

SERFF Tracking Number: PNMC-125625222 State: Arkansas  
Filing Company: Pennsylvania National Mutual Casualty Insurance Company State Tracking Number: EFT \$50  
Company Tracking Number: MMP08-034  
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC  
Product Name: AR WC 07-01-08  
Project Name/Number: /

## Filing at a Glance

Company: Pennsylvania National Mutual Casualty Insurance Company

Product Name: AR WC 07-01-08

SERFF Tr Num: PNMC-125625222 State: Arkansas

TOI: 16.0 Workers Compensation

SERFF Status: Closed

State Tr Num: EFT \$50

Sub-TOI: 16.0004 Standard WC

Co Tr Num: MMP08-034

State Status: Fees verified and received

Filing Type: Rate/Rule

Co Status:

Reviewer(s): Betty Montesi, Carol Stiffler, Brittany Yielding

Author: Marsheelah Preston

Disposition Date: 05/15/2008

Date Submitted: 05/15/2008

Disposition Status: Approved

Effective Date Requested (New): 07/01/2008

Effective Date (New): 07/01/2008

Effective Date Requested (Renewal): 07/01/2008

Effective Date (Renewal):

State Filing Description:

## General Information

Project Name:

Status of Filing in Domicile: Not Filed

Project Number:

Domicile Status Comments:

Reference Organization: NCCI

Reference Number: AR-2008-02

Reference Title: Arkansas—Approved Voluntary Advisory Loss Costs and Rating Values

Advisory Org. Circular: AR-2008-06

Filing Status Changed: 05/15/2008

State Status Changed: 05/15/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

We are filing for your review and approval to adopt the Arkansas Approved Voluntary Advisory Loss costs and Rating Values as filed by the National Council on Compensation Insurance effective July 1, 2008.

We will continue to use our filed and approved Loss Cost Multiplier of 1.422, Expense Constant of \$160, Premium Discount factors and Minimum Premium Formula. In addition; we will continue to use Hazard Groups 1 through 4 in

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accordance with NCCI Item B-1403. We are not actively pursuing workers' compensation business in Arkansas.

These changes are applicable to policies effective on and after July 1, 2008.

## Company and Contact

### Filing Contact Information

Marsheelah Preston, Senior Underwriting Technician  
 mpreston@pnat.com  
 2 N. Second St. (717) 234-4941 [Phone]  
 Harrisburg, PA 17105-2361 (717) 255-6327[FAX]

### Filing Company Information

Pennsylvania National Mutual Casualty Insurance Company CoCode: 14990 State of Domicile: Pennsylvania  
 2 N. Second St. Group Code: 271 Company Type: P&C  
 PO Box 2361  
 Harrisburg, PA 17105-2361 Group Name: Penn National Insurance State ID Number: 03  
 (717) 234-4941 ext. [Phone] FEIN Number: 23-0961349  
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## Filing Fees

Fee Required? Yes  
 Fee Amount: \$50.00  
 Retaliatory? No  
 Fee Explanation: LC adoption, no change to LCM = \$50.00  
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Pennsylvania National Mutual Casualty Insurance Company	\$50.00	05/15/2008	20339651

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Carol Stiffler	05/15/2008	05/15/2008

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## Disposition

Disposition Date: 05/15/2008  
 Effective Date (New): 07/01/2008  
 Effective Date (Renewal):  
 Status: Approved  
 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:
Pennsylvania National Mutual Casualty Insurance Company	-13.500%	\$-1,241	14	\$9,176	-5.200%	-17.300%	%

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	NAIC Loss Cost Filing Document for Workers' Compensation	Approved	Yes
Supporting Document	NAIC loss cost data entry document	Approved	Yes

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**Rate Information**

Rate data applies to filing.

**Filing Method:** prior approval  
**Rate Change Type:** Decrease  
**Overall Percentage of Last Rate Revision:** 2.700%  
**Effective Date of Last Rate Revision:** 01/01/2008  
**Filing Method of Last Filing:** prior approval

**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):
Pennsylvania National Mutual Casualty Insurance Company	%	-13.500%	\$-1,241	14	\$9,176	-5.200%	-17.300%

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## Supporting Document Schedules

**Satisfied -Name:** Uniform Transmittal Document-Property & Casualty **Review Status:** Approved 05/15/2008

**Comments:**

**Attachment:**

ARWCTrans08-034.pdf

**Satisfied -Name:** NAIC Loss Cost Filing Document for Workers' Compensation **Review Status:** Approved 05/15/2008

**Comments:**

**Attachments:**

ARWCcover08-034.pdf

ARCalCoLCM08-034.pdf

**Satisfied -Name:** NAIC loss cost data entry document **Review Status:** Approved 05/15/2008

**Comments:**

**Attachment:**

ARLCdata08-034.pdf

## Property & Casualty Transmittal Document

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

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

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

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

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

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

9. Type of Insurance (TOI)	
10. Sub-Type of Insurance (Sub-TOI)	
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12. Company Program Title (Marketing title)	
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: <input type="text"/> Renewal: <input type="text"/>
15. Reference Filing?	<input type="checkbox"/> Yes <input type="checkbox"/> No
16. Reference Organization (if applicable)	
17. Reference Organization # & Title	
18. Company's Date of Filing	
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

## Property & Casualty Transmittal Document—

20. This filing transmittal is part of Company Tracking #

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

22. Filing Fees (Filer must provide check # and fee amount if applicable)  
[If a state requires you to show how you calculated your filing fees, place that calculation below]

Check #:  
Amount:

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

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

PC TD-1 pg 2 of 2

## FORM FILING SCHEDULE

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

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

PC FFS-1

## RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

**(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)**

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

<b>3.</b>	<b>Filing Method (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	
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<b>4a.</b>	<b>Rate Change by Company (As Proposed)</b>						
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)

