

SERFF Tracking Number: ALSX-125590021 State: Arkansas  
Filing Company: Allstate Indemnity Company State Tracking Number: EFT \$100  
Company Tracking Number: R19753  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Manufactured Home  
Project Name/Number: Reinsurance Rate Charge Filing/R19753

## Filing at a Glance

Company: Allstate Indemnity Company  
Product Name: Manufactured Home  
TOI: 04.0 Homeowners  
Sub-TOI: 04.0002 Mobile Homeowners

SERFF Tr Num: ALSX-125590021 State: Arkansas  
SERFF Status: Closed State Tr Num: EFT \$100  
Co Tr Num: R19753 State Status: Fees verified and received  
Co Status: Reviewer(s): Becky Harrington, Betty Montesi, Brittany Yielding  
Author: SPI AllState Disposition Date: 04/09/2008  
Date Submitted: 04/01/2008 Disposition Status: Filed  
Effective Date Requested (New): 08/25/2008 Effective Date (New): 08/25/2008  
Effective Date Requested (Renewal): 10/09/2008 Effective Date (Renewal): 10/09/2008

Filing Type: Rate

State Filing Description:  
Not an overall rate change.

## General Information

Project Name: Reinsurance Rate Charge Filing  
Project Number: R19753  
Reference Organization:  
Reference Title:  
Filing Status Changed: 04/09/2008  
State Status Changed: 04/09/2008  
Corresponding Filing Tracking Number:  
Filing Description:

Status of Filing in Domicile:  
Domicile Status Comments:  
Reference Number:  
Advisory Org. Circular:  
Deemer Date:

This filing includes a revision to the distinct charge to cover the net cost of reinsurance in Allstate Indemnity Company for the Manufactured Home program in the state of Arkansas.

Allstate's revised reinsurance cost will be reflected by revising the reinsurance rate adjustment factor in the rate calculation for the Manufactured Home program. With consideration given to the cost to implement and maintain this

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charge, the reinsurance rate adjustment factor will be set to zero and will apply to the calculation of the reinsurance charge for all policies. This revision will have the same effect as removing the reinsurance charge.

Allstate will evaluate reinsurance costs periodically; preserving the rating structure will enable Allstate to monitor and update the reinsurance rate adjustment factor in the future as appropriate.

The overall impact of changes set forth in this filing is -0.72%.

The target effective date for new business written and renewals processed is August 25, 2008, and renewal business effective October 09, 2008.

## Company and Contact

### Filing Contact Information

Carrie Deppe, Assistant State Filings Manager cdepp@allstate.com  
2775 Sanders Road (847) 402-2774 [Phone]  
Northbrook, IL 60062 (847) 402-9757[FAX]

### Filing Company Information

Allstate Indemnity Company CoCode: 19240 State of Domicile: Illinois  
2775 Sanders Road Group Code: 8 Company Type:  
Suite A5  
Northbrook, IL 60062 Group Name: Allstate State ID Number:  
(847) 402-5000 ext. [Phone] FEIN Number: 36-6115679  
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## Filing Fees

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

SERFF Tracking Number: ALSX-125590021 State: Arkansas  
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Product Name: Manufactured Home  
Project Name/Number: Reinsurance Rate Charge Filing/R19753

| COMPANY                    | AMOUNT   | DATE PROCESSED | TRANSACTION # |
|----------------------------|----------|----------------|---------------|
| Allstate Indemnity Company | \$100.00 | 04/01/2008     | 19182045      |

SERFF Tracking Number: ALSX-125590021 State: Arkansas  
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Product Name: Manufactured Home  
Project Name/Number: Reinsurance Rate Charge Filing/R19753

## Correspondence Summary

### Dispositions

| Status | Created By       | Created On | Date Submitted |
|--------|------------------|------------|----------------|
| Filed  | Becky Harrington | 04/09/2008 | 04/09/2008     |

*SERFF Tracking Number:*      *ALSX-125590021*                      *State:*                      *Arkansas*  
*Filing Company:*              *Allstate Indemnity Company*                      *State Tracking Number:*      *EFT \$100*  
*Company Tracking Number:*      *R19753*  
*TOI:*                      *04.0 Homeowners*                      *Sub-TOI:*                      *04.0002 Mobile Homeowners*  
*Product Name:*              *Manufactured Home*  
*Project Name/Number:*      *Reinsurance Rate Charge Filing/R19753*

