## Filing at a Glance

Company: United Fire & Casualty Company

| | | |
|---|---|---|
| Product Name: Workers' Compensation | SERFF Tr Num: UNFG-125671189 | State: Arkansas |
| TOI: 16.0 Workers Compensation | SERFF Status: Closed | State Tr Num: EFT $100 |
| Sub-TOI: 16.0004 Standard WC | Co Tr Num: WC-AR-07012008 | State Status: Fees verified and received |
| Filing Type: Rate/Rule | Co Status: In Progress | Reviewer(s): Betty Montesi, Carol Stiffler |
| | Author: Doug Smith | Disposition Date: 05/29/2008 |
| | Date Submitted: 05/29/2008 | 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-2008-06 |
| Reference Title: | Advisory Org. Circular: |
| Filing Status Changed: 05/29/2008 | |
| State Status Changed: 05/29/2008 | Deemer Date: |
| Corresponding Filing Tracking Number: | |

Filing Description:

We are filing to adopt the NCCI changes in AR-2008-06 to be effective July 1, 2008 for new and renewal business.

We are also making the following changes:

1. Changed the Loss Cost Multipliers as follows:

   Deviated 1.30 to 1.44

   Standard 1.40 to 1.55

   Surcharged 1.68 to 1.86

2. Added class 5190 - to the Deviated classes and class 9084 to the Surcharged classes

The overall effect of these changes is a decrease of -5.9%.

## Company and Contact

**Filing Contact Information**


Doug Smith, Analyst
118 2nd Ave SE
Cedar Rapids, IA 52407-3909
dsmith@unitedfiregroup.com
(800) 655-7942 [Phone]
(319) 286-2570[FAX]


**Filing Company Information**

| | | |
|---|---|---|
| United Fire & Casualty Company | CoCode: 13021 | State of Domicile: Iowa |
| 118 2nd Ave SE | Group Code: 248 | Company Type: Property Casualty |
| PO Box 73909 | | |
| Cedar Rapids, IA 52407-3909 | Group Name: United Fire Group | State ID Number: |
| (319) 399-5700 ext. [Phone] | FEIN Number: 42-0644327 | |

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## Filing Fees

| | |
|---|---|
| Fee Required? | Yes |
| Fee Amount: | $100.00 |
| Retaliatory? | No |
| Fee Explanation: | Rate change with change in LCMs. |
| Per Company: | No |

| COMPANY | AMOUNT | DATE PROCESSED | TRANSACTION # |
|---|---|---|---|
| United Fire & Casualty Company | $100.00 | 05/29/2008 | 20559863 |

# Correspondence Summary

### Dispositions

| Status | Created By | Created On | Date Submitted |
|---|---|---|---|
| Approved | Carol Stiffler | 05/29/2008 | 05/29/2008 |

### Objection Letters and Response Letters

| Objection Letters | | | | Response Letters | | |
|---|---|---|---|---|---|---|
| **Status** | **Created By** | **Created On** | **Date Submitted** | **Responded By** | **Created On** | **Date Submitted** |
| Pending Industry Response | Carol Stiffler | 05/29/2008 | 05/29/2008 | Doug Smith | 05/29/2008 | 05/29/2008 |

| | | | |
|---|---|---|---|
| *SERFF Tracking Number:* | *UNFG-125671189* | *State:* | *Arkansas* |
| *Filing Company:* | *United Fire & Casualty Company* | *State Tracking Number:* | *EFT $100* |
| *Company Tracking Number:* | *WC-AR-07012008* | | |
| *TOI:* | *16.0 Workers Compensation* | *Sub-TOI:* | *16.0004 Standard WC* |
| *Product Name:* | *Workers' Compensation* | | |
| *Project Name/Number:* | */* | | |

# Disposition

Disposition Date: 05/29/2008
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:** |
|---|---|---|---|---|---|---|---|
| United Fire & Casualty Company | -5.900% | $-6,446 | 23 | $109,252 | % | % | -12.800% |

| | | | |
|---|---|---|---|
| *SERFF Tracking Number:* | *UNFG-125671189* | *State:* | *Arkansas* |
| *Filing Company:* | *United Fire & Casualty Company* | *State Tracking Number:* | *EFT $100* |
| *Company Tracking Number:* | *WC-AR-07012008* | | |
| *TOI:* | *16.0 Workers Compensation* | *Sub-TOI:* | *16.0004 Standard WC* |
| *Product Name:* | *Workers' Compensation* | | |
| *Project Name/Number:* | */* | | |

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

# Objection Letter

| | |
|---|---|
| Objection Letter Status | Pending Industry Response |
| Objection Letter Date | 05/29/2008 |
| Submitted Date | 05/29/2008 |
| Respond By Date | |

Dear Doug Smith,

This will acknowledge receipt of the captioned filing.

