Filing at a Glance

Company: 00006 - INSURANCE SERVICES OFFICE, INC.

Product Name: PM 2008-RLA1	SERFF Tr Num: ARKS-125643593	State: Arkansas
TOI: 09.0 Inland Marine	SERFF Status: Closed	State Tr Num: #104867 $250
Sub-TOI: 09.0006 Other Personal Inland Marine	Co Tr Num: PM 2008-RLA1	State Status: Fees verified and received
Filing Type: Rate	Co Status:	Reviewer(s): Becky Harrington, Betty Montesi, Brittany Yielding
	Author:	Disposition Date: 05/12/2008
	Date Submitted: 05/12/2008	Disposition Status: Filed
Effective Date Requested (New): 10/01/2008		Effective Date (New): 10/01/2008
Effective Date Requested (Renewal): 10/01/2008		Effective Date (Renewal): 10/01/2008

State Filing Description:

General Information

Project Name:	Status of Filing in Domicile:
Project Number:	Domicile Status Comments:
Reference Organization: ISO	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 05/12/2008	
State Status Changed: 05/12/2008	Deemer Date:
Corresponding Filing Tracking Number:	

Filing Description:

Revises Advisory prospective loss costs; introduces Fine Arts rating differentials for policy amounts greater than $100,000; revises current Fine ARts rating differentials for the 5 or more families category.

Company and Contact

Filing Contact Information

NA NA,
NA
NA, AR 00000

NA@NA.com
(123) 555-4567 [Phone]

Filing Company Information

00006 - INSURANCE SERVICES OFFICE, INC.	CoCode: 6	State of Domicile: Arkansas
No Address	Group Code:	Company Type:
City, AR 99999	Group Name:	State ID Number:
(999) 999-9999 ext. [Phone]	FEIN Number: 99-9999999	

Filing Fees

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

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	05/12/2008	05/12/2008

Disposition

Disposition Date: 05/12/2008
Effective Date (New): 10/01/2008
Effective Date (Renewal): 10/01/2008
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:
00006 - INSURANCE SERVICES OFFICE, INC.	-12.700%	$		$	%	%	-12.400%

SERFF Tracking Number:	*ARKS-125643593*	*State:*	*Arkansas*
Filing Company:	*00006 - INSURANCE SERVICES OFFICE, INC.*	*State Tracking Number:*	*#104867 $250*
Company Tracking Number:	*PM 2008-RLA1*		
TOI:	*09.0 Inland Marine*	*Sub-TOI:*	*09.0006 Other Personal Inland Marine*
Product Name:	*PM 2008-RLA1*		
Project Name/Number:	*/*		

Item Type	Item Name	Item Status	Public Access
Supporting Document	ARKS-125643593		Yes
Supporting Document	ARKS-125643593		Yes

Rate Information

Rate data applies to filing.

Filing Method:	
Rate Change Type:	Decrease
Overall Percentage of Last Rate Revision:	-15.400%
Effective Date of Last Rate Revision:	10/01/2006
Filing Method of Last Filing:	

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):**
00006 - INSURANCE SERVICES OFFICE, INC.	-12.400%	-12.700%				%	%

Supporting Document Schedules

Review Status:

Satisfied -Name: ARKS-125643593 05/12/2008

Comments:

Attachments:

ARKS-125643593.pdf

ARKS-125643593-1.pdf

Review Status:

Satisfied -Name: ARKS-125643593 05/12/2008

Comments:

Attachment:

ARKS-125643593.pdf

ARKS-125643593 CK 104867 250.00 BH

2828 E. TRINITY MILLS ROAD SUITE 150 CARROLLTON, TX 75006
TEL: (214) 390-1825 FAX: (214) 390-1975

Kenneth J. Hill, CPCU
Regional Director, Government Relations

May 8, 2008

FILED
MAY 12 2008
PROPERTY AND CASUALTY
ARKANSAS INSURANCE DEPT.

Honorable Julie Benafield Bowman
Commissioner of Insurance
Arkansas Insurance Department
1200 West Third Street
Little Rock, Arkansas 72201-1904

Attention: William R. Lacy, Director
Property and Casualty Division

RE: Insurance Services Office, Inc.
PM 2008-RLA1
Personal Inland Marine Advisory Prospective Loss Cost Revision
REFERENCE FILING
State of Arkansas

Dear Mr. Lacy:

We hereby file the enclosed advisory reference document.

We propose this revision become effective in accordance with the following rule of application:

These changes are applicable to all policies written on or after October 1, 2008.

In accordance with your loss cost procedures, this effective date applies only to those insurers who have filed their Personal Inland Marine loss cost multipliers to be automatically applicable to future ISO loss cost revisions. Any other ISO participating insurer may adopt ISO loss costs by filing its loss cost multipliers and selecting an effective date.

Please return an acknowledged copy of this cover letter for our records. An addressed, stamped envelope is enclosed for your convenience. We have also included an additional copy of this letter and envelope; we request that you return it now with a "received" stamp to confirm that you have received the filing.

Very truly yours,

Donald J. Beckel, CPCU, ARM
Assistant Regional Manager
Government Relations

RECEIVED
MAY 12 2008
PROPERTY AND CASUALTY DIVISION
ARKANSAS INSURANCE DEPARTMENT

DJB:dlb
Encl.

Effective March 1, 2007

ARKANSAS

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only	
FILED MAY 12 2008 PROPERTY AND CASUALTY ARKANSAS INSURANCE DEPT.	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	

3.	Group Name	Group NAIC #

4.	Company Name(s)	Domicile	NAIC #	FEIN #	State #
	Insurance Services Office, Inc.	DE		13-3131412	

5.	Company Tracking Number	PM-2008-RLA1

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

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Donald J. Beckel Insurance Services Office, Inc. 2828 E. Trinity Mills Rd., Ste. 150 Carrollton, TX 75006	Asst. Regional Manager	(214) 390-1825 Ext. 224	(214) 390-1975	DBECKEL@iso.com

7.	Signature of authorized filer	Donald J. Beckel
8.	Please print name of authorized filer	Donald J. Beckel

RECEIVED
MAY 12 2008
PROPERTY AND CASUALTY DIVISION
ARKANSAS INSURANCE DEPARTMENT

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

9.	Type of Insurance (TOI)	09.0 Inland Marine			
10.	Sub-Type of Insurance (Sub-TOI)	09.0000			
11.	State Specific Product code(s)(if applicable)[See State Specific Requirements]	N/A			
12.	Company Program Title (Marketing title)	Personal Inland Marine			
13.	Filing Type	☒ Rate/Loss Cost ☐ Rules ☐ Rates/Rules ☐ Forms ☐ Combination Rates/Rules/Forms ☐ Withdrawal ☐ Other (give description)			
14.	Effective Date(s) Requested	New:	10/1/2008	Renewal:	10/1/2008
15.	Reference Filing?	☐ Yes ☒ No			
16.	Reference Organization (if applicable)	Not Applicable			
17.	Reference Organization # & Title	Not Applicable			
18.	Company's Date of Filing	5/8/08			
19.	Status of filing in domicile	☒ Not Filed ☐ Pending ☐ Authorized ☐ Disapproved			

Property & Casualty Transmittal Document---

20.	**This filing transmittal is part of Company Tracking #**	PM-2008-RLA1

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

Revision of Personal Inland Marine loss costs.

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 #: 104867
Amount: $250.00

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

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

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 #**	PM-2008-RLA1
2.	**This filing corresponds to form filing number** (Company tracking number of form filing, if applicable)	N/A

☐ Rate Increase ☒ Rate Decrease ☐ Rate Neutral (0%)

3.	**Filing Method (Prior Approval, File & Use, Flex Band, etc.)**	File & 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)
Insurance Services Office, Inc.	-12.4	-12.7	N/A	N/A	N/A	+19.0	-17.0

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	Minimum % Change

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

		COMPANY USE	STATE USE
5a.	**Overall percentage rate indication (when applicable)**	N/A	
5b.	**Overall percentage rate impact for this filing**	N/A	
5c.	**Effect of Rate Filing – Written premium change for this program**	N/A	
5d.	**Effect of Rate Filing – Number of policyholders affected**	N/A	

6.	**Overall percentage of last rate revision**	-15.4%
7.	**Effective Date of last rate revision**	10/1/2006
8.	**Filing Method of Last filing (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	Pages A-3 thru A-8	☐ New ☒ Replacement ☐ Withdrawn	
02		☐ New ☐ Replacement ☐ Withdrawn	
03		☐ New ☐ Replacement ☐ Withdrawn	

ARKANSAS
PERSONAL INLAND MARINE INSURANCE

PROSPECTIVE LOSS COST LEVEL REVISION

EXECUTIVE SUMMARY

PURPOSE

This document:

- revises advisory prospective loss costs. These revised loss costs represent a -12.7% statewide change from the current loss costs.
- provides the analyses used to derive these advisory loss costs.
- introduces Fine Arts rating differentials for policy amounts greater than $100,000.
- revises current Fine Arts rating differentials for the Five or More Families category.

DEFINITION OF THE ISO ADVISORY PROSPECTIVE LOSS COST

Advisory prospective loss costs in this document are that portion of a rate that does not include provisions for expenses (other than loss adjustment expenses) or profit, and are based on historical aggregate losses and loss adjustment expenses, projected through trending, where applicable, to a future point in time.

LOSS COST LEVEL CHANGES

The statewide advisory prospective loss cost level changes are:

	Indicated	Filed
Bicycles	- 6.9%	- 10.0%
Cameras-Private	+ 0.1%	+ 0.1%
Coin Collections	- 4.1%	- 11.0%
Fine Arts	- 5.6%	- 14.0%
Golfers' Equipment	- 5.2%	- 5.2%
Musical Instruments Ind.-Non-Prof.	+ 0.4%	+ 0.4%
Personal Effects	+ 19.0%	+ 19.0%
Personal Property Floater	- 8.0%	- 8.0%
Silverware	- 1.8%	- 17.0%
Stamp Collections	0.0%	0.0%
Personal Furs	- 0.7%	- 7.0%
Personal Jewelry	- 12.8%	- 12.8%
Total	- 12.4%	- 12.7%

Indicated and filed loss cost level changes are changes from the current loss costs.