## **Disposition**

Disposition Date: 04/09/2008  
Effective Date (New): 08/25/2008  
Effective Date (Renewal): 10/09/2008  
Status: Filed  
Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: ALSX-125590021 State: Arkansas  
 Filing Company: Allstate Indemnity Company State Tracking Number: EFT \$100  
 Company Tracking Number: R19753  
 TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
 Product Name: Manufactured Home  
 Project Name/Number: Reinsurance Rate Charge Filing/R19753

| 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 | OtherActSupport01   | Filed       | Yes           |
| Rate                | CheckingListR19753  | Filed       | Yes           |
| Rate                | ManualR19753  | Filed       | Yes           |

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 Product Name: Manufactured Home  
 Project Name/Number: Reinsurance Rate Charge Filing/R19753

## Rate/Rule Schedule

| Review Status: | Exhibit Name:      | Rule # or Page #: | Rate Action | Previous State Filing Attachments Number: |
|----------------|--------------------|-------------------|-------------|---|
| Filed          | CheckingListR19753 | R19753            | Replacement | AR-PC-07-025260 R19753.PDF                |
| Filed          | ManualR19753       | R19753            | Replacement | AR-PC-07-025260 R19753.PDF                |

**CHECKING LIST FOR MANUFACTURED HOME**

Printing dates are shown on each page to facilitate identification of different editions, but have no direct connection with the effective date of the page.

**RULES**

Enclosed: Page IMHR-1 dated 9-1-2008

Withdrawn: Page IMHFF-1 dated 9-1-2006

**RATE CALCULATION PAGE**

Enclosed: Page IMHRC-1 dated 9-1-2008

Withdrawn: Page IMHR-1 dated 7-2-2007

**BASE REINSURANCE CHARGE:**

0.092

**REINSURANCE LIMIT FACTORS**

| COVERAGE A<br>LIMIT | FACTOR | COVERAGE A<br>LIMIT   | FACTOR |
|---------------------|--------|-----------------------|--------|
| 6,000               | 6      | 67,000                | 67     |
| 10,000              | 10     | 68,000                | 68     |
| 11,000              | 11     | 69,000                | 69     |
| 12,000              | 12     | 70,000                | 70     |
| 13,000              | 13     | 71,000                | 71     |
| 14,000              | 14     | 72,000                | 72     |
| 15,000              | 15     | 73,000                | 73     |
| 16,000              | 16     | 74,000                | 74     |
| 17,000              | 17     | 75,000                | 75     |
| 18,000              | 18     | 80,000                | 80     |
| 19,000              | 19     | 85,000                | 85     |
| 20,000              | 20     | 90,000                | 90     |
| 25,000              | 25     | 95,000                | 95     |
| 30,000              | 30     | 100,000               | 100    |
| 35,000              | 35     | 110,000               | 110    |
| 40,000              | 40     | 120,000               | 120    |
| 45,000              | 45     | 130,000               | 130    |
| 50,000              | 50     | 140,000               | 140    |
| 55,000              | 55     | 150,000               | 150    |
| 56,000              | 56     | 160,000               | 160    |
| 57,000              | 57     | 170,000               | 170    |
| 58,000              | 58     | 180,000               | 180    |
| 59,000              | 59     | 190,000               | 190    |
| 60,000              | 60     | 200,000               | 200    |
| 61,000              | 61     | 225,000               | 225    |
| 62,000              | 62     | 250,000               | 250    |
| 63,000              | 63     | 275,000               | 275    |
| 64,000              | 64     | 300,000               | 300    |
| 65,000              | 65     | 325,000               | 325    |
| 66,000              | 66     | Each Additional 1,000 | 1      |

The premium calculations should be done in the following order:

1. Determine the \$250 deductible Package Premium for Class 1 Manufactured Home from the State Rate Pages according to the Territorial Zone. Penny round.
2. Apply the appropriate tie down status factor from the State Rate Pages. Penny round.
3. Apply the appropriate park size factor from the State Rate Pages. Penny round.
4. Apply the appropriate amount of insurance from the State Rate Pages.
5. Apply the appropriate deductible factor, as shown in the Rate Factor Pages.
6. Out-of-Park Surcharge – Multiply by the appropriate factor shown in the Rate Factor Pages.
7. Rating Group – Multiply by the appropriate factor shown in the Rate Factor Pages.
8. Original Owner Discount – Multiply by the appropriate factor shown in the Rate Factor Pages.
9. Age of Manufactured Home Factor - Multiply by the appropriate factor shown in the Rate Factor Pages.
10. Personal Property Reimbursement Provision – Multiply by the appropriate factor shown in the Rate Factor Pages.
11. Protective Device Discount - Multiply by the appropriate factor shown in the Rate Factor Pages.
12. 55 and Retired Discount - Multiply by the appropriate factor shown in the Rate Factor Pages.
13. Multiple Policy Discount – Multiply by the appropriate factor shown in the Rate Factors Pages.
14. For Class 2 Manufactured Homes, apply the Class 2 factor shown in the Rate Factor Pages.
15. The Good Hands People® Discount - Multiply by the appropriate factor shown in the Rate Factor Pages.
16. Excess Dwelling Endorsement Factor – Multiply by the appropriate factor shown in the Rate Factor Pages.
17. Add the appropriate Reinsurance Charge. Determine the charge as follows:
  - a. Determine the appropriate Base Reinsurance Charge from the Reinsurance Charge Pages.
  - b. Multiply the appropriate charge by a Reinsurance Rate Adjustment Factor of 0.000 (round to three decimals).
  - c. Multiply by the appropriate Coverage A Reinsurance Limit Factor as shown in the Reinsurance Charge Pages (penny round).

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## Supporting Document Schedules

**Satisfied -Name:** Uniform Transmittal Document-  
Property & Casualty **Review Status:** Filed 04/09/2008

**Comments:**

**Attachments:**

AR - NAIC P&C TRANSMITTAL DOCUMENT.PDF  
RateRuleSchedule.PDF

**Satisfied -Name:** NAIC Loss Cost Filing Document  
for OTHER than Workers' Comp **Review Status:** Filed 04/09/2008

**Comments:**

**Attachment:**

StateFilingForms02-loss cost.PDF

**Satisfied -Name:** OtherActSupport01 **Review Status:** Filed 04/09/2008

**Comments:**

**Attachment:**

OtherActSupport01.PDF

## Property & Casualty Transmittal Document

|   |   |              |  |                  |  |
|---|---|--------------|--|------------------|--|
| <b>1. Reserved for Insurance Dept. Use Only</b> | <b>2. Insurance Department Use only</b><br>a. Date the filing is received:<br>b. Analyst:<br>c. Disposition:<br>d. Date of disposition of the filing:<br>e. Effective date of filing:<br><table style="width: 100%; border: none;"> <tr> <td style="width: 50%; 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 #:<br>g. SERFF Filing #:<br>h. Subject Codes | New Business |  | Renewal Business |  |
| New Business                                    |   |              |  |                  |  |
| Renewal Business                                |   |              |  |                  |  |

|                            |                     |               |               |                |
|----------------------------|---------------------|---------------|---------------|----------------|
| <b>3. Group Name</b>       | <b>Group NAIC #</b> |               |               |                |
| Allstate                   | 008                 |               |               |                |
| <b>4. Company Name(s)</b>  | <b>Domicile</b>     | <b>NAIC #</b> | <b>FEIN #</b> | <b>State #</b> |
| Allstate Indemnity Company | IL                  | 19240         | 36-6115679    |                |
|                            |                     |               |               |                |
|                            |                     |               |               |                |
|                            |                     |               |               |                |
|                            |                     |               |               |                |
|                            |                     |               |               |                |

|                                   |        |
|-----------------------------------|--------|
| <b>5. Company Tracking Number</b> | R19753 |
|-----------------------------------|--------|

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

| 6.        | Name and address   | Title                              | Telephone #s   | FAX #        | e-mail             |
|-----------|--|------------------------------------|--|--------------|--------------------|
|           | Carrie M. Deppe<br>2775 Sanders Road, Suite<br>A5<br>Northbrook IL 60062 | Assistant State<br>Filings Manager | 800-366-2958<br>Ext. 22774   | 847-402-9757 | cdepp@allstate.com |
| <b>7.</b> | Signature of authorized filer  |                                    |  |              |                    |
| <b>8.</b> | Please print name of authorized filer                                    |                                    | Carrie M. Deppe  |              |                    |