This filing adopts Reference Number AR-2008-06. We have not approved any NCCI Item Filing with that number. It is possible that the number given in the filing is a circular number which is often different than the Item Filing number. The Item Filing number is the unique number that identifies the filing. We do not see the circulars. Several circulars may refer to the same Item Filing. One circular may refer to many item filings. The Item Filing number can be found in the body of the circular. The Item Filing number for the 7/1/08 loss costs is AR-2008-02. Please confirm that is the Item Filing you are adopting.

Please feel free to contact me if you have questions.
Sincerely,
Carol Stiffler

# Response Letter

| | |
|---|---|
| Response Letter Status | Submitted to State |
| Response Letter Date | 05/29/2008 |
| Submitted Date | 05/29/2008 |

Dear Carol Stiffler,

**Comments:**

## Response 1

Comments: In response to your objection, yes, the original NCCI filing is AR-2008-02. AR-2008-06 is the Approval notice.

I apologize for the confusion.

Doug Smith

| | | | |
|---|---|---|---|
| *SERFF Tracking Number:* | *UNFG-125671189* | *State:* | *Arkansas* |
| *Filing Company:* | *United Fire & Casualty Company* | *State Tracking Number:* | *EFT $100* |
| *Company Tracking Number:* | *WC-AR-07012008* | | |
| *TOI:* | *16.0 Workers Compensation* | *Sub-TOI:* | *16.0004 Standard WC* |
| *Product Name:* | *Workers' Compensation* | | |
| *Project Name/Number:* | */* | | |

**Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,
Doug Smith

# 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:** | 07/01/2007 |
| **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): |
|---|---|---|---|---|---|---|---|
| United Fire & Casualty Company | -12.800% | -5.900% | $-6,446 | 23 | $109,252 | % | % |

# Rate/Rule Schedule

| Review Status: | Exhibit Name: | Rule # or Page #: | Rate Action | Previous State Filing Number: | Attachments |
|---|---|---|---|---|---|
| Approved | Manual Page | WC-4 | Replacement | | AR - WC Manual - UFC-0708 4.pdf |

**COMPANY EXCEPTION PAGE**
**to**
**WORKERS' COMPENSATION & EMPLOYERS LIABILITY**

**Arkansas**

**Effective 7-1-2008, New & Renewal**

## Loss Cost Multiplier

A Loss Cost Multiplier is applicable as indicated below:

The following Classes will have a Loss Cost Multiplier of **1.86**:

| | |
|---|---|
| 2802 | 5651 |
| 3372 | 6306 |
| 3821 | 6319 |
| 4829 | 7228 |
| 5022 | 7230 |
| 5059 | 7380 |
| 5403 | 8058 |
| 5437 | 8227 |
| 5445 | 8232 |
| 5479 | 9012 |
| 5507 | 9014 |
| 5551 | 9083 |
| 5606 | 9084 |
| 5645 | 9534 |
| | 9554 |

The following Classes will have a Loss Cost Multiplier of **1.44**:

| |
|---|
| 3066 |
| 3113 |
| 3629 |
| 3632 |
| 5183 |
| 5190 |
| 5537 |
| 8008 |
| 8010 |
| 8017 |
| 8111 |
| 8380 |
| 8393 |
| 8810 |
| 9620 |

All other classes will use a Loss Cost Multiplier of **1.55.**

The Loss Cost Multiplier to be used for Terrorism is **1.55**.