ARKANSAS
PERSONAL INLAND MARINE INSURANCE

PROSPECTIVE LOSS COST LEVEL REVISION

EXECUTIVE SUMMARY

INDICATED VS. FILED

Indicated changes are based on standard ISO methodology. In the following classes the filed loss cost level change is less than the indicated change in order to account for atypically severe loss experience attributable to 2005 hurricane activity: Bicycles, Coin Collections, Fine Arts, Silverware, and Personal Furs. For all other classes, the filed changes are equal to the indicated changes.

PRIOR ISO REVISIONS

The last revisions in the state of Arkansas are:

Reference Document or Filing	PM-2006-RLA1	PM-2004-RLA1
Rate/Loss Costs	Loss Costs	Loss Costs
Dates		
Filed	04/10/2006	06/10/2004
Implemented	10/01/2006	12/01/2004
Changes		
Indicated	-15.5%	-3.6%
Filed	-15.4%	-5.1%
Implemented	-15.4%	-5.7%

HISTORICAL SOURCE DATA

The data used in this revision is:

- ISO reporting companies voluntary market experience.
- 5 Accident years ended 12/31/2006.

ARKANSAS
PERSONAL INLAND MARINE INSURANCE

PROSPECTIVE LOSS COST LEVEL REVISION

EXECUTIVE SUMMARY

LOSS TREND

To adjust the loss data for the Personal Property Floater class to levels expected to prevail during the period when the revised loss costs are assumed to be in effect, historical pure premiums include the effects of trend factors. The trend factors are based on changes in multi-state consumer price indices which estimate the changes in claim cost that are expected to arise between the historical experience period and the prospective period during which the revised loss costs are assumed to be in effect. The average annual change based on consumer price indices through second quarter 2007 is -2.0%.

COMPANY DECISION

We encourage each insurer to decide independently whether the judgments made and the procedures or data used by ISO in developing the loss costs contained herein are appropriate for its use. We have included within this document the information upon which ISO relied in order to enable companies to make such independent judgments.

The data underlying the enclosed material represents companies reporting to Insurance Services Office, Inc. Therefore, the ISO experience permits the establishment of a much broader statistical ratemaking base than could be employed by using any individual company's data. A broader data base enhances the validity of ratemaking analysis derived therefrom. At the same time, however, an individual company may benefit from comparison of its own experience to the aggregate ISO experience, and may reach valid conclusions with respect to the manner in which its own loss costs can be expected to differ from ISO's projections based on the aggregate data.

Some calculations included in this document involve areas of ISO staff judgment. Each company should carefully review and evaluate its own experience in order to determine whether the ISO selected loss costs are appropriate for its use.

This material has been developed exclusively by the staff of Insurance Services Office, Inc.

INSURANCE SERVICES OFFICE, INC.

ARKANSAS
PERSONAL INLAND MARINE INSURANCE

PROSPECTIVE LOSS COST REVISION

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ARKANSAS
PERSONAL INLAND MARINE INSURANCE

PROSPECTIVE LOSS COST LEVEL REVISION

SECTION A – SCOPE OF REVISION

ARKANSAS
PERSONAL INLAND MARINE INSURANCE

STATEWIDE LOSS COST LEVEL CHANGES

		AGGREGATE LOSS COST AT CURRENT LEVEL*	FILED LOSS COST LEVEL CHANGE
COUNTRYWIDE CLASSES			
Bicycles	$	55	-10.0%
Cameras – Private		2,101	+0.1%
Coin Collections		259	-11.0%
Fine Arts		5,584	-14.0%
Golfers' Equipment		811	-5.2%
Musical Instruments Ind. Non-Prof.		2,104	+0.4%
Personal Effects		0	+19.0%
Personal Property Floater		0	-8.0%
Silverware		2,650	-17.0%
Stamp Collections		25	0.0%
Total Countrywide Classes		13,589	-9.6%
STATEWIDE CLASSES			
Personal Furs	$	2,289	-7.0%
Personal Jewelry		431,493	-12.8%
Total State Classes		433,782	-12.8%
STATEWIDE AND COUNTRYWIDE	$	447,371	-12.7%

* Figures represent 2006 Statewide Aggregate Loss Costs at Current Level.

ARKANSAS
PERSONAL INLAND MARINE INSURANCE

PROSPECTIVE LOSS COST LEVEL REVISION

PRESENT AND FILED LOSS COSTS

The present and filed loss costs (per $100 of coverage) for all classes included in this document are listed below:

CLASS	PRESENT LOSS COSTS	FILED LOSS COSTS
Bicycles	$1.443	$1.299
Cameras-Private	$0.343	$0.343
Coin Collections	$0.226	$0.201
Golfer's Equipment	$0.235	$0.223
Musical Instruments Ind.-Non-Prof.	$0.103	$0.103
Personal Effects	$0.210	$0.250
Silverware	$0.030	$0.025
Stamp Collections	$0.129	$0.129
Personal Furs	$0.046	$0.043
Personal Jewelry	$0.346	$0.302
Outboard Motors and Boats*		
Full Coverage		
Territory 2.a.	$0.834	$0.678
Territory 2.b.	$1.029	$0.837

** The 2003 edition of the Personal Inland Marine program (PM-2003-RLC1) introduced multistate loss costs for Outboard Motors and Boats. Both the present and filed loss costs are determined by taking an average of the loss costs of the five states where this class had already existed.

ARKANSAS
PERSONAL INLAND MARINE INSURANCE

PROSPECTIVE LOSS COST LEVEL REVISION

PRESENT AND FILED LOSS COSTS

The filed unity loss costs* included in this document are listed below:

	Number of Family	Construction	Protection Class	Present Loss Cost	Filed Loss Cost**
Fine Arts	1-4	Masonry	1-6	$ 9.27	$ 7.92
			7-8	11.80	10.08
			8B, 9	12.65	10.80
			10	16.86	14.40
		Frame	1-6	$ 9.27	$ 7.92
			7-8	13.49	11.52
			8B, 9	18.55	15.84
			10	22.76	19.44
	5 or more	Masonry	1-6	$ 12.65	$ 15.84
			7-8	16.86	20.16
			8B, 9	21.92	21.60
			10	26.13	28.80
		Frame	1-6	$ 16.02	$ 15.84
			7-8	21.92	23.04
			8B, 9	26.13	31.68
			10	29.51	38.88
Personal Property Form	1-4	Masonry	1-6	$ 45.44	$ 41.80
			7-8	53.46	49.18
			8B, 9	57.92	53.29
			10	65.93	60.66
		Frame	1-6	$ 50.79	$ 46.73
			7-8	60.59	55.74
			8B, 9	72.17	66.40
			10	83.75	77.05
	5 or more	Masonry	1-6	$ 57.92	$ 53.29
			7-8	66.83	61.48
			8B, 9	76.63	70.50
			10	88.21	81.15
		Frame	1-6	$ 65.04	$ 59.84
			7-8	77.52	71.32
			8B, 9	91.77	84.43
			10	102.47	94.27

* The unity amount of insurance for Fine Arts and PPF is $15,000.
** See Section D "Revised Pricing Differentials for Fine Arts" for calculation of number of family off-balance (Page D-6).

ARKANSAS
PERSONAL INLAND MARINE INSURANCE

BASIC LOSS COST CHART - PERSONAL PROPERTY FORM
ANNUAL LOSS COSTS - $100 FLAT DEDUCTIBLE

AMOUNT OF INSURANCE	ONE TO FOUR FAMILIES							
	MASONRY				FRAME			
	PROTECTION CLASS							
	1-6	7-8	8B,9	10	1-6	7-8	8B,9	10
$15,000	$41.80	$49.18	$53.29	$60.66	$46.73	$55.74	$66.40	$77.05
16,000	43.05	50.66	54.89	62.48	48.13	57.41	68.39	79.36
17,000	44.31	52.13	56.49	64.30	49.53	59.08	70.38	81.67
18,000	45.56	53.61	58.09	66.12	50.94	60.76	72.38	83.98
19,000	46.82	55.08	59.68	67.94	52.34	62.43	74.37	86.30
20,000	48.07	56.56	61.28	69.76	53.74	64.10	76.36	88.61
21,000	48.91	57.54	62.35	70.97	54.67	65.22	77.69	90.15
22,000	49.74	58.52	63.42	72.19	55.61	66.33	79.02	91.69
23,000	50.58	59.51	64.48	73.40	56.54	67.45	80.34	93.23
24,000	51.41	60.49	65.55	74.61	57.48	68.56	81.67	94.77
25,000	52.25	61.48	66.61	75.83	58.41	69.68	83.00	96.31
30,000	56.43	66.39	71.94	81.89	63.09	75.25	89.64	104.02
35,000	60.61	71.31	77.27	87.96	67.76	80.82	96.28	111.72
40,000	64.79	76.23	82.60	94.02	72.43	86.40	102.92	119.43
45,000	68.97	81.15	87.93	100.09	77.10	91.97	109.56	127.13
50,000	73.15	86.07	93.26	106.16	81.78	97.55	116.20	134.84
75,000	94.05	110.66	119.90	136.49	105.14	125.42	149.40	173.36
100,000	114.95	135.25	146.55	166.82	128.51	153.29	182.60	211.89
Each Add'l 10,000	10.03	11.80	12.79	14.56	11.22	13.38	15.94	18.49

