: 03/10/2008 Disposition Status: Approved  
Effective Date Requested (New): 07/01/2008 Effective Date (New): 07/01/2008  
Effective Date Requested (Renewal): 07/01/2008 Effective Date (Renewal):

State Filing Description:

## General Information

Project Name: WC-AR-08-4 Status of Filing in Domicile:  
Project Number: WC-AR-08-4 Domicile Status Comments:  
Reference Organization: Reference Number:  
Reference Title: Advisory Org. Circular:  
Filing Status Changed: 03/21/2008  
State Status Changed: 03/17/2008 Deemer Date:  
Corresponding Filing Tracking Number:  
Filing Description:

We wish to implement this filing for all new business and renewals effective on and after July 1, 2008.

## Company and Contact

### Filing Contact Information

Carolyn Stursa, Property & Casualty Product cmstursa@fedins.com

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Specialist

121 E Park Square (800) 533-0472 [Phone]  
Owatonna, MN 55060 (507) 444-6691[FAX]

**Filing Company Information**

Federated Mutual Insurance Company CoCode: 13935 State of Domicile: Minnesota  
121 East Park Square Group Code: 7 Company Type:  
PO Box 328  
Owatonna, MN 55060 Group Name: State ID Number:  
(800) 533-0472 ext. [Phone] FEIN Number: 41-0417460  
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Federated Service Insurance Company CoCode: 28304 State of Domicile: Minnesota  
121 East Park Square Group Code: 7 Company Type:  
PO Box 328  
Owatonna, MN 55060 Group Name: State ID Number:  
(800) 533-0472 ext. [Phone] FEIN Number: 41-0984698  
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## Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Federated Mutual Insurance Company	\$100.00	03/10/2008	18475351
Federated Service Insurance Company	\$0.00	03/10/2008	

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Carol Stiffler	03/21/2008	03/21/2008

### Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending	Carol Stiffler	03/17/2008	03/17/2008	Carolyn Stursa	03/19/2008	03/19/2008
Industry Response						

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## Disposition

Disposition Date: 03/21/2008  
Effective Date (New): 07/01/2008  
Effective Date (Renewal):  
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	NAIC Loss Cost Filing Document for Workers' Compensation	Approved	Yes
Supporting Document	NAIC loss cost data entry document	Approved	Yes
Supporting Document	Cover Letter	Approved	Yes
Rate	Federated Mutual & Federated Service Agreed Reimbursement Rating Plan Page	Approved	Yes

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## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 03/17/2008

Submitted Date 03/17/2008

Respond By Date

Dear Carolyn Stursa,

This will acknowledge receipt of the captioned filing.

Objection 1

- Federated Mutual & Federated Service Agreed Reimbursement Rating Plan Page (Rate)

Comment: The copy we received has a "#" symbol in the left margin next to "Terrorism Deductible Credit". Is that an error?

It appears that the rates for this program are not filed but are individually rated. All workers' compensation rates must be filed or you will need to make an individual risk filing for each insured. If you file all of the criteria that may be used, we may be able approve this plan.

Please feel free to contact me if you have questions.

Sincerely,

Carol Stiffler

## Response Letter

Response Letter Status Submitted to State

Response Letter Date 03/19/2008

Submitted Date 03/19/2008

Dear Carol Stiffler,

**Comments:**

**Response 1**

SERFF Tracking Number: FEMC-125533650 State: Arkansas  
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Comments: Carol Stiffler,

We use symbols when we add new information or revise information on our WC Rule Manual pages. The # symbol is used for adding new information and at the bottom of page we show # new. This is a company procedure.

In our original Large Account Programs filing we did file a paragraph for Individual Risk Filings on our Program pages. We did plan on filing the Consent to Rate application for all individual risk filings for each year. Our previously approved state filing number was AR-PC-06-020493.

Sincerely,  
Carolyn Stursa

#### **Related Objection 1**

Applies To:

- Federated Mutual & Federated Service Agreed Reimbursement Rating Plan Page (Rate)

Comment:

The copy we received has a "#" symbol in the left margin next to "Terrorism Deductible Credit". Is that an error?

It appears that the rates for this program are not filed but are individually rated. All workers' compensation rates must be filed or you will need to make an individual risk filing for each insured. If you file all of the criteria that may be used, we may be able approve this plan.

#### **Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,  
Carolyn Stursa

<i>SERFF Tracking Number:</i>	<i>FEMC-125533650</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Federated Mutual Insurance Company, ...</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>WC-AR-08-4</i>		
<i>TOI:</i>	<i>16.0 Workers Compensation</i>	<i>Sub-TOI:</i>	<i>16.0001 Alternative WC</i>
<i>Product Name:</i>	<i>Workers Compensation</i>		
<i>Project Name/Number:</i>	<i>WC-AR-08-4/WC-AR-08-4</i>		

## **Rate Information**

Rate data does NOT apply to filing.