# Supporting Document Schedules

**Satisfied -Name:** Uniform Transmittal Document-Property & Casualty

**Review Status:** Approved 05/29/2008

**Comments:**

**Attachment:**

WC - 2008 - F777AR_021307.pdf

**Satisfied -Name:** NAIC Loss Cost Filing Document for Workers' Compensation

**Review Status:** Approved 05/29/2008

**Comments:**

**Attachments:**

WC Deviated - 2008.pdf

WC Standard - 2008.pdf

WC Surcharge - 2008.pdf

**Satisfied -Name:** NAIC loss cost data entry document

**Review Status:** Approved 05/29/2008

**Comments:**

**Attachment:**

WC - F319AR_051205.pdf

**Satisfied -Name:** Experience

**Review Status:** Approved 05/29/2008

**Comments:**

**Attachments:**

AR - WC - Experience.pdf

AR WC - LCM Class Breakout.pdf

Effective March 1, 2007

# Property & Casualty Transmittal Document

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

| 3. | Group Name | Group NAIC # |
|---|---|---|
| | United Fire Group | 248 |

| 4. | Company Name(s) | Domicile | NAIC # | FEIN # | State # |
|---|---|---|---|---|---|
| | United Fire & Casualty | IA | 13021 | 42-0644327 | |

| 5. | Company Tracking Number | WC-AR-07012008 |
|---|---|---|

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

| 6. | Name and address | Title | Telephone #s | FAX # | e-mail |
|---|---|---|---|---|---|
| | Douglas R. Smith, 118 2nd Ave SE/PO Box 73909, Cedar Rapids, IA 52407-3909 | Analyst | 319-399-5679 / 800-655-7942, ext 5679 | 319-286-2552 | dsmith@unitedfiregroup.com |
| | | | | | |

| | | |
|---|---|---|
| 7. | Signature of authorized filer | Douglas R. Smith |
| 8. | Please print name of authorized filer | Douglas R. Smith |

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

| | | |
|---|---|---|
| 9. | **Type of Insurance (TOI)** | 16.0004 - Workers' Compensation |
| 10. | **Sub-Type of Insurance (Sub-TOI)** | Standard Workers' Compensation |
| 11. | **State Specific Product code(s) (if applicable)[See State Specific Requirements]** | |
| 12. | **Company Program Title** (Marketing title) | Workers' Compensation |
| 13. | **Filing Type** | ✓ Rate/Loss Cost ☐ Rules ☐ Rates/Rules<br>☐ Forms ☐ Combination Rates/Rules/Forms<br>☐ Withdrawal ☐ Other (give descirption) |
| 14. | **Effective Date(s) Requested** | New: 7/1/2008 Renewal: 7/1/2008 |
| 15. | **Reference Filing?** | ☑ Yes ☐ No |
| 16. | **Reference Organization** (if applicable) | NCCI |
| 17. | **Reference Organization # & Title** | AR-2008-06 |
| 18. | **Company's Date of Filing** | 5/30/2008 |
| 19. | **Status of filing in domicile** | ☑ Not Filed ☐ Pending ☐ Authorized ☐ Disapproved |


**F 777** (Ed. 3/07) Wolters Kluwer Financial Services | Uniform Forms ™

# Property & Casualty Transmittal Document—

| 20. | This filing transmittal is part of Company Tracking # | WC-AR-07012008 |
|---|---|---|

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

We are filing the following to be effective July 1, 2008 for New and Renewal business:

United Fire & Casualty is a member of the National Council of Compensation Insurance, Inc., and they are authorized to file Loss Costs and Rules on our behalf.

We are filing to adopt the NCCI Loss Losts as approved under AR-2008-06.

We are amending our Loss Cost Multipliers as follows:

Deviated 1.30 to 1.44
Standard 1.40 to 1.55
Surcharged 1.68 to 1.86

We are also adding class 5190 to the deviated classes and 9084 to the surcharged classes.

The overall effect of these changes is a decrease of -5.9%.