ARKANSAS
PERSONAL INLAND MARINE INSURANCE

BASIC LOSS COST CHART - PERSONAL PROPERTY FORM
ANNUAL LOSS COSTS - $100 FLAT DEDUCTIBLE

AMOUNT OF INSURANCE	FIVE OR MORE FAMILIES							
	MASONRY				FRAME			
	PROTECTION CLASS							
	1-6	7-8	8B,9	10	1-6	7-8	8B,9	10
$15,000	$53.29	$61.48	$70.50	$81.15	$59.84	$71.32	$84.43	$94.27
16,000	54.89	63.32	72.62	83.58	61.64	73.46	86.96	97.10
17,000	56.49	65.17	74.73	86.02	63.43	75.60	89.50	99.93
18,000	58.09	67.01	76.85	88.45	65.23	77.74	92.03	102.75
19,000	59.68	68.86	78.96	90.89	67.02	79.88	94.56	105.58
20,000	61.28	70.70	81.08	93.32	68.82	82.02	97.09	108.41
21,000	62.88	72.55	83.19	95.76	70.61	84.16	99.63	111.24
22,000	64.48	74.39	85.31	98.19	72.41	86.30	102.16	114.07
23,000	66.08	76.24	87.42	100.63	74.20	88.44	104.69	116.89
24,000	67.68	78.08	89.54	103.06	76.00	90.58	107.23	119.72
25,000	69.28	79.92	91.65	105.50	77.79	92.72	109.76	122.55
30,000	76.74	88.53	101.52	116.86	86.17	102.70	121.58	135.75
35,000	84.20	97.14	111.39	128.22	94.55	112.69	133.40	148.95
40,000	91.66	105.75	121.26	139.58	102.92	122.67	145.22	162.14
45,000	99.12	114.35	131.13	150.94	111.30	132.66	157.04	175.34
50,000	106.58	122.96	141.00	162.30	119.68	142.64	168.86	188.54
75,000	143.88	166.00	190.35	219.11	161.57	192.56	227.96	254.53
100,000	181.19	209.03	239.70	275.91	203.46	242.49	287.06	320.52
Each Add'l 10,000	15.99	18.44	21.15	24.35	17.95	21.40	25.33	28.28

ARKANSAS
PERSONAL INLAND MARINE INSURANCE

BASIC LOSS COST CHART - FINE ARTS
ANNUAL LOSS COSTS

AMOUNT OF INSURANCE *	ONE TO FOUR FAMILIES							
	MASONRY PROT CLASS				FRAME PROT CLASS			
	1-6	7-8	8B, 9	10	1-6	7-8	8B,9	10
$1,000 or less	$1.27	$1.61	$1.73	$2.30	$1.27	$1.84	$2.53	$3.11
2,000	1.74	2.22	2.38	3.17	1.74	2.53	3.48	4.28
3,000	2.22	2.82	3.02	4.03	2.22	3.23	4.44	5.44
4,000	2.69	3.43	3.67	4.90	2.69	3.92	5.39	6.61
5,000	3.17	4.03	4.32	5.76	3.17	4.61	6.34	7.78
6,000	3.64	4.64	4.97	6.62	3.64	5.30	7.29	8.94
7,000	4.12	5.24	5.62	7.49	4.12	5.99	8.24	10.11
8,000	4.59	5.85	6.26	8.35	4.59	6.68	9.19	11.28
9,000	5.07	6.45	6.91	9.22	5.07	7.37	10.14	12.44
10,000	5.54	7.06	7.56	10.08	5.54	8.06	11.09	13.61
11,000	6.02	7.66	8.21	10.94	6.02	8.76	12.04	14.77
12,000	6.49	8.27	8.86	11.81	6.49	9.45	12.99	15.94
13,000	6.97	8.87	9.50	12.67	6.97	10.14	13.94	17.11
14,000	7.44	9.48	10.15	13.54	7.44	10.83	14.89	18.27
15,000	7.92	10.08	10.80	14.40	7.92	11.52	15.84	19.44
16,000	8.40	10.68	11.45	15.26	8.40	12.21	16.79	20.61
17,000	8.87	11.29	12.10	16.13	8.87	12.90	17.74	21.77
18,000	9.35	11.89	12.74	16.99	9.35	13.59	18.69	22.94
19,000	9.82	12.50	13.39	17.86	9.82	14.28	19.64	24.11
20,000	10.30	13.10	14.04	18.72	10.30	14.98	20.59	25.27
21,000	10.77	13.71	14.69	19.58	10.77	15.67	21.54	26.44
22,000	11.25	14.31	15.34	20.45	11.25	16.36	22.49	27.60
23,000	11.72	14.92	15.98	21.31	11.72	17.05	23.44	28.77
24,000	12.20	15.52	16.63	22.18	12.20	17.74	24.39	29.94
25,000	12.67	16.13	17.28	23.04	12.67	18.43	25.34	31.10
30,000	15.05	19.15	20.52	27.36	15.05	21.89	30.10	36.94
35,000	17.42	22.18	23.76	31.68	17.42	25.34	34.85	42.77
40,000	19.80	25.20	27.00	36.00	19.80	28.80	39.60	48.60
45,000	22.18	28.22	30.24	40.32	22.18	32.26	44.35	54.43
50,000	24.55	31.25	33.48	44.64	24.55	35.71	49.10	60.26
75,000	36.35	46.27	49.57	66.10	36.35	52.88	72.71	89.23
100,000	48.23	61.39	65.77	87.70	48.23	70.16	96.47	118.39
*Each Add'l 1000	0.40	0.50	0.54	0.72	0.40	0.58	0.79	0.97

ARKANSAS
PERSONAL INLAND MARINE INSURANCE

BASIC LOSS COST CHART - FINE ARTS
ANNUAL LOSS COSTS

AMOUNT OF INSURANCE *	FIVE OR MORE FAMILIES							
	MASONRY PROT CLASS				FRAME PROT CLASS			
	1-6	7-8	8B, 9	10	1-6	7-8	8B, 9	10
$1,000 or less	$2.53	$3.23	$3.46	$4.61	$2.53	$3.69	$5.07	$6.22
2,000	3.48	4.44	4.75	6.33	3.48	5.07	6.97	8.55
3,000	4.44	5.64	6.05	8.06	4.44	6.45	8.87	10.88
4,000	5.39	6.85	7.34	9.79	5.39	7.84	10.77	13.22
5,000	6.34	8.06	8.64	11.52	6.34	9.22	12.67	15.55
6,000	7.29	9.27	9.94	13.24	7.29	10.60	14.57	17.88
7,000	8.24	10.48	11.23	14.97	8.24	11.99	16.47	20.21
8,000	9.19	11.69	12.53	16.70	9.19	13.37	18.37	22.54
9,000	10.14	12.90	13.82	18.43	10.14	14.75	20.28	24.88
10,000	11.09	14.11	15.12	20.15	11.09	16.14	22.18	27.21
11,000	12.04	15.32	16.42	21.88	12.04	17.52	24.08	29.54
12,000	12.99	16.53	17.71	23.61	12.99	18.90	25.98	31.87
13,000	13.94	17.74	19.01	25.34	13.94	20.28	27.88	34.21
14,000	14.89	18.95	20.30	27.06	14.89	21.67	29.78	36.54
15,000	15.84	20.16	21.60	28.80	15.84	23.04	31.68	38.88
16,000	16.79	21.37	22.90	30.52	16.79	24.43	33.58	41.2
17,000	17.74	22.58	24.19	32.24	17.74	25.82	35.48	43.53
18,000	18.69	23.79	25.49	33.97	18.69	27.20	37.38	45.87
19,000	19.64	25.00	26.78	35.70	19.64	28.58	39.28	48.2
20,000	20.59	26.21	28.08	37.43	20.59	29.97	41.18	50.53
21,000	21.54	27.42	29.38	39.15	21.54	31.35	43.08	52.86
22,000	22.49	28.63	30.67	40.88	22.49	32.73	44.99	55.2
23,000	23.44	29.84	31.97	42.61	23.44	34.11	46.89	57.53
24,000	24.39	31.05	33.26	44.34	24.39	35.50	48.79	59.86
25,000	25.34	32.26	34.56	46.06	25.34	36.88	50.69	62.19
30,000	30.10	38.30	41.04	54.70	30.10	43.80	60.19	73.85
35,000	34.85	44.35	47.52	63.34	34.85	50.71	69.70	85.51
40,000	39.60	50.40	54.00	71.98	39.60	57.63	79.20	97.18
45,000	44.35	56.45	60.48	80.61	44.35	64.54	88.70	108.84
50,000	49.10	62.50	66.96	89.25	49.10	71.46	98.21	120.5
75,000	72.71	92.53	99.14	132.15	72.71	105.80	145.41	178.41
100,000	96.47	122.77	131.54	175.33	96.47	140.37	192.93	236.72
*Each Add'l 1000	0.79	1.01	1.08	1.44	0.79	1.15	1.58	1.94

Special Breakage of Fragile Articles - Loss cost per $1,000... $0.833

INSURANCE SERVICES OFFICE, INC.

ARKANSAS

PERSONAL INLAND MARINE INSURANCE

PROSPECTIVE LOSS COST LEVEL REVISION

SECTION B – CALCULATION OF CHANGES

ARKANSAS

PERSONAL INLAND MARINE INSURANCE

PROSPECTIVE LOSS COST LEVEL REVISION

CALCULATION OF PROSPECTIVE LOSS COST LEVEL CHANGE – METHODOLOGY OVERVIEW

INTRODUCTION

Personal Inland Marine advisory prospective loss costs are determined by evaluating the adequacy of the current loss costs to pay for losses and loss adjustment expenses that will be incurred in the prospective (or future) period. This evaluation is done separately by class. For most Inland Marine classes, the volume of experience at the statewide level is generally too small to provide a credible base for the determination of loss cost levels. For the Jewelry and Furs classes however, most states provide a significantly large volume of experience. Hence, for all classes except Jewelry and Furs, the calculation of the loss cost level change is based on multi-state experience. In the Jewelry and Fur classes, the calculation of the loss cost level change is based on statewide experience and if necessary, credibility weighted with the change indicated by regional and multi-state experience.

OBJECTIVE

The objective of this procedure is to determine the indicated advisory loss cost level change. This procedure answers the question: what percentage change must be made, on average, to the current loss costs in order for them to be adequate to cover indemnity losses and all loss adjustment expenses incurred in the prospective period in which the present and filed loss costs are expected to be in effect?

ARKANSAS

PERSONAL INLAND MARINE INSURANCE

PROSPECTIVE LOSS COST LEVEL REVISION

CALCULATION OF PROSPECTIVE LOSS COST LEVEL CHANGE – METHODOLOGY OVERVIEW

DESCRIPTION

This procedure compares the prospective loss cost (including loss adjustment expenses) with the current average loss cost. Prospective loss costs are calculated by year for five years and a weighted average is calculated. The five year weights are equal by year. The weighted prospective loss cost is then credibility weighted (see Section C for details) in order to minimize the impact of random variation in the actual losses. This credibility weighted loss cost is then divided by the current average loss cost to determine the indicated loss cost level change.

EXPERIENCE BASE

The experience used in determining the loss cost level change is the latest available data as reported under the ISO Personal Lines Statistical Plan – Other than Automobile (PLSP-OTA). The data is aggregated on an accident year basis.