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

|            |   |  |
|------------|---|--|
| <b>9.</b>  | <b>Type of Insurance (TOI)</b>  | 04.0 Homeowners  |
| <b>10.</b> | <b>Sub-Type of Insurance (Sub-TOI)</b>  | 04.0002 Mobile Homeowners  |
| <b>11.</b> | <b>State Specific Product code(s) (if applicable) [See State Specific Requirements]</b> |  |
| <b>12.</b> | <b>Company Program Title (Marketing Title)</b>  | Manufactured Home  |
| <b>13.</b> | <b>Filing Type</b>  | <input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules<br><input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms<br><input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description) |
| <b>14.</b> | <b>Effective Date(s) Requested</b>  | New: 08/25/2008      Renewal: 10/09/2008   |
| <b>15.</b> | <b>Reference Filing?</b>  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  |
| <b>16.</b> | <b>Reference Organization (if applicable)</b>   | Not applicable   |
| <b>17.</b> | <b>Reference Organization # &amp; Title</b>   | Not applicable   |
| <b>18.</b> | <b>Company's Date of Filing</b>   | April 1, 2008  |
| <b>19.</b> | <b>Status of filing in domicile</b>   | <input checked="" type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved  |

## Property & Casualty Transmittal Document

|            |  |        |
|------------|--|--------|
| <b>20.</b> | <b>This filing transmittal is part of Company Tracking #</b> | R19753 |
|------------|--|--------|

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

This filing includes a revision to the distinct charge to cover the net cost of reinsurance in Allstate Indemnity Company for the Manufactured Home program in the state of Arkansas.

Allstate's revised reinsurance cost will be reflected by revising the reinsurance rate adjustment factor in the rate calculation for the Manufactured Home program. With consideration given to the cost to implement and maintain this charge, the reinsurance rate adjustment factor will be set to zero and will apply to the calculation of the reinsurance charge for all policies. This revision will have the same effect as removing the reinsurance charge.

Allstate will evaluate reinsurance costs periodically; preserving the rating structure will enable Allstate to monitor and update the reinsurance rate adjustment factor in the future as appropriate.

The overall impact of changes set forth in this filing is -0.72%.

The target effective date for new business written and renewals processed is August 25, 2008, and renewal business effective October 09, 2008.

|  |  |
|--|--|
| <b>22.</b>   | <b>Filing Fees</b> (Filer must provide check # and fee amount if applicable.)<br>[If a state requires you to show how you calculated your filing fees, place that calculation below] |
| <p><b>Check #:</b> Not applicable. Sent EFT.<br/> <b>Amount:</b> \$100.00</p> <p>Independent rate filing</p> <p style="text-align: center;"><b>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</b></p> |  |

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

## PROPERTY & CASUALTY 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> | R19753 |
|-----------|--|--------|

|           |   |     |
|-----------|---|-----|
| <b>2.</b> | <b>This filing corresponds to form filing number</b><br>(Company tracking number of form filing, if applicable) | N/A |
|-----------|---|-----|

Rate Increase     
  Rate Decrease     
  Rate Neutral (0%)

|           |  |              |
|-----------|--|--------------|
| <b>3.</b> | <b>Filing Method (Prior Approval, File &amp; Use, Flex Band, etc.)</b> | File and Use |
|-----------|--|--------------|

| 4a. Rate Change by Company (As Proposed) |  |                       |   |  |                                  |                                  |                                  |
|--|--|-----------------------|---|--|----------------------------------|----------------------------------|----------------------------------|
| Company Name                             | Overall % Indicated Change (when Applicable) | Overall % Rate Impact | Written Premium Change for this program | # of policyholders affected for this program | Written premium for this program | Maximum %Change (where required) | Minimum %Change (where required) |
| Allstate Indemnity Company               | N/A  | -0.72%                | (\$6,261)                               | 4,390  | 869,563                          |                                  |                                  |

| 4b. Rate Change by Company (As Accepted) For State Use Only |  |                       |   |  |                                  |                                  |                                  |
|---|--|-----------------------|---|--|----------------------------------|----------------------------------|----------------------------------|
| Company Name  | Overall % Indicated Change (when Applicable) | Overall % Rate Impact | Written Premium Change for this program | # of policyholders affected for this program | Written premium for this program | Maximum %Change (where required) | Minimum %Change (where required) |
|   |  |                       |   |  |                                  |                                  |                                  |