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## Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Approved	Federated Mutual & Federated Service Agreed Reimbursement Rating Plan Page	WC-ARP-3 (7-1-08)	Replacement	pruleq_ar_wc_b_large_cas_prod_agreed_rating_plan_20080701.pdf

#### **Rule 4. Determination of Premium (Continued)**

##### **Definitions of Terms Used for the Formula**

##### **Specific Excess Charge (SEC)**

A premium component of this plan for losses excess of the insured's deductible on an individual accident or occurrence basis. The charge is determined by application of increased limit factors to expected loss amounts of lower (credible) layers or other actuarial methodology.

Lower layer expected loss amounts are calculated from the historical incurred losses of the account for the 5 year period prior to the rating date. If five years of loss experience is not available then as few as three years can be used. Traditional rating with expected loss results may be used when loss information for a coverage is not available. Losses may be adjusted to recognize other known changes affecting the risk.

##### **Aggregate Excess Charge (AEC)**

The premium component of this plan that charges appropriate premium an aggregate cap on losses for which the insured is responsible under this program. The charge is actuarially determined based on retention level, expected losses and aggregate cap selected.

##### **Fixed Expenses (FE)**

The Component of premium for Federated expenses, but does not include taxes and surcharges. Federated's expenses are dependent on agreed services by the insured and Federated.

##### **Variable Expense**

Variable expenses are the Component of premium of this plan to load SEC, AEC and FE with variable expense of the program. Variable expenses may include administration, taxes and assessments, commissions and profit.

##### **# Terrorism Deductible Credit**

Only for risks that qualify for our Arkansas Agreed Reimbursement Rating Plan under the Large Risk Alternative Rating Option, a deductible (Agreed Reimbursement) credit factor will be applied to the Foreign Terrorism premium charge and the Domestic Terrorism, Earthquakes and Catastrophic Industrial Accident (DTEC) premium charge. This deductible (Agreed Reimbursement) credit factor is determined individually for each risk.

A composite rate may be developed and used for articulating premiums and the calculation of audit additional premiums. Calculating premiums according to Rule 4 and then dividing that premium by the selected and agreed upon rating basis develops the composite rate.

#### **Rule 5. Agreed Reimbursement Rating Procedures**

The premium is determined by using Federated expenses and insurance charges that are developed actuarially.

The Tax Multiplier is determined by Federated on the basis of the state or states included in the rating.

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## Supporting Document Schedules

**Satisfied -Name:** Uniform Transmittal Document-Property & Casualty **Review Status:** Approved 03/21/2008

**Comments:**

**Attachments:**

2007 P&C Transmittal Document PC TD-1.pdf  
 2007 Rate-Rule Filing Schedule PC RRFS-1.pdf

**Bypassed -Name:** NAIC Loss Cost Filing Document for Workers' Compensation **Review Status:** Approved 03/21/2008

**Bypass Reason:** NA

**Comments:**

**Bypassed -Name:** NAIC loss cost data entry document **Review Status:** Approved 03/21/2008

**Bypass Reason:** NA

**Comments:**

**Satisfied -Name:** Cover Letter **Review Status:** Approved 03/21/2008

**Comments:**

Cover letter has an explanation of this filing.

**Attachment:**

AR Cover Letter.pdf

## Property & Casualty Transmittal Document

<b>1. Reserved for Insurance Dept. Use Only</b>	<b>2. Insurance Department Use only</b> a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <table style="width: 100%; border: none;"> <tr> <td style="width: 60%; border: none;">New Business</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">Renewal Business</td> <td style="border: none;"></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes	New Business		Renewal Business	
New Business					
Renewal Business					

<b>3. Group Name</b>	<b>Group NAIC #</b>
Federated Insurance Companies	007

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Federated Mutual Insurance Company	MN	13935	41-0417460	
Federated Service Insurance Company	MN	28304	41-0984698	

<b>5. Company Tracking Number</b>	<b>WC-AR-08-4</b>
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**Contact Info of Filer(s) or Corporate Officer(s)** [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Carolyn Stursa PO Box 328 Owatonna MN 55060	P & C Product Specialist	800-533-0472 Ext.: 5290	507-444-6691	cmstursa@fedins.com

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

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

9.	Type of Insurance (TOI)	16.0000 Workers Compensation
10.	Sub-Type of Insurance (Sub-TOI)	16.0001 Alternative Workers Compensation
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 checked="" type="checkbox"/> Other (Large Deductible Rating Plan)
14.	Effective Date(s) Requested	New: 7-1-2008      Renewal: 7-1-2008
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 checked="" 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 #	WC-AR-08-4
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21.	<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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Large Deductible Rating Plan revision filing proposed to be effective for all new business and renewals effective on and after July 1, 2008.