ARKANSAS

PERSONAL INLAND MARINE INSURANCE

CALCULATION OF PROSPECTIVE LOSS COST LEVEL CHANGES

BICYCLES (CLASS CODE 140)

Accident Year Ended	(1) Adjusted Incurred Losses	(2) Adjusted Incurred Losses and Loss Adjustment Expense	(3) Earned Coverage Years	(4) Pure Premium	(5) Weights
12/31/2002	$19,965	$21,962	2,079	10.56	0.20
12/31/2003	21,081	23,189	1,825	12.71	0.20
12/31/2004	12,477	13,725	1,672	8.21	0.20
12/31/2005	39,530	43,483	1,482	29.34	0.20
12/31/2006	12,275	13,503	1,464	9.22	0.20

(6) Weighted Pure Premium	=	14.01
(7) Claims	=	73
(8) Credibility	=	0.20
(9) Average Loss Cost	=	21.40
(10) Credibility Weighted Pure Premium	=	19.92
(11) Indicated Loss Cost Level Change	=	0.931
(12) Four Year Smoothed Pure Premium Loss Cost Level Change*	=	0.895
(13) Five Year Smoothed Pure Premium Loss Cost Level Change*	=	0.902
(14) Filed Loss Cost Level Change	=	0.900
	or	-10.0%

*In order to account for the unusually high losses in the year ending 12/31/2005 resulting from the 2005 hurricane season, loss cost level indications in which the 2005 pure-premium was replaced by four-year and five-year average pure premiums were calculated. See page B-18 for additional details.

ARKANSAS

PERSONAL INLAND MARINE INSURANCE

CALCULATION OF PROSPECTIVE LOSS COST LEVEL CHANGES

CAMERAS (CLASS CODE 190)

Accident Year Ended	(1) Adjusted Incurred Losses	(2) Adjusted Incurred Losses and Loss Adjustment Expense	(3) Earned Coverage Years	(4) Pure Premium	(5) Weights
12/31/2002	$940,422	$1,034,464	102,740	10.07	0.20
12/31/2003	713,263	784,589	96,858	8.10	0.20
12/31/2004	782,193	860,412	92,263	9.33	0.20
12/31/2005	836,268	919,895	88,541	10.39	0.20
12/31/2006	695,311	764,842	82,881	9.23	0.20

(6)	Weighted Pure Premium	=	9.42
(7)	Claims	=	3,714
(8)	Credibility	=	1.00
(9)	Average Loss Cost	=	9.41
(10)	Credibility Weighted Pure Premium	=	9.42
(11)	Indicated Loss Cost Level Change	=	1.001
(12)	Four Year Smoothed Pure Premium Loss Cost Level Change	=	N/A
(13)	Five Year Smoothed Pure Premium Loss Cost Level Change	=	N/A
(14)	Filed Loss Cost Level Change	=	1.001
		or	+0.1%

ARKANSAS

PERSONAL INLAND MARINE INSURANCE

CALCULATION OF PROSPECTIVE LOSS COST LEVEL CHANGES

COIN COLLECTIONS (CLASS CODE 515)

Accident Year Ended	(1) Adjusted Incurred Losses	(2) Adjusted Incurred Losses and Loss Adjustment Expense	(3) Earned Coverage Years	(4) Pure Premium	(5) Weights
12/31/02	$179,882	$197,870	12,132	16.31	0.20
12/31/03	103,039	113,343	11,500	9.86	0.20
12/30/04	47,621	52,383	11,025	4.75	0.20
12/30/05	663,474	729,821	9,099	80.21	0.20
12/31/06	173,932	191,325	7,549	25.34	0.20

(6)	Weighted Pure Premium	=	27.29
(7)	Claims	=	59
(8)	Credibility	=	0.20
(9)	Average Loss Cost	=	34.39
(10)	Credibility Weighted Pure Premium	=	32.97
(11)	Indicated Loss Cost Level Change	=	0.959
(12)	Four Year Smoothed Pure Premium Loss Cost Level Change*	=	0.882
(13)	Five Year Smoothed Pure Premium Loss Cost Level Change*	=	0.897
(14)	Filed Loss Cost Level Change	=	0.890
		or	-11.0%

*In order to account for the unusually high losses in the year ending 12/31/2005 resulting from the 2005 hurricane season, loss cost level indications in which the 2005 pure-premium was replaced by four-year and five-year average pure premiums were calculated. See page B-18 for additional details.

ARKANSAS

PERSONAL INLAND MARINE INSURANCE

CALCULATION OF PROSPECTIVE LOSS COST LEVEL CHANGES

FINE ARTS (CLASS CODE 335, 336)

Accident Year Ended	(1) Adjusted Incurred Losses	(2) Adjusted Incurred Losses and Loss Adjustment Expense	(3) Earned Coverage Years	(4) Pure Premium	(5) Weights
12/31/2002	$2,442,940	$2,687,234	292,907	9.17	0.20
12/31/2003	2,080,651	2,288,716	284,122	8.06	0.20
12/31/2004	2,028,045	2,230,850	282,859	7.89	0.20
12/31/2005	3,251,544	3,576,698	289,960	12.34	0.20
12/31/2006	1,714,794	1,886,273	270,117	6.98	0.20

(6)	Weighted Pure Premium	=	8.89
(7)	Claims	=	3,075
(8)	Credibility	=	1.00
(9)	Average Loss Cost	=	9.42
(10)	Credibility Weighted Pure Premium	=	8.89
(11)	Indicated Loss Cost Level Change	=	0.944
(12)	Four Year Smoothed Pure Premium Loss Cost Level Change*	=	0.852
(13)	Five Year Smoothed Pure Premium Loss Cost Level Change*	=	0.870
(14)	Filed Loss Cost Level Change	=	0.860
		or	-14.0%

*In order to account for the unusually high losses in the year ending 12/31/2005 resulting from the 2005 hurricane season, loss cost level indications in which the 2005 pure-premium was replaced by four-year and five-year average pure premiums were calculated. See page B-18 for additional details.

ARKANSAS

PERSONAL INLAND MARINE INSURANCE

CALCULATION OF PROSPECTIVE LOSS COST LEVEL CHANGES

GOLF EQUIPMENT (CLASS CODE 141)

Accident Year Ended	(1) Adjusted Incurred Losses	(2) Adjusted Incurred Losses and Loss Adjustment Expense	(3) Earned Coverage Years	(4) Pure Premium	(5) Weights
12/31/2002	$70,473	$77,520	17,074	4.54	0.20
12/31/2003	61,455	67,601	15,860	4.26	0.20
12/31/2004	103,542	113,896	15,042	7.57	0.20
12/31/2005	63,047	69,352	13,950	4.97	0.20
12/31/2006	51,212	56,333	12,759	4.42	0.20

(6)	Weighted Pure Premium	=	5.15
(7)	Claims	=	228
(8)	Credibility	=	0.40
(9)	Average Loss Cost	=	5.92
(10)	Credibility Weighted Pure Premium	=	5.61
(11)	Indicated Loss Cost Level Change	=	0.948
(12)	Four Year Smoothed Pure Premium Loss Cost Level Change	=	N/A
(13)	Five Year Smoothed Pure Premium Loss Cost Level Change	=	N/A
(14)	Filed Loss Cost Level Change	=	0.948
		or	-5.2%

ARKANSAS

PERSONAL INLAND MARINE INSURANCE

CALCULATION OF PROSPECTIVE LOSS COST LEVEL CHANGES

MUSICAL INSTRUMENTS (IND. NON-PROF.) (CLASS CODE 450)

Accident Year Ended	(1) Adjusted Incurred Losses	(2) Adjusted Incurred Losses and Loss Adjustment Expense	(3) Earned Coverage Years	(4) Pure Premium	(5) Weights
12/31/2002	$981,737	$1,079,911	106,048	10.18	0.20
12/31/2003	857,060	942,766	105,657	8.92	0.20
12/31/2004	848,125	932,938	107,224	8.70	0.20
12/31/2005	1,087,195	1,195,915	107,714	11.10	0.20
12/31/2006	751,833	827,016	104,204	7.94	0.20

(6) Weighted Pure Premium	=	9.37
(7) Claims	=	1,787
(8) Credibility	=	1.00
(9) Average Loss Cost	=	9.33
(10) Credibility Weighted Pure Premium	=	9.37
(11) Indicated Loss Cost Level Change	=	1.004
(12) Four Year Smoothed Pure Premium Loss Cost Level Change	=	N/A
(13) Five Year Smoothed Pure Premium Loss Cost Level Change	=	N/A
(14) Filed Loss Cost Level Change	=	1.004
	or	+0.4%

ARKANSAS

PERSONAL INLAND MARINE INSURANCE

CALCULATION OF PROSPECTIVE LOSS COST LEVEL CHANGES

PERSONAL EFFECTS (CLASS CODE 143)

Accident Year Ended	(1) Adjusted Incurred Losses	(2) Adjusted Incurred Losses and Loss Adjustment Expense	(3) Earned Coverage Years	(4) Pure Premium	(5) Weights
12/31/2002	$10,110	$11,121	324	34.32	0.20
12/31/2003	19,794	21,773	225	96.77	0.20
12/31/2004	21,550	23,705	129	183.76	0.20
12/31/2005	325	358	95	3.77	0.20
12/31/2006	11,514	12,665	120	105.54	0.20

(6)	Weighted Pure Premium	=	84.83
(7)	Claims	=	31
(8)	Credibility	=	0.10
(9)	Average Loss Cost	=	29.28
(10)	Credibility Weighted Pure Premium	=	34.84
(11)	Indicated Loss Cost Level Change	=	1.190
(12)	Four Year Smoothed Pure Premium Loss Cost Level Change	=	N/A
(13)	Five Year Smoothed Pure Premium Loss Cost Level Change	=	N/A
(14)	Filed Loss Cost Level Change	=	1.190
		or	19.0%

ARKANSAS

PERSONAL INLAND MARINE INSURANCE

CALCULATION OF PROSPECTIVE LOSS COST LEVEL CHANGES

PERSONAL PROPERTY FLOATER (CLASS CODE 149, 800)