| 5. Overall Rate Information (Complete for Multiple Company Filings only) |   |             |           |
|--|---|-------------|-----------|
|  |   | 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        |             |           |

|           |   |            |
|-----------|---|------------|
| <b>6.</b> | Overall percentage of last rate revision                                      | N/A        |
| <b>7.</b> | Effective Date of last rate revision  | 8/27/07    |
| <b>8.</b> | Filing Method of Last filing<br>(Prior Approval, File & Use, Flex Band, etc.) | File & Use |

| 9. | Rule # or Page # Submitted for Review   | Replacement or withdrawn?   | Previous state filing number, if required by state |
|----|---|---|--|
| 01 | IMHRC-1 – Rate Page Calculation Options | <input type="checkbox"/> New<br><input checked="" type="checkbox"/> Replacement<br><input type="checkbox"/> Withdrawn |  |
| 02 | IMHR-1 – Reinsurance Charge Page        | <input type="checkbox"/> New<br><input checked="" type="checkbox"/> Replacement<br><input type="checkbox"/> Withdrawn |  |
| 03 |   | <input type="checkbox"/> New<br><input type="checkbox"/> Replacement<br><input type="checkbox"/> Withdrawn            |  |

### NAIC LOSS COST DATA ENTRY DOCUMENT

|           |   |               |
|-----------|---|---------------|
| <b>1.</b> | This filing transmittal is part of Company Tracking # | <b>R19753</b> |
|-----------|---|---------------|

|           |   |  |
|-----------|---|--|
| <b>2.</b> | If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number |  |
|-----------|---|--|

|              |           |                                   |           |              |
|--------------|-----------|-----------------------------------|-----------|--------------|
| Company Name |           | Company NAIC Number               |           |              |
| <b>3.</b>    | <b>A.</b> | <b>Allstate Indemnity Company</b> | <b>B.</b> | <b>19240</b> |

|  |           |   |           |                   |
|--|-----------|---|-----------|-------------------|
| Product Coding Matrix Line of Business (i.e., Type of Insurance) |           | Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance) |           |                   |
| <b>4.</b>  | <b>A.</b> | <b>Homeowners</b>   | <b>B.</b> | <b>Mobilehome</b> |

| <b>5.</b>                             |   |   | <b>FOR LOSS COSTS ONLY</b>    |  |  |   |   |
|---------------------------------------|---|---|-------------------------------|--|--|---|---|
| (A)<br>COVERAGE<br>(See Instructions) | (B)<br>Indicated<br>Reinsurance<br>Change | (C)<br>Requested<br>Reinsurance<br>Change | (D)<br>Expected<br>Loss Ratio | (E)<br>Loss Cost<br>Modification<br>Factor | (F)<br>Selected<br>Loss Cost<br>Multiplier | (G)<br>Expense<br>Constant<br>(If Applicable) | (H)<br>Co. Current<br>Loss Cost<br>Multiplier |
|                                       |   |   |                               |  |  |   |   |
|                                       |   |   |                               |  |  |   |   |
|                                       |   |   |                               |  |  |   |   |
|                                       |   |   |                               |  |  |   |   |
|                                       |   |   |                               |  |  |   |   |
| <b>TOTAL OVERALL EFFECT</b>           |   |   |                               |  |  |   |   |

| <b>6.</b> |              | 5 Year History | Rate Change History |                            |                       |                  |                        |
|-----------|--------------|----------------|---------------------|----------------------------|-----------------------|------------------|------------------------|
| Year      | Policy Count | % of Change    | Effective Date      | State Earned Premium (000) | Incurred Losses (000) | State Loss Ratio | Countrywide Loss Ratio |
|           | <b>N/A</b>   |                |                     | <b>N/A</b>                 |                       |                  | <b>N/A</b>             |
|           |              |                |                     |                            |                       |                  |                        |
|           |              |                |                     |                            |                       |                  |                        |
|           |              |                |                     |                            |                       |                  |                        |
|           |              |                |                     |                            |                       |                  |                        |

| <b>7.</b>                |                     |
|--------------------------|---------------------|
| Expense Constants        | Selected Provisions |
| A. Other Acquisition     | <b>4.7%</b>         |
| B. General Expense       | <b>3.6%</b>         |
| C. Taxes, License & Fees | <b>3.0%</b>         |
| D. Underwriting Profit   | <b>10.9%</b>        |
| E. Commissions           | <b>12.5%</b>        |
| F. TOTAL                 | <b>34.7%</b>        |