**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 #:** NA
**Amount:** $100.00

**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.)**

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**FORM RF-WC NAIC LOSS COST FILING DOCUMENT—*FOR WORKERS' COMPENSATION***

CALCULATION OF COMPANY LOSS COST MULTIPLIER

| | |
|---|---|
| **This filing transmittal is part of Company Tracking #** | WC-AR-07012008 |
| **This filing corresponds to form filing number** (Company tracking number of form filing, if applicable) | |

✓ **Loss Cost Reference Filing** NCCI, AR-2008-06 ☐ **Independent Rate Filing**
(Advisory Org, & Reference filing #)

**If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.**

**1. Check one of the following:**

☑ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

**Note: Some states have statutes that prohibit this option for some lines of business.**

☐ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

**2. Does this filing apply to all class codes?** No
**If no, complete a copy of this form for each affected class with appropriate justification.**

**3. Loss cost modification:**

**A.** The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:
(Check One)

☐ Without Modification (factor = 1.000)

☑ With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) 9.6%

**B.** Loss Cost Modification Expressed as a Factor: (See Examples Below) 1.096

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

**NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-11 BELOW.**

**4.** Development of Expected Loss and Loss Adjustment Expense (Target Cost) Ratio.
**(Attach exhibit detailing insurer expense data, impact of premium discount plans, and/or other supporting information.)**

**PROJECTED EXPENSES: Compared to standard premium at company rates.**

| | | | Selected Provisions | |
|---|---|---|---|---|
| | **A.** | **Total Production Expense** | 18.3 | % |
| | **B.** | **General Expense** | 3.4 | % |
| | **C.** | **Taxes, Licenses & Fee** | 2.6 | % |
| | **D.** | **Underwriting profit & contingencies*** | 5.0 | % |
| | **E.** | **Other (explain)** Investment Income | -7.1 | % |
| | **F.** | **Total** | 22.2 | % |
| | | *** Explain how investment income is taken into account** | | |

| | | | |
|---|---|---|---|
| **5.** | **A.** | **Expected Loss Ratio: ELR = 100% - 4F =** | 77.8 |
| | **B.** | **ELR in Decimal Form =** | 0.778 |

| | | | |
|---|---|---|---|
| **6.** | | **Overall Impact of Expense Constant and Minimum Premiums:**<br>**(a 2.3% impact would be expressed as 1.023)** | 1.031 |
| **7.** | | **Overall Impact of Size-of-Risk Discounts plus Expense Graduation Recognition in Retrospective Rating:**<br>**(An 8.6% average discount would be expressed as 0.914)** | 0.96 |
| **8.** | | **Company Formula Loss Cost Multiplier**<br>**[3B / ((7 – 4F) X 6)]** | 1.440 |
| **9.** | | **Company Selected Loss Cost Multiplier =**<br>**(Attach explanation for any differences between 6 and 7)** | 1.440 |

| 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. |
| **11.** | | **Are you changing your premium discount schedules?** |
| ☐ | ☑ | If yes, attach schedules and support, detailing premium or rate level changes. |

**FORM RF-WC NAIC LOSS COST FILING DOCUMENT—*FOR WORKERS' COMPENSATION***

CALCULATION OF COMPANY LOSS COST MULTIPLIER

| | |
|---|---|
| **This filing transmittal is part of Company Tracking #** | WC-AR-07012008 |
| **This filing corresponds to form filing number** (Company tracking number of form filing, if applicable) | |

✓ **Loss Cost Reference Filing** NCCI, AR-2008-06 ☐ **Independent Rate Filing**
(Advisory Org, & Reference filing #)

**If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.**

**1. Check one of the following:**

☑ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

**Note: Some states have statutes that prohibit this option for some lines of business.**

☐ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

**2. Does this filing apply to all class codes?** No
**If no, complete a copy of this form for each affected class with appropriate justification.**

**3. Loss cost modification:**

**A.** The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:
(Check One)

☐ Without Modification (factor = 1.000)

☑ With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) 18.0%

**B.** Loss Cost Modification Expressed as a Factor: (See Examples Below) 1.18

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

**NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-11 BELOW.**

**4.** Development of Expected Loss and Loss Adjustment Expense (Target Cost) Ratio.
**(Attach exhibit detailing insurer expense data, impact of premium discount plans, and/or other supporting information.)**