Accident Year Ended	(1) Adjusted Incurred Losses	(2) Adjusted Incurred Losses and Loss Adjustment Expense	(3) Earned Coverage Years	(4) Pure Premium	(5) Weights
12/31/2002	$123,097	$114,894	1,801	63.79	0.20
12/31/2003	55,443	53,423	2,064	25.88	0.20
12/31/2004	56,408	55,411	2,203	25.15	0.20
12/31/2005	51,108	51,110	1,996	25.61	0.20
12/31/2006	44,578	45,508	1,756	25.92	0.20

(6)	Weighted Pure Premium	=	33.27
(7)	Claims	=	165
(8)	Credibility	=	0.30
(9)	Average Loss Cost	=	40.25
(10)	Credibility Weighted Pure Premium	=	37.03
(11)	Indicated Loss Cost Level Change	=	0.920
(12)	Four Year Smoothed Pure Premium Loss Cost Level Change	=	N/A
(13)	Five Year Smoothed Pure Premium Loss Cost Level Change	=	N/A
(14)	Filed Loss Cost Level Change	=	0.920
		or	-8.0%

ARKANSAS

PERSONAL INLAND MARINE INSURANCE

CALCULATION OF PROSPECTIVE LOSS COST LEVEL CHANGES

SILVERWARE (CLASS CODE 144)

Accident Year Ended	(1) Adjusted Incurred Losses	(2) Adjusted Incurred Losses and Loss Adjustment Expense	(3) Earned Coverage Years	(4) Pure Premium	(5) Weights
12/31/2002	$645,825	$710,408	264,352	2.69	0.20
12/31/2003	796,990	876,689	249,535	3.51	0.20
12/31/2004	475,552	523,107	238,580	2.19	0.20
12/31/2005	1,224,270	1,346,697	228,700	5.89	0.20
12/31/2006	400,601	440,661	205,887	2.14	0.20

(6)	Weighted Pure Premium	=	3.28
(7)	Claims	=	820
(8)	Credibility	=	0.80
(9)	Average Loss Cost	=	3.35
(10)	Credibility Weighted Pure Premium	=	3.29
(11)	Indicated Loss Cost Level Change	=	0.982
(12)	Four Year Smoothed Pure Premium Loss Cost Level Change*	=	0.829
(13)	Five Year Smoothed Pure Premium Loss Cost Level Change*	=	0.860
(14)	Filed Loss Cost Level Change	=	0.830
		or	-17.0%

*In order to account for the unusually high losses in the year ending 12/31/2005 resulting from the 2005 hurricane season, loss cost level indications in which the 2005 pure-premium was replaced by four-year and five-year average pure premiums were calculated. See page B-18 for additional details.

ARKANSAS

PERSONAL INLAND MARINE INSURANCE

CALCULATION OF PROSPECTIVE LOSS COST LEVEL CHANGES

STAMP COLLECTIONS (CLASS CODE 513)

Accident Year Ended	(1) Adjusted Incurred Losses	(2) Adjusted Incurred Losses and Loss Adjustment Expense	(3) Earned Coverage Years	(4) Pure Premium	(5) Weights
12/31/2002	$0	$0	3,476	0.00	0.20
12/31/2003	63,173	69,490	3,253	21.36	0.20
12/31/2004	0	0	3,085	0.00	0.20
12/31/2005	11,139	12,253	2,869	4.27	0.20
12/31/2006	2,680	2,948	3,215	0.92	0.20

(6) Weighted Pure Premium	=	5.31
(7) Claims	=	9
(8) Credibility	=	0.00
(9) Average Loss Cost	=	13.7
(10) Credibility Weighted Pure Premium	=	13.70
(11) Indicated Loss Cost Level Change	=	1.000
(12) Four Year Smoothed Pure Premium Loss Cost Level Change	=	N/A
(13) Five Year Smoothed Pure Premium Loss Cost Level Change	=	N/A
(14) Filed Loss Cost Level Change	=	1.000
	or	0.0%

ARKANSAS

PERSONAL INLAND MARINE INSURANCE

CALCULATION OF PROSPECTIVE LOSS COST LEVEL CHANGE

PERSONAL FURS (CLASS CODE 091)

Accident Year Ended	(1) Adjusted Incurred Losses	(2) Adjusted Incurred Losses and Loss Adjustment Expense	(3) Earned Coverage Years	(4) Pure Premium	(5) Weights
12/31/2002	$0	$0	1,438	0.00	0.20
12/31/2003	0	0	1,165	0.00	0.20
12/31/2004	0	0	1,071	0.00	0.20
12/31/2005	200	220	960	0.23	0.20
12/31/2006	65	72	847	0.08	0.20

		Statewide	Regional	Multistate
(6) Weighted Pure Premium	=	0.06	3.16	5.01
(7) 5 Year Claims	=	2	62	1,428
(8) Credibility	=	0.00	0.20	1.00
(9) Average Current Loss Cost	=	2.69	4.97	4.64
(10) Credibility Weighted Pure Premium	=	2.67		
(11) Indicated Loss Cost Level Change	=	0.993		
(12) Four Year Smoothed Pure Premium Loss Cost Level Change*	=	0.926		
(13) Five Year Smoothed Pure Premium Loss Cost Level Change*	=	0.937		
(14) Filed Loss Cost Level Change	=	0.930		
	or	-7.0%		

*In order to account for the unusually high losses in Louisiana and Mississippi in the year ending 12/31/2005 resulting from the 2005 hurricane season, four and five year smoothed loss cost level indications were calculated, respectively, by replacing the pure premium for the year ending 12/31/2005 in these two states by the average pure premium of the other four years and by the average pure premium of all five years for each state. See page B-18 for additional details.

ARKANSAS

PERSONAL INLAND MARINE INSURANCE

CALCULATION OF PROSPECTIVE LOSS COST LEVEL CHANGE

PERSONAL JEWELRY (CLASS CODE 071)

Accident Year Ended	(1) Adjusted Incurred Losses	(2) Adjusted Incurred Losses and Loss Adjustment Expense	(3) Earned Coverage Years	(4) Pure Premium	(5) Weights
12/31/2002	$418,090	$459,899	8,519	53.99	0.20
12/31/2003	330,508	363,559	8,065	45.08	0.20
12/31/2004	242,644	266,908	8,096	32.97	0.20
12/31/2005	331,465	364,612	8,020	45.46	0.20
12/31/2006	347,163	381,879	8,276	46.14	0.20

		Statewide	Regional	Multistate
(6) Weighted Pure Premium	=	44.73	57.97	53.01
(7) 5 Year Claims	=	523	12,378	150,198
(8) Credibility	=	0.60	1.00	1.00
(9) Average Current Loss Cost	=	54.48	61.16	55.92
(10) Credibility Weighted Pure Premium	=	47.49		
(11) Indicated Loss Cost Level Change	=	0.872		
(12) Four Year Smoothed Pure Premium Loss Cost Level Change*	=	0.872		
(13) Five Year Smoothed Pure Premium Loss Cost Level Change*	=	0.872		
(14) Filed Loss Cost Level Change	=	0.872		
	or	-12.8%		

*In order to account for the unusually high losses in Louisiana and Mississippi in the year ending 12/31/2005 resulting from the 2005 hurricane season, four and five year smoothed loss cost level indications were calculated, respectively, by replacing the pure premium for the year ending 12/31/2005 in these two states by the average pure premium of the other four years and by the average pure premium of all five years for each state. See page B-18 for additional details.

ARKANSAS

PERSONAL INLAND MARINE INSURANCE

CALCULATION OF PROSPECTIVE LOSS COST LEVEL CHANGES

COLUMN (1) — ADJUSTED INCURRED LOSSES

Incurred Losses are as reported under the Personal Lines Statistical Plan (Other Than Auto) and are adjusted to account for differences in deductibles.

COLUMN (2) — ADJUSTED INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

Loss adjustment expenses are included by applying a factor of 1.100 to the Adjusted Incurred Losses. These factors are based on five years of multi-state experience as shown on page C-3. For the Personal Property Floater class a trend factor is also used to adjust the losses in this column. See pages C-4-6 for further explanation.

COLUMN (4) — PURE PREMIUM

The pure premiums are calculated by dividing Adjusted Incurred Losses and Loss Adjustment Expense (Column (2)) by the Earned Coverage Years (Column (3)).

LINE (6) — WEIGHTED PURE PREMIUM

The pure premiums shown in Column (4) are all weighted on a 20% basis (see Column (5)), giving equal emphasis to each year's experience to derive the weighted pure premium.

LINE (8) — CREDIBILITY

The standard for 100% credibility is 1,084 claims based on the five year total.

A formula used to derive the percentage of partial credibility and partial credibility table can be found on pages C-7-8.

LINE (9) — AVERAGE CURRENT LOSS COST

The Average Loss Cost is calculated by dividing the Aggregate Loss Costs at Current Level by the Earned Coverage Years. The Average Loss Cost shown is the average for the five years in the experience period.

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PERSONAL INLAND MARINE INSURANCE

CALCULATION OF PROSPECTIVE LOSS COST LEVEL CHANGES

LINE (10)*

CREDIBILITY WEIGHTED PURE PREMIUM

In order to determine the prospective loss cost level change, the credibility procedure (describe in detail in Section C) is applied to the Weighted Pure Premium. The credibility procedure varies by class depending on whether or not the Weighted Pure Premium for the given class is based on multi-state or statewide experience and on whether or not loss trend is utilized.

Multi-state Classes Excluding Personal Property Floater

Credibility Weighted Pure Premium is calculated in Line (10) as:

[Line (6)] x [Line (8)] + [1.00 - Line (8)] x Line (9)

Personal Property Floater Class

Credibility Weighted Pure Premium is calculated in Line (10) as:

[Line (6)] x [Line (8)] + [[1.00 - Line (8)] x (0.960) x Line (9)]

Statewide Classes

In the statewide classes, the complement of credibility is assigned to regional and multi-state Weighted Pure Premium. If the multi-state pure premium is not fully credible, the residual portion of credibility is assigned to 1.00. The Credibility Weighted Pure Premium is calculated in Line (10) as:

[Line (6) s/w] x [Line (8) s/w] + [Line (6) reg] x [Line (8) reg - Line (8) s/w] x [Line (9) s/w / Line (9) reg] + [Line (6) m/s] x [Line (8) m/s - Line (8) reg] [Line (9) s/w / Line (9) m/s] + [1.00 - Line (8) m/s] x [Line (9) s/w]

The regional and multi-state experience used in the credibility procedure for the statewide classes can be found on the exhibits following these explanatory pages.