<b>4b.</b>	<b>Rate Change by Company (As Accepted) For State Use Only</b>						
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

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

<b>6.</b>	<b>Overall percentage of last rate revision</b>	
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<b>7.</b>	<b>Effective Date of last rate revision</b>	
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<b>8.</b>	<b>Filing Method of Last filing</b> (Prior Approval, File & Use, Flex Band, etc.)	
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9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

Date: 5/8/2008

**WORKERS COMPENSATION  
LOSS COST FILING DOCUMENT COVER FORM**

**INSURER RATE FILING  
ADOPTION OF ADVISORY ORGANIZATION  
PROSPECTIVE LOSS COSTS**

Space Reserved for Insurance Department Use

1. INSURER NAME PENNSYLVANIA NATIONAL MUTUAL CASUALTY INSURANCE CO  
ADDRESS P.O. BOX 2361  
HARRISBURG, PA 17105
2. PERSON RESPONSIBLE FOR FILING Marsheelah Preston  
TITLE Underwriting Technician TELEPHONE # (717) 234-4941  
ext 2428
3. INSURER NAIC # 14990
4. ADVISORY ORGANIZATION NCCI
5. A. PROPOSED RATE LEVEL CHANGE -13.5% EFFECTIVE DATE 7/1/2008  
B. PROPOSED PREMIUM LEVEL CHANGE\* -13.5% EFFECTIVE DATE 7/1/2008
6. A. PRIOR RATE LEVEL CHANGE 2.7% EFFECTIVE DATE 1/1/2008  
B. PRIOR PREMIUM LEVEL CHANGE\* 2.7% EFFECTIVE DATE 1/1/2008
7. ATTACH "NAIC LOSS COST FILING DOCUMENT--WORKERS' COMPENSATION"  
(Attach this document separately for each insurer selected loss cost multiplier.)



**NAIC LOSS COST FILING DOCUMENT ----- WORKERS' COMPENSATION**

6.	Overall Impact of Expense Constant and Minimum Premiums: (a 2.3% impact would be expressed as 1.023)	1
7.	Overall Impact of Size-of-Risk Discounts plus Expense Graduation Recognition in Retrospective Rating: (An 8.6% average discount would be expressed as 0.914)	0.977
8.	Company Formula Loss Cost Multiplier [3B / ((7 - 4F) X 6)]	1.832
9.	Company Selected Loss Cost Multiplier= To maintain our current LCM.	1.422

Yes No

10. **Are you amending your minimum premium formula?** If yes, attach documentation, including rate level impact as well as changes in multipliers, expense constants, maximum, etc. ( ) ( X )
11. **Are you changing your premium discount schedules?** If yes, attach schedules and support, detailing premium or rate level changes. ( ) ( X )



**WORKERS' COMPENSATION  
Permissible Loss Ratio\***

<b><u>Underwriting Expense Provisions</u></b>	AR
Commission	6.0%
Other Acquisition	7.5%
General	2.1%
Premium Taxes&Assessments	27.0%
Other Taxes	0.0%
Write-Offs	0.0%
Residual Market	0.0%
Dividend	0.0%
Reinsurance Expense	<u>0.0%</u>
<b>Total Premium Related Expenses</b>	42.6%
<b>Target Combined Ratio</b>	99.7%
<b>Minimum U/W gain needed to achieve target ROS</b>	0.3%
<b>Target Loss &amp; LAE Ratio</b>	57.1%

## Target Operating Ratio Exhibit WORKERS' COMPENSATION

	AR
(1) Written Premium (CW)	79,935
(2) Unearned Prem. Reserve (CW)	32,949
(3) Prepaid Expenses	12,455
(4) Outstanding agent's balances	20,895
(5) Loss Reserves/Incurred	2,516
(6) Reserves/Premium	1,432
(7) Reserves/Surplus	1,933
(8) P/S allocated to this line	1,350
(9) Investment Rate of Return	3.9
(10) Tax Rate on investment	15.3%
(11) Tax Rate on u/w profit	34.0%
(12) Target Returned on Surplus (%)	10.0
(13) % Investment Return	<b>(a) Pre Tax</b>
(as % of surplus)	11.508
	<b>(b) After Tax</b>
	9.746
(14) % Excess above target ROS	-0.254
(15) Excess as % of premium	-0.188
(16) Minimum U/W gain needed to achieve target ROS	0.3%
(17) Target Operating Ratio	99.7%

**NAIC LOSS COST DATA ENTRY DOCUMENT**

1. This filing transmittal is part of Company Tracking # **MM/P08-034**

2. If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/Item Filing Number **NCCI / AR-2008-02**

3. **A.** **Pennsylvania National Mutual Casualty Insurance Company** Company Name **B.** **14990** Company NAIC Number

4. **A.** **16.0 Workers' Compensation** Product Coding Matrix Line of Business (i.e., Type of Insurance) **B.** **16.0004 Standard W/C** Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)

5. **FOR LOSS COSTS ONLY**

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Workers' Comp		-13.5	56.9	1.00	1.422	160	1.422
TOTAL OVERALL EFFECT							

6. **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
2007	14			8	9	112.5	67.1
2006	8			2	-2	-100.0	73.2
2005	5			4	36	900.0	70.0
2004	5			7	50	714.3	67.2
2003	7			-12	-5	41.7	69.2

7. **Expense Constants**

Expense Constants	Selected Provisions
A. Total Production Expense	13.7
B. General Expense	2.1
C. Taxes, License & Fees	27.0
D. Underwriting Profit & Contingencies	0.3
E. Other (explain)	
F. TOTAL	56.9

8. Y 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): \_\_\_\_\_