**PROJECTED EXPENSES: Compared to standard premium at company rates.**

| | | | Selected Provisions | |
|---|---|---|---|---|
| | **A.** | **Total Production Expense** | 18.3 | % |
| | **B.** | **General Expense** | 3.4 | % |
| | **C.** | **Taxes, Licenses & Fee** | 2.6 | % |
| | **D.** | **Underwriting profit & contingencies*** | 5.0 | % |
| | **E.** | **Other (explain)** Investment Income | -7.1 | % |
| | **F.** | **Total** | 22.2 | % |
| | | *** Explain how investment income is taken into account** | | |

| | | | |
|---|---|---|---|
| **5.** | **A.** | **Expected Loss Ratio: ELR = 100% - 4F =** | 77.8 |
| | **B.** | **ELR in Decimal Form =** | 0.778 |

| | | | |
|---|---|---|---|
| **6.** | | **Overall Impact of Expense Constant and Minimum Premiums:**<br>**(a 2.3% impact would be expressed as 1.023)** | 1.031 |
| **7.** | | **Overall Impact of Size-of-Risk Discounts plus Expense Graduation Recognition in Retrospective Rating:**<br>**(An 8.6% average discount would be expressed as 0.914)** | 0.96 |
| **8.** | | **Company Formula Loss Cost Multiplier**<br>**[3B / ((7 – 4F) X 6)]** | 1.550 |
| **9.** | | **Company Selected Loss Cost Multiplier =**<br>**(Attach explanation for any differences between 6 and 7)** | 1.550 |

| 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. |
| **11.** | | **Are you changing your premium discount schedules?** |
| ☐ | ☑ | If yes, attach schedules and support, detailing premium or rate level changes. |

**FORM RF-WC NAIC LOSS COST FILING DOCUMENT—*FOR WORKERS' COMPENSATION***

CALCULATION OF COMPANY LOSS COST MULTIPLIER

| | |
|---|---|
| **This filing transmittal is part of Company Tracking #** | WC-AR-07012008 |
| **This filing corresponds to form filing number** (Company tracking number of form filing, if applicable) | |

✓ **Loss Cost Reference Filing** NCCI, AR-2008-06 ☐ **Independent Rate Filing**
(Advisory Org, & Reference filing #)

**If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.**

**1. Check one of the following:**

☑ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

**Note: Some states have statutes that prohibit this option for some lines of business.**

☐ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

**2. Does this filing apply to all class codes?** No
**If no, complete a copy of this form for each affected class with appropriate justification.**

**3. Loss cost modification:**

**A.** The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:
(Check One)

☐ Without Modification (factor = 1.000)

☑ With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) 42.0%

**B.** Loss Cost Modification Expressed as a Factor: (See Examples Below) 1.42

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

**NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-11 BELOW.**

**4.** Development of Expected Loss and Loss Adjustment Expense (Target Cost) Ratio.
**(Attach exhibit detailing insurer expense data, impact of premium discount plans, and/or other supporting information.)**

**PROJECTED EXPENSES: Compared to standard premium at company rates.**

| | | | Selected Provisions | |
|---|---|---|---|---|
| | **A.** | **Total Production Expense** | 18.3 | % |
| | **B.** | **General Expense** | 3.4 | % |
| | **C.** | **Taxes, Licenses & Fee** | 2.6 | % |
| | **D.** | **Underwriting profit & contingencies*** | 5.0 | % |
| | **E.** | **Other (explain)** Investment Income | -7.1 | % |
| | **F.** | **Total** | 22.2 | % |
| | | *** Explain how investment income is taken into account** | | |

| | | | |
|---|---|---|---|
| **5.** | **A.** | **Expected Loss Ratio: ELR = 100% - 4F =** | 77.8 |
| | **B.** | **ELR in Decimal Form =** | 0.778 |

| | | | |
|---|---|---|---|
| **6.** | | **Overall Impact of Expense Constant and Minimum Premiums:**<br>**(a 2.3% impact would be expressed as 1.023)** | 1.031 |
| **7.** | | **Overall Impact of Size-of-Risk Discounts plus Expense Graduation Recognition in Retrospective Rating:**<br>**(An 8.6% average discount would be expressed as 0.914)** | 0.96 |
| **8.** | | **Company Formula Loss Cost Multiplier**<br>**[3B / ((7 – 4F) X 6)]** | 1.860 |
| **9.** | | **Company Selected Loss Cost Multiplier =**<br>**(Attach explanation for any differences between 6 and 7)** | 1.860 |

| 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. |
| **11.** | | **Are you changing your premium discount schedules?** |
| ☐ | ☑ | If yes, attach schedules and support, detailing premium or rate level changes. |