* Not all lines apply to all classes.

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PERSONAL INLAND MARINE INSURANCE

CALCULATION OF PROSPECTIVE LOSS COST LEVEL CHANGES

LINE (11) INDICATED LOSS COST LEVEL CHANGE

The indicated loss cost level change is Line (10) / Line (9) s/w.

LINE (12) AND LINE (13) FOUR YEAR SMOOTHED PURE PREMIUM LOSS COST LEVEL CHANGE & FIVE YEAR SMOOTHED PURE PREMIUM LOSS COST LEVEL CHANGE

In classes where the 2005 hurricane season resulted in unusually high losses in the year ending 12/31/2005, four and five year pure premiums were calculated. The above procedure for Line (6)-Line (10) was then followed to calculate the indications displayed in Line (12) and Line (13). The four and five year pure premiums were calculated in one of two ways, depending on the class.

For all classes except Personal Furs and Personal Jewelry, four and five year smoothed pure premiums were calculated, respectively, by replacing the pure premium for the year ending 12/31/2005 by the average pure premium of the other four years and by the average pure premium of all five years.

For Personal Furs and Personal Jewelry, four year and five year pure premiums were initially calculated for Louisiana and Mississippi. The four and five year smoothed pure premiums were calculated , respectively, by replacing the pure premium for the year ending 12/31/2005 by the average pure premium of the other four years and by the average pure premium of all five years for each state. The smoothed pure premiums and the corresponding losses were then used to calculate regional and multistate pure premiums.

LINE (14) FILED LOSS COST LEVEL CHANGE

Indicated changes are based on standard ISO methodology. In the following classes the filed loss cost level change is less than the indicated change in order to account for atypically severe loss experience attributable to 2005 hurricane activity: Bicycles, Coin Collections, Fine Arts, Silverware, and Personal Furs. For all other classes, the filed changes are equal to the indicated changes.

REGION 5

PERSONAL INLAND MARINE INSURANCE

CALCULATION OF PROSPECTIVE LOSS COST LEVEL CHANGE

PERSONAL FURS (CLASS CODE 091)

Accident Year Ended	(1) Adjusted Incurred Losses	(2) Adjusted Incurred Losses and Loss Adjustment Expense	(3) Earned Coverage Years	(4) Pure Premium	(5) Weights
12/31/2002	$80,561	$88,617	21,161	4.19	0.20
12/31/2003	70,022	77,024	19,247	4.00	0.20
12/31/2004	69,661	76,627	18,268	4.19	0.20
12/31/2005	9,712	10,683	17,889	0.60	0.20
12/31/2006	42,976	47,274	16,799	2.81	0.20

(6) Regional Weighted Pure Premium	=	3.16
(7) 5 Year Claims	=	62
(8) Regional Credibility	=	0.20
(9) Average Current Loss Cost	=	4.97

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REGION 5

PERSONAL INLAND MARINE INSURANCE

CALCULATION OF PROSPECTIVE LOSS COST LEVEL CHANGE

PERSONAL JEWELRY (CLASS CODE 071)

Accident Year Ended	(1) Adjusted Incurred Losses	(2) Adjusted Incurred Losses and Loss Adjustment Expense	(3) Earned Coverage Years	(4) Pure Premium	(5) Weights
12/31/2002	$8,547,376	$9,402,114	157,898	59.55	0.20
12/31/2003	8,419,142	9,261,056	156,971	59.00	0.20
12/31/2004	8,303,107	9,133,418	160,998	56.73	0.20
12/31/2005	8,721,130	9,593,243	172,971	55.46	0.20
12/31/2006	10,217,821	11,239,603	190,181	59.10	0.20

(6) Regional Weighted Pure Premium	=	57.97
(7) 5 Year Claims	=	12,378
(8) Regional Credibility	=	1.00
(9) Average Current Loss Cost	=	61.16

INSURANCE SERVICES OFFICE, INC.

MULTI-STATE

PERSONAL INLAND MARINE INSURANCE

CALCULATION OF PROSPECTIVE LOSS COST LEVEL CHANGES

PERSONAL FURS (CLASS CODE 091)

Accident Year Ended	(1) Adjusted Incurred Losses	(2) Adjusted Incurred Losses and Loss Adjustment Expense	(3) Earned Coverage Years	(4) Pure Premium	(5) Weights
12/31/2002	$1,478,231	$1,626,054	377,336	4.31	0.20
12/31/2003	1,629,835	1,792,819	349,024	5.14	0.20
12/31/2004	1,387,736	1,526,510	327,584	4.66	0.20
12/31/2005	1,899,510	2,089,461	303,246	6.89	0.20
12/31/2006	1,007,724	1,108,496	274,457	4.04	0.20

(6) Regional Weighted Pure Premium	=	5.01
(7) 5 Year Claims	=	1,428
(8) Regional Credibility	=	1.00
(9) Average Current Loss Cost	=	4.64

INSURANCE SERVICES OFFICE, INC.

MULTI-STATE

PERSONAL INLAND MARINE INSURANCE

CALCULATION OF PROSPECTIVE LOSS COST LEVEL CHANGES

PERSONAL JEWELRY (CLASS CODE 071)

Accident Year Ended	(1) Adjusted Incurred Incurred Losses	(2) Adjusted Incurred Losses and Loss Adjustment Expense	(3) Earned Coverage Years	(4) Pure Premium	(5) Weights
12/31/2002	$128,991,697	$141,890,867	2,591,814	54.75	0.20
12/31/2003	123,480,371	135,828,408	2,574,865	52.75	0.20
12/31/2004	120,601,348	132,661,483	2,602,997	50.96	0.20
12/31/2005	128,954,316	141,849,748	2,671,222	53.10	0.20
12/31/2006	130,324,474	143,356,921	2,680,956	53.47	0.20

(6) Regional Weighted Pure Premium	=	53.01
(7) 5 Year Claims	=	150,198
(8) Regional Credibility	=	1.00
(9) Average Current Loss Cost	=	55.92

ARKANSAS
PERSONAL INLAND MARINE INSURANCE

PROSPECTIVE LOSS COST LEVEL REVISION

LOSS ADJUSTMENT EXPENSE EXPERIENCE

OBJECTIVE	The reported indemnity losses must be loaded for both allocated and unallocated loss adjustment expenses (LAE).
PROCEDURE	A factor representing the ratio of all loss adjustment expenses to incurred indemnity losses was selected based on multi-state financial data shown on page C-3.

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PERSONAL INLAND MARINE INSURANCE

PROSPECTIVE LOSS COST LEVEL REVISION

MULTI-STATE LOSS ADJUSTMENT EXPENSE EXPERIENCE*

Year	(1) Direct Losses Incurred	(2) Direct Loss Adjustment Expenses Incurred	Ratio [(2)/(1)]
2001	5,880,529	471,641	8.0%
2002	4,575,107	495,462	10.8%
2003	4,767,924	495,359	10.4%
2004	4,956,712	596,746	12.0%
2005	8,237,454	684,333	8.3%

2001-2005 Average Ratio 9.9%
Selected Ratio 10.0%

Note: All dollar amounts displayed in thousands.

* Based on the Insurance Expense Exhibits for agency and direct writers combined.

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PERSONAL INLAND MARINE INSURANCE

PROSPECTIVE LOSS COST LEVEL REVISION

TREND PROCEDURE

The losses of the Personal Property Floater class are adjusted by trend. The exhibits on the following pages present the trend procedure used for the Personal Property Floater Class in this document.

In order to measure the effect of inflation on claim costs ISO constructs a Modified Consumer Price Index (MCPI). The MCPI is the weighted average of the following subgroups of the "All-Urban" Consumer Price Index: House Furnishings (60%), Apparel Commodities (20%) and Entertainment Commodities (20%). As described below, the MCPI is used to derive yearly Current Cost Factors and the Loss Projection Factor.

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PROSPECTIVE LOSS COST LEVEL REVISION

TREND PROCEDURE

Page C-6, Part A

These are the quarterly averages of the Modified Consumer Price Index (MCPI) for the latest twelve quarters available. The 60% House furnishings Index, 20% Apparel Commodities Index and 20% Entertainment Commodities Index component weighting of the MCPI is also shown. The three month average is a straight average of the three MCPI points for that quarter.

Page C-6, Part B

The Current Cost Factors are developed by dividing the Average Annual MCPI points into the latest quarterly average MCPI. The calendar year average points are developed by taking a straight average of the twelve monthly points making up the calendar year designated. The Current Cost Factors are used to trend incurred losses from the experience period to be midpoint of the latest quarterly MCPI point.

Page C-6, Part C

The latest quarterly rate of change for losses is developed by fitting a least squares exponential curve to the latest 12 quarterly MCPI Points. The slope of the fitted curve is then used to determine the quarterly rate of change of losses. Since it is assumed that the present and filed loss costs established in this document will be in effect for a period of two years, the Loss Projection Factor is obtained by compounding the quarterly rate of change over the 32.5 month period between 5/15/2007 and 2/1/2010. 2/1/2010 represents the average date of accident on policies written between 8/1/2008 and 7/31/2010.

In order to reflect the effect of trend, the experience period losses are multiplied by the product of the Current Cost Factor and the Loss Projection Factor. This adjustment is included in Column (3) of the "Calculation of Prospective Loss Cost Level Change", Section B.

INSURANCE SERVICES OFFICE, INC.