22.	<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]
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**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

## 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.)**

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>	<b>WC-AR-08-4</b>
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<b>2.</b>	<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	
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Rate Increase     
  Rate Decrease     
  Rate Neutral (0%)

<b>3.</b>	<b>Filing Method (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	Prior Approval
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<b>4a.</b>	<b>Rate Change by Company (As Proposed)</b>
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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)
Federated Mutual	0	0	0	0	0		
Federated Service	0	0	0	0	0		

<b>4b.</b>	<b>Rate Change by Company (As Accepted) For State Use Only</b>
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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

<b>5.</b>	<b>Overall Rate Information (Complete for Multiple Company Filings only)</b>
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		COMPANY USE	STATE USE
<b>5a</b>	<b>Overall percentage rate indication (when applicable)</b>	NA	
<b>5b</b>	<b>Overall percentage rate impact for this filing</b>	NA	
<b>5c</b>	<b>Effect of Rate Filing – Written premium change for this program</b>	NA	
<b>5d</b>	<b>Effect of Rate Filing – Number of policyholders affected</b>	NA	

<b>6.</b>	<b>Overall percentage of last rate revision</b>	NA
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<b>7.</b>	<b>Effective Date of last rate revision</b>	NA
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<b>8.</b>	<b>Filing Method of Last filing (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	Prior Approval
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9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01	Federated Mutual & Service Agreed Reimbursement Rating Plan (Large Deductible Rating Plan) WC-ARP-3 (7-1-08)	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

March 10, 2008

**FEDERATED MUTUAL INSURANCE COMPANY- NAIC 007-13935**  
**FEDERATED SERVICE INSURANCE COMPANY- NAIC 007-28304**

Workers' Compensation and Employers' Liability

- Revised Agreed Reimbursement Rating Plan page WC-ARP-3 July 1, 2008

**Terrorism Agreed Reimbursement Rating Plan Credit Filing**  
**Federated Filing Number: WC-AR-08-4**

The purpose of this filing is to apply the deductible factor from our Agreed Reimbursement (Deductible) Plan to both Foreign Terrorism premium charge and Domestic Terrorism, Earthquakes and Catastrophic Industrial Accident (DTEC) premium charge. Currently, in our Agreed Reimbursement filing, we apply a sizable deductible factor to the workers compensation premium to recognize that the insured will reimburse Federated up to an agreed upon Reimbursement Amount. Currently, there is not a way to apply the deductible factor to the foreign or domestic terrorism.

We believe that given the size of the Agreed Reimbursement Amounts and the size of the corresponding deductible credits that will apply, that an insured should not pay terrorism premium based on first dollar rates. The first dollar rate for terrorism should be reduced by the same factor that is being applied to the rest of the workers compensation premium.

We would like the ability to apply that deductible factor to both Foreign Terrorism premium charge and Domestic Terrorism, Earthquakes and Catastrophic Industrial Accident (DTEC) premium charge. We would like to do that by adding class code 9739 'Agreed Reimbursement Credit'. The Agreed Reimbursement factor would be the same factor as is applied earlier in the algorithm under codes 9663 and 9994. It would be applied as a credit and follow the calculation of the Foreign Terrorism and Domestic Terrorism, Earthquakes and Catastrophic Industrial Accident (DTEC); and before the Estimated Annual Premium. The credit for this code would be calculated by adding the Foreign Terrorism Premium (code 9740) and the Domestic Terrorism, Earthquakes and Catastrophic Industrial Accident (DTEC) premium (code 9741) and multiplying that total by the deductible factor to determine the deductible credit. The deductible credit will then be subtracted from the subtotal of premium after the Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accident (DTEC) premium (code 9741) to determine the Estimated Annual Premium.

We are not filing any state Rule filing revisions, as our initial filing for this plan contemplates this. We just don't have a mechanism to statistically report this credit.

This filing is applicable to both Federated Mutual Insurance and Federated Service Company. We wish to implement this revision for new business and renewals effective on and after July 1, 2008.

We respectfully request your approval of this filing and look forward to hearing from you regarding this filing. If you have any questions or would like to discuss, please contact Mike Bucher at 1-800-533-0472 or [mjbucher@fedins.com](mailto:mjbucher@fedins.com).

Thank you,



Carolyn Stursa  
P & C Product Specialist  
Federated Mutual Insurance Company  
Federated Service Insurance Company