# NAIC LOSS COST DATA ENTRY DOCUMENT

| | | |
|---|---|---|
| **1.** | This filing transmittal is part of Company Tracking # | WC-AR-07012008 |
| **2.** | If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number | NCCI<br>AR-2008-06 |

| | | Company Name | | Company NAIC Number |
|---|---|---|---|---|
| **3.** | **A.** | United Fire & Casualty | **B.** | 248/13021 |

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

**5.**

| (A) COVERAGE (See Instructions) | (B) Indicated % Rate Level Change | (C) Requested % Rate Level Change | FOR LOSS COSTS ONLY (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 Compensation | | | | | | | |
| Deviated | -12.80% | -5.90% | 77.8% | 1.096 | 1.440 | 160.00 | 1.300 |
| Standard | -12.80% | -5.90% | 77.8% | 1.180 | 1.550 | 160.00 | 1.400 |
| Surcharged | -12.80% | -5.90% | 77.8% | 1.420 | 1.860 | 160.00 | 1.680 |
| | | | | | | | |
| | | | | | | | |
| TOTAL OVERALL EFFECT | 2.70% | 2.70% | | | | | |

**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 |
|---|---|---|---|---|---|---|---|
| 2001 | 16 | -7.5% | 7/1/2001 | 29,183 | -4,090 | -14.0% | 87.2% |
| 2002 | 8 | -4.5% | 7/1/2002 | 22,522 | 81,351 | 361.2% | 74.4% |
| 2003 | 0 | | | 4,789 | -119,486 | -2495.0% | 65.7% |
| 2004 | 0 | | | 0 | 83,167 | 0.0% | 65.1% |
| 2005 | 0 | | | 0 | 16,000 | | 39.3% |
| 2006 | 0 | | | 0 | 238,000 | | 65.8% |
| 2007 | 23 | 2.7% | 7/1/2007 | 43,839 | 79,570 | 181.5% | 57.0% |

**7.**

| Expense Constants | Selected Provisions |
|---|---|
| A. Total Production Expense | 18.3 |
| B. General Expense | 3.4 |
| C. Taxes, License & Fees | 2.6 |
| D. Underwriting Profit & Contingencies | 5.0 |
| E. Other (Investment Income) | -7.1 |
| F. TOTAL | 22.2 |

**8.** Y Apply Lost Cost Factors to Future filings? (Y or N)

**9.** Y Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 22.00%

**10.** _____ Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

PC RLC

**RATE FILING SURVEY** **DIRECT**

**UNITD FIRE & CASUALTY**

**WORKERS' COMPENSATION**

| ARKANSAS | CALENDAR YEAR 2003 | % | CALENDAR YEAR 2004 | % | CALENDAR YEAR 2005 | % | CALENDAR YEAR 2006 | % | CALENDAR YEAR 2007 | % | TOTALS | % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Premiums Written | 567 | | - | | - | | - | | 109,252 | | 109,819 | |
| Premiums Earned | 4,789 | | - | | - | | - | | 43,839 | | 48,628 | |
| Losses Incurred | (119,486) | -2495.01% | 83,167 | #DIV/0! | 16,000 | #DIV/0! | 238,000 | #DIV/0! | 79,570 | 181.51% | 297,251 | 611.28% |
| Loss Adjustment Exp Inc | (34,691) | -724.39% | 14,309 | #DIV/0! | 919 | #DIV/0! | 59,924 | #DIV/0! | 20,195 | 46.07% | 60,656 | 124.73% |
| General Expenses Incurred | 20 | 0.42% | - | 0.00% | - | 0.00% | - | 0.00% | 3,656 | 8.34% | 3,676 | 7.56% |
| Commissions | 72 | 1.50% | - | 0.00% | - | 0.00% | - | 0.00% | 11,958 | 27.28% | 12,030 | 24.74% |
| Other Acquisition | 41 | 0.86% | - | 0.00% | - | 0.00% | - | 0.00% | 9,651 | 22.01% | 9,692 | 19.93% |
| Taxes, Licenses and Fees | 1,005 | 20.99% | 37 | #DIV/0! | - | 0.00% | - | 0.00% | 917 | 2.09% | 1,959 | 4.03% |
| Dividends to Policyholders | - | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% |
| Profit (Loss) Before Taxes | 157,828 | 3295.64% | (97,513) | #DIV/0! | (16,919) | #DIV/0! | (297,924) | #DIV/0! | (82,108) | -187.29% | (336,636) | -692.27% |
| Income Taxes | 53,662 | 1120.53% | (33,154) | #DIV/0! | (5,752) | #DIV/0! | (101,294) | #DIV/0! | (28,738) | -65.55% | (115,276) | -237.06% |
| Underwriting Profit (Loss) | 104,166 | 2175.11% | (64,359) | #DIV/0! | (11,167) | #DIV/0! | (196,630) | #DIV/0! | (53,370) | -121.74% | (221,360) | -455.21% |