MULTISTATE

PERSONAL INLAND MARINE

DEVELOPMENT OF CURRENT COST FACTORS AND PROJECTION FACTOR

Part A: Establishment of Monthly Current Cost Index (MCPI):

2004					2005					2006				
MO.	HF	AC	EC	3 MO. AVG.	MO.	HF	AC	EC	3 MO. AVG.	MO.	HF	AC	EC	3 MO. AVG.
7	178.1	206.7	326.1		7	174.3	203.0	320.6		7	169.3	203.0	316.9	
8	176.8	207.8	324.0		8	173.5	206.5	319.6		8	168.6	207.1	317.1	
9	176.9	216.2	323.3	213.3	9	173.0	214.9	320.9	209.9	9	167.8	217.0	314.1	206.1
10	179.0	221.3	323.1		10	172.6	218.8	320.6		10	167.6	219.9	315.2	
11	177.6	219.4	323.2		11	172.3	216.7	318.3		11	166.5	217.0	314.1	
12	176.8	211.9	320.5	214.6	12	172.2	209.6	317.6	210.2	12	165.6	211.5	311.6	205.9

2005					2006					2007				
MO.	HF	AC	EC	3 MO. AVG.	MO.	HF	AC	EC	3 MO. AVG.	MO.	HF	AC	EC	3 MO. AVG.
1	177.2	207.1	321.1		1	171.8	204.9	317.1		1	165.0	206.9	310.3	
2	176.6	211.7	321.5		2	171.3	208.0	316.9		2	165.8	212.3	309.5	
3	176.7	220.3	320.5	212.9	3	170.7	217.6	317.2	208.2	3	165.5	218.6	309.3	203.7
4	176.6	220.6	319.7		4	170.9	220.1	318.0		4	164.8	219.2	307.6	
5	176.6	218.3	321.0		5	170.7	218.3	316.8		5	164.5	216.6	307.7	
6	174.7	211.0	320.2	213.0	6	170.0	212.1	315.1	209.0	6	164.1	209.1	306.1	203.1

Part B: Use of Average Annual MCPI to calculate Current Cost Factors (CCF):

YEAR	Calendar Year Average MCPI	Current Cost Factors Based on Average MCPI Values		
2002	226.6	203.1 /	226.6 =	0.896
2003	219.5	203.1 /	219.5 =	0.925
2004	215.4	203.1 /	215.4 =	0.943
2005	211.5	203.1 /	211.5 =	0.960
2006	207.3	203.1 /	207.3 =	0.980

Part C: Computation of Loss Projection Factor Based on MCPI:

Annual Rate of Change $= (e^{4 * -0.005}) - 1 = 0.980$ or -2.0%

Projection Factor** $= (e^{4 * -0.005 \; 32.5/12}) = 0.947$

** To project losses from 5/15/2007 to 2/1/2010.

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PROSPECTIVE LOSS COST LEVEL REVISION

CREDIBILITY PROCEDURE

The current credibility procedure is based on the five year claims for each class. The 1,084 claim standard is based on a frequency only model and results from "p" and "k" values of 90% and 5%, respectively. In other words, the probability that the actual number of claims is within 5% of the expected number of claims is 90%. Partial Credibility is determined by the formula:

$$\text{Credibility} = \sqrt{\frac{\text{5 Year Claims for Class}}{1{,}084}}$$

The credibility procedure varies by class depending on whether the Weighted Pure Premium is based on multi-state or statewide experience and on whether or not loss trend is utilized.

Multi-state Classes Excluding Personal Property Floater

For these classes the complement of credibility is assigned to the current average loss cost which represents no change to the loss cost. The prospective loss cost level change is calculated as:

$$P = I_m (Z_3) + (1 - Z_3)(A_m)$$

Where: P = Credibility Weighted Pure Premium

I_m = Multi-state Weighted Pure Premium

Z_3 = Credibility of the multi-state data

A_m = Current multi-state Average Current Loss Cost

Personal Property Floater Class

When the multi-state experience used to rate this class is not fully credible, the complement of credibility is assigned to the appropriate loss trend factor. This factor is 0.960 based on the annual rate of change in the Modified Consumer Price Index.

The prospective loss cost level change is calculated as:

$$P = I_m (Z_3) + (1 - Z_3) A_m T$$

Where: P = Credibility Weighted Pure Premium

I_m = Multi-state Weighted Pure Premium

Z_3 = Credibility of the multi-state data

A_m = Current multi-state Average Current Loss Cost

T = Loss Trend Factor

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PROSPECTIVE LOSS COST LEVEL REVISION

CREDIBILITY PROCEDURE

Statewide Classes

When the pure premium for a class which uses statewide experience is not fully credible, it is weighted with the regional pure premium (which has been adjusted to the level of the statewide experience using the ratio between the statewide average loss cost and the regional average loss cost), and then the multi-state pure premium (which has been adjusted to the level of the statewide experience using the ratio between the statewide average loss cost and the multi-state average loss cost) for that class. In the event that the multi-state experience for such a class is not fully credible, the complement of the credibility value is assigned to the statewide average current loss cost which represents no change to the loss cost.

Since regional experience is required for this procedure, the states were grouped into six regions. The states belonging to each region appear on page C-9 of this document. The pure premiums in states which do not belong to any region are weighted with multi-state pure premiums (which has been adjusted to the level of the statewide experience using the ratio between the statewide average loss cost and the multi-state average loss cost) and, if necessary, with the statewide average current loss cost.

The prospective loss cost level change is calculated as:

$$P = I_s (Z_1) + I_r (Z_2 - Z_1) A_s/A_r + I_m (Z_3 - Z_2) A_s/A_m + (1 - Z_3) A_s$$

Where:

P	=	Credibility Weighted Pure Premium
Z_1	=	Credibility of state data
Z_2	=	Credibility of regional data
Z_3	=	Credibility of multi-state data
I_s	=	Statewide Weighted Pure Premium
I_r	=	Regional Weighted Pure Premium
I_m	=	Multi-state Weighted Pure Premium
A_s	=	Current Statewide Average Loss Cost
A_r	=	Current Regional Average Loss Cost
A_m	=	Current multi-state Average Loss Cost

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PERSONAL INLAND MARINE INSURANCE

PROSPECTIVE LOSS COST LEVEL REVISION

CREDIBILITY PROCEDURE

I. CREDIBILITY TABLE BASED ON CLAIMS

5 YEAR CLAIMS	CREDIBILITY
1,084 and over	100%
879 - 1,083	90%
694 - 878	80%
532 - 693	70%
391 - 531	60%
271 - 390	50%
174 - 270	40%
98 - 173	30%
44 - 97	20%
11 - 43	10%
0 - 10	0%

II. REGIONS

REGION 1	REGION 2	REGION 3
Connecticut	Delaware	Alabama
Maine	District of Columbia	Florida
Massachusetts	Maryland	Georgia
New Hampshire	North Carolina	Kentucky
New Jersey	Ohio	Louisiana
Rhode Island	Pennsylvania	Mississippi
Vermont	South Carolina	Missouri
	Virginia	Puerto Rico
	West Virginia	Tennessee

REGION 4	REGION 5	REGION 6
Illinois	Arkansas	Alaska
Indiana	Colorado	Arizona
Iowa	Kansas	Hawaii
Michigan	Nebraska	Idaho
Minnesota	New Mexico	Montana
North Dakota	Oklahoma	Nevada
South Dakota	Texas	Oregon
Wisconsin	Wyoming	Utah
		Washington

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PERSONAL INLAND MARINE INSURANCE
PROSPECTIVE LOSS COST LEVEL REVISION

SECTION D – REVISED PRICING DIFFERENTIALS FOR FINE ARTS

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PERSONAL INLAND MARINE INSURANCE
PROSPECTIVE LOSS COST LEVEL REVISION

FINE ARTS DIFFERENTIALS ANALYSIS

The current manual loss costs for the Personal Inland Marine Fine Arts class vary by policy amount, protection class and number-of-families category. The material below provides a review of the appropriateness of the current differentials and describes the filed revisions to these differentials.

In order to review the current pricing differentials, a "Bailey's Minimum Bias" analysis was performed using loss experience for 1999-2003 for all states. (Losses attributable to the September 11, 2001 terrorist attacks were excluded.) The Bailey's analysis, as applicable to three rating variables, makes use of the following equations:

a (i) = { SUM jk: n(ijk) * r(ijk) } / { SUM jk: n(ijk) * F(j) * P(k) }

p (k) = { SUM ij: n(ijk) * r(ijk) } / { SUM ij: n(ijk) * A(i) * F(j) }

f (j) = { SUM ik: n(ijk) * r(ijk) } / { SUM ik: n(ijk) * A(i) * P(k) }

where,

a (i) = indicated policy amount differential for policy amount range i

A (i) = "current" policy amount differential for policy amount range i

f (j) = indicated number of families differential for number of family category j

F (j) = "current" number of families differential for number of family category j

p (k) = indicated protection-construction differential for protection-construction category k

P (k) = "current" protection-construction differential for protection-construction category k

n (ijk) = number of exposures in the "cell" for which policy amount range = i, number of families category = j, and protection-construction class = k.

r (ijk) = (pure-premium for the cell ijk) / (pure premium for the "base" cell).

In the Bailey analysis, the formulas shown above are used iteratively. That is, in the first application of the formulas, approximations for the indicated relativities a(i), f(j) and c(k) are produced (for all values of i, j and k). When the next iteration is calculated, the indicated differentials from the previous iteration are used as the new values for the "current" relativities A(i), F(j), and C(k). The iterations are repeated until there is no appreciable difference between the indicated differentials produced by two consecutive iterations.

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PERSONAL INLAND MARINE INSURANCE
PROSPECTIVE LOSS COST LEVEL REVISION

FINE ARTS DIFFERENTIALS ANALYSIS

In performing the Bailey's analysis the "base" cell that was used (for the denominator of the r(ijk) value) was the average pure premium for all cells, i.e., the underlying pure premium of the 1999-2003 experience. After the Bailey indications were calculated, the indicated differentials were re-indexed to the following "base" classes:

Policy Amount: $15,000

Number of Families: 1-4 Families

Protection-Construction: Frame, Protection Classes 1-6 combined.

The following provides detailed information on the results of our analysis and on the filed revisions to the Fine Arts pricing differentials.

Policy Amount Differentials

Exhibit 1 provides a summary of the policy amount analysis. A detailed description of this exhibit is provided below.

Column (3): This column displays the indicated differentials generated by the Bailey analysis. The values shown in this column are relative to the average policy amount for all insureds.

Column (4): Two linear regressions were performed on the data shown in column (3). The first regression used the Bailey results for all of policy amount ranges shown on Exhibit 1 except the (1001-9999) range, and the second regression used the Bailey results for all policy amount ranges. For the fitted line "y = a +bx", the results were as follows:

All policy amount ranges except (1001-9999): a = .06457, b = .00364

All policy amount ranges: a = .37513, b = .00254

The fitted values shown in Column (4) are computed with the 'a' and 'b' values shown above. The fitted values shown for policy amount ranges (1-10) through (951-1000) are based on the first regression described above. The fitted value shown for the (1001-9999) range is based on the second regression described above.