- 8.** \_\_\_\_\_ Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** \_\_\_\_\_ Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_
- 10.** \_\_\_\_\_ Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_

**ALLSTATE INSURANCE GROUP  
MANUFACTURED HOME  
ARKANSAS**

With this filing, Allstate is revising the distinct charge to cover the net cost of reinsurance in Arkansas. The net cost of reinsurance is equal to the reinsurance premium paid, for all applicable contracts, less expected reinsurance recoveries under these contracts, and represents the incremental cost to Allstate of the contracts. This calculation is consistent with the Provision for Reinsurance discussed in section 3.7 of Actuarial Standards of Practice No. 29, *Expense Provisions in Property/Casualty Ratemaking*.

The net cost figures have been allocated to the state and line level for Allstate Insurance Group, allocation to the company level was not available. The reinsurance premium, net of the expected Benfield Inc.'s premium adjustment provision, has been distributed to the individual states and lines in proportion to their expected loss recovery. Allstate has relied on expected loss recoveries provided by reinsurance intermediary Benfield Inc. For purposes of calculating the net cost of reinsurance, these expected losses have been modified, by Benfield Inc., to reflect current adjustments. The aforementioned adjustments are consistent with those included in previous filings outlining revisions to the distinct charge to cover the net cost of reinsurance in Arkansas.

To determine expected loss recoveries, the adjustments were made to gross modeled losses, prior to application of the terms of the contract. The inclusion of these adjustments increases the expected recoveries under the contract, resulting in a lower net cost of reinsurance.

**ALLSTATE INSURANCE GROUP  
MANUFACTURED HOME  
ARKANSAS**

**DETERMINATION OF THE REINSURANCE RATE ADJUSTMENT FACTOR  
EXPLANATORY MEMORANDUM**

**Page 3** outlines the development of the required reinsurance rate adjustment factor for the Manufactured Home program. An explanation, with references to supporting exhibit, is provided below.

1. Reinsurance Premium:  
Reinsurance premium paid, net of expected Benfield Inc. premium adjustment provision.
2. Loss Savings Due to Reinsurance:  
Provided loss recoveries under the reinsurance contracts, including Allstate adjustments as mentioned on **Page 1**.
3. Net Cost of Reinsurance: {(1) - (2)}  
Provided loss recoveries are subtracted from the reinsurance premium to determine the net cost of reinsurance.
4. Commissions, Taxes, and Profit Ratio:  
Expense ratio for commissions, taxes, and profit.
5. Net Cost of Reinsurance Including Commissions, Taxes, and Profit: {(3) / [1-(4)]}
6. Adjusted AIY\* x Current Reinsurance Base Charge:  
This amount represents the reinsurance charge collected, based on expected AIYs, if the reinsurance Rate Adjustment Factor was set to 1.000.
7. Required Reinsurance Rate Adjustment Factor: {(5) / (6)}  
The reinsurance rate adjustment factor represents the amount by which the reinsurance base charge is to be adjusted, in order to collect the net cost of reinsurance including commissions, taxes, and profit determined in row 5.

\* 1 AIY = One Amount of Insurance Year  
= \$1,000 of Coverage In Force for One Year

**ALLSTATE INSURANCE GROUP  
MANUFACTURED HOME  
ARKANSAS  
DETERMINATION OF THE REINSURANCE RATE ADJUSTMENT FACTOR**

|  | <u>2008</u> |
|--|-------------|
| 1. Reinsurance Premium   | \$2,220     |
| 2. Loss Savings Due to Reinsurance   | \$244       |
| 3. Net Cost of Reinsurance: (1) - (2)  | \$1,976     |
| 4. Commissions, Taxes and Profit Ratio   | 26.3%       |
| 5. Net Cost of Reinsurance Including Commissions, Taxes, and Profit: (3) / [1 - (4)] | \$2,681     |
| 6. Adjusted AIYs x Current Reinsurance Base Charge                                   | \$13,553    |
| 7. Required Reinsurance Rate Adjustment Factor (5) / (6)                             | 0.198       |

|   | <u>Current</u> | <u>Indicated</u> | <u>Proposed</u> |
|---|----------------|------------------|-----------------|
| Proposed Change in Reinsurance Rate Adjustment Factor | 0.724          | 0.198            | 0.000           |