Column (5): Since the values shown in Column (4) are relative to the average policy amount for all insureds, it is necessary to convert these values to a specific policy amount. This is done in Column (5) using a "base" policy amount of $15,000.

The values shown in Column (5) are obtained by dividing the corresponding Column (4) values by the fitted differentials at $15,000. For policy amount ranges (1-10) through (951-1000) the fitted value at $15,000 is 0.61057. For the (1001-9999) range the fitted value at $15,000 is .75613.

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PROSPECTIVE LOSS COST LEVEL REVISION

FINE ARTS DIFFERENTIALS ANALYSIS

Column (6): The differentials that are currently used to calculate Fine Arts loss costs by policy amount are shown in column (6). (These values are a function of the average amounts shown in Column (2), they are obtained by the straight-line equation (1 + (x-150) * 0.006), where x represents the applicable policy amount in hundreds of dollars.) It is relevant to point out that in the current Personal Inland Marine manual, there is no provision for purchasing Fine Arts coverage for policy limits that exceed $100,000. For limits that exceed $100,000, the manual instructs the insurer to "Refer to Company".

Based on the information displayed on Exhibit 1 and the similarity between the Column (5) and Column (6) values, we believe that the current differentials, applicable to policy amounts not exceeding $100,000, are supported by the underlying loss experience.

Additionally, we believe that the underlying loss experience supports the introduction of pricing differentials for policy amounts which exceed $100,000. While the number of policies at these higher amounts is not large enough to support a detailed analysis, we believe that an incremental charge that is somewhat smaller than the increment that currently applies to amounts below $100,000 (i.e., .006 per $100) is supported. This fact is demonstrated by the following calculation, which is based on the Exhibit 1 information:

--Fitted value at policy amount range (1001-9999) = 8.618 (from Column (5), Exhibit 1)

-- Fitted value at policy amount range (951-9999) = a + b * (average amount)
= 0.37513 + (.00254) * (982.13)
= 2.869

-- 2.689 value adjusted to $15,000 base level = 2.869 / (fitted value at $15k)
= 2.869 / [(.37513) + (.00254)*(150)]
= 3.794

-- increment per $100 = (8.618 - 3.794) / (2,417.82 - 982.13)
= 0.0034

While the analysis above suggests that an increment of 0.0034 be used, it is appropriate to recognize that the volume of the underlying data is limited. In recognition of the fact, we are filing an increment of .005 per $100 of coverage.

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PROSPECTIVE LOSS COST LEVEL REVISION

FINE ARTS DIFFERENTIALS ANALYSIS

Protection-Construction Differentials

The following table summarizes the protection-construction differentials generated by the Bailey analysis.

Construction Class	Protection Class	Percentage of Total Exposures	Differential
Frame	1-6	61.4	1.000
Frame	7-8	3.9	0.663
Frame	9	4.2	1.043
Frame	10	0.6	1.914
Masonry	1-6	27.4	1.139
Masonry	7-8	1.1	0.799
Masonry	9	0.6	0.951
Masonry	10	0.6	1.258

As can be seen from the table, the indicated differentials generated by the Bailey analysis are erratic. We believe that this analysis does not provide a basis for revising the current pricing differentials.

Number-of-Family Differentials

The following table summarizes the Number-of-families differentials generated by the Bailey analysis.

Number of Families	Percent of Total Exposures	Differential
1-4	92.0	1.000
5 or more	8.0	2.032

Based on this analysis, we are filing a revised differential of 2.00 for the 5-or-more families category. Current pricing differentials are shown below. The differentials vary by protection class, but do not vary by policy amount.

Masonry

Protection Class	Differential
1-6	1.36
7-8	1.43
8B, 9	1.73
10	1.55

Frame

Protection Class	Differential
1-6	1.73
7-8	1.63
8B, 9	1.41
10	1.30

ARKANSAS
PERSONAL INLAND MARINE INSURANCE
PROSPECTIVE LOSS COST LEVEL REVISION

FINE ARTS DIFFERENTIALS ANALYSIS

Off-Balance Factor

In order to assure that the change in the pricing differential for the "Five or More" "number-of- families" category will have no overall loss cost level effect, an "off-balance" factor is incorporated into the calculation of the revised Fine Arts loss costs. The off-balance factor is a measure of the change in overall loss cost volume that would occur were the 2.00 differential to be implemented without any adjustment to the current base class loss costs for the 1-4 number-of-families category. (Note that, since the current manual does not provide for the rating of Fine Arts policies written with policy amounts that exceed $100,000, there is no off-balance effect associated with the introduction of pricing for these policy amounts.)

In order to calculate the off-balance factor, the computer programs which generated Connecticut Fine Arts loss cost volume at current manual level (for 2002-2006) were re-run using the 2.00 pricing differential for the five-or-more family category. The off-balance factor, 1.007 was then computed by taking the ratio of the loss cost volume computed using the 2.00 differential and the loss cost volume at current manual level.

In order to assure that there will be no change in overall loss cost volume, the filed base loss costs for the 1-4 family category are computed using the formula shown below.

A = (B / C) X D, where,

A = Revised 1-4 family loss cost, at $15,000 policy amount

B = Current 1-4 family loss cost, at $15,000 policy amount

C = Off-balance factor

D = Filed loss cost level change

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Analysis of Fine Arts Policy Amount Differentials

Policy Amount Range ($ 00's)	(1) Percentage of All Policies	(2) Average Amount ($ 00's)	(3) Bailey Indicated Differential*	(4) Fitted Bailey Indicated Differential**	(5) Fitted Bailey Indicated Differential***	(6) Current Differential**
1 - 10	10.4	5.10	0.041	0.083	0.136	0.131
11 - 20	7.0	16.13	0.084	0.123	0.202	0.197
21 - 30	6.6	26.25	0.004	0.160	0.262	0.258
31 - 40	5.2	36.25	0.219	0.197	0.322	0.318
41 - 50	6.0	47.18	0.250	0.236	0.387	0.383
51 - 60	3.8	56.34	0.377	0.270	0.442	0.438
61 - 70	3.2	66.11	0.386	0.305	0.500	0.497
71 - 80	3.3	76.22	0.385	0.342	0.560	0.557
81 - 90	2.6	86.11	0.467	0.378	0.619	0.617
91 - 100	4.1	97.81	0.414	0.421	0.689	0.687
101 - 110	2.1	106.31	0.248	0.452	0.740	0.738
111 - 120	2.0	116.61	0.577	0.489	0.801	0.800
121 - 130	1.8	126.05	1.021	0.523	0.857	0.856
131 - 140	1.6	136.24	0.587	0.560	0.918	0.917
141 - 150	2.2	147.46	0.861	0.601	0.985	0.985
151 - 160	1.4	156.28	0.687	0.633	1.037	1.038
161 - 170	1.3	166.13	0.623	0.669	1.096	1.097
171 - 180	1.3	176.44	0.685	0.707	1.158	1.159
181 - 190	1.1	186.23	0.958	0.742	1.216	1.217
191 - 200	2.2	198.18	0.644	0.786	1.287	1.289
201 - 250	4.8	227.40	1.095	0.892	1.461	1.464
251 - 300	3.5	277.18	0.795	1.074	1.758	1.763
301 - 350	2.7	326.72	1.252	1.254	2.054	2.060
351 - 400	2.2	377.09	1.698	1.437	2.354	2.363
401 - 450	1.7	426.64	1.381	1.618	2.649	2.660
451 - 500	1.9	481.74	2.031	1.818	2.978	2.990
501 - 550	1.2	526.69	1.893	1.982	3.246	3.260
551 - 600	1.0	576.79	1.236	2.164	3.544	3.561
601 - 650	0.9	626.86	1.422	2.346	3.843	3.861
651 - 700	0.8	676.93	2.981	2.529	4.141	4.162
701 - 750	0.7	728.04	3.177	2.715	4.446	4.468
751 - 800	0.6	777.71	1.893	2.895	4.742	4.766
801 - 850	0.5	827.16	1.930	3.075	5.037	5.063
851 - 900	0.5	876.72	3.638	3.256	5.332	5.360
901 - 950	0.4	926.72	4.018	3.438	5.631	5.660
951 - 1000	0.5	982.13	4.852	3.640	5.961	5.993
1001 - 9999	6.6	2,417.82	4.857	6.516	8.618	n.a.

*relative to all amounts of insurance.
**relative to all amounts of insurance. See explanatory text.
***relative to a $15,000 base policy amount. See explanatory text.
****relative to a $15,000 base policy amount. See explanatory text.

ARKS-125643593 CK 104867 250.00 BH

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Kenneth J. Hill, CPCU
Regional Director, Government Relations

May 8, 2008

FILED
MAY 12 2008
PROPERTY AND CASUALTY
ARKANSAS INSURANCE DEPT.

Honorable Julie Benafield Bowman
Commissioner of Insurance
Arkansas Insurance Department
1200 West Third Street
Little Rock, Arkansas 72201-1904

Attention: William R. Lacy, Director
Property and Casualty Division

RE: Insurance Services Office, Inc.
PM 2008-RLA1
Personal Inland Marine Advisory Prospective Loss Cost Revision
REFERENCE FILING
State of Arkansas

Dear Mr. Lacy:

We hereby file the enclosed advisory reference document.

We propose this revision become effective in accordance with the following rule of application:

These changes are applicable to all policies written on or after October 1, 2008.

In accordance with your loss cost procedures, this effective date applies only to those insurers who have filed their Personal Inland Marine loss cost multipliers to be automatically applicable to future ISO loss cost revisions. Any other ISO participating insurer may adopt ISO loss costs by filing its loss cost multipliers and selecting an effective date.

Please return an acknowledged copy of this cover letter for our records. An addressed, stamped envelope is enclosed for your convenience. We have also included an additional copy of this letter and envelope; we request that you return it now with a "received" stamp to confirm that you have received the filing.

Very truly yours,

Donald J. Beckel, CPCU, ARM
Assistant Regional Manager
Government Relations

RECEIVED
MAY 12 2008
PROPERTY AND CASUALTY DIVISION
ARKANSAS INSURANCE DEPARTMENT

DJB:dlb
Encl.