| COMPANYWIDE | CALENDAR YEAR 2003 | % | CALENDAR YEAR 2004 | % | CALENDAR YEAR 2005 | % | CALENDAR YEAR 2006 | % | CALENDAR YEAR 2007 | % | TOTALS | % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Premiums Written | 27,352,461 | | 25,947,743 | | 28,516,511 | | 33,534,545 | | 39,575,528 | | 154,926,788 | |
| Premiums Earned | 27,655,590 | | 26,106,708 | | 27,558,698 | | 30,832,471 | | 36,989,845 | | 149,143,312 | |
| Losses Incurred | 18,163,410 | 65.68% | 16,993,645 | 65.09% | 10,833,251 | 39.31% | 20,298,170 | 65.83% | 21,086,775 | 57.01% | 87,375,251 | 58.58% |
| Loss Adjustment Exp Inc | 5,258,355 | 19.01% | 4,540,181 | 17.39% | 4,173,941 | 15.15% | 5,946,412 | 19.29% | 5,205,717 | 14.07% | 25,124,606 | 16.85% |
| General Expenses Incurred | 983,731 | 3.56% | 824,797 | 3.16% | 963,200 | 3.50% | 996,931 | 3.23% | 1,324,471 | 3.58% | 5,093,130 | 3.41% |
| Commissions | 2,585,502 | 9.35% | 2,559,197 | 9.80% | 2,809,821 | 10.20% | 2,712,427 | 8.80% | 3,848,633 | 10.40% | 14,515,580 | 9.73% |
| Other Acquisition | 2,033,092 | 7.35% | 2,056,458 | 7.88% | 2,412,186 | 8.75% | 2,880,432 | 9.34% | 3,496,700 | 9.45% | 12,878,868 | 8.64% |
| Taxes, Licenses and Fees | 831,450 | 3.01% | 828,723 | 3.17% | 765,506 | 2.78% | 630,518 | 2.04% | 837,072 | 2.26% | 3,893,269 | 2.61% |
| Dividends to Policyholders | 861,266 | 3.11% | 649,620 | 2.49% | 370,505 | 1.34% | 429,300 | 1.39% | 738,859 | 2.00% | 3,049,550 | 2.04% |
| Profit (Loss) Before Taxes | (3,061,216) | -11.07% | (2,345,913) | -8.99% | 5,230,288 | 18.98% | (3,061,719) | -9.93% | 451,618 | 1.22% | (2,786,942) | -1.87% |
| Income Taxes | (1,040,813) | -3.76% | (797,610) | -3.06% | 1,778,298 | 6.45% | (1,040,984) | -3.38% | 158,066 | 0.43% | (943,043) | -0.63% |
| Underwriting Profit (Loss) | (2,020,403) | -7.31% | (1,548,303) | -5.93% | 3,451,990 | 12.53% | (2,020,735) | -6.55% | 293,552 | 0.79% | (1,843,899) | -1.24% |

**UNITED FIRE GROUP**
WORKERS COMPENSATION
INVESTMENT INCOME
2007

A. Unearned Premium Reserve

| | | |
|---|---|---|
| 1. Direct Earned Premium for Calendar Year (IEE, Part III, LOB) | | 46,507,000 |
| 2. Unearned Premium Reserve (P.7., LOB, Col. 5.) | | 20,934,240 |
| 3. Deduction for Prepaid Expenses (IEE Part III, LOB) | | |
| Commissions | 10.40% | |
| Other Acquisition | 8.00% | |
| General Expenses | 3.00% | |
| Taxes, Lic & Fees | 2.10% | |
| TOTAL | 23.50% | |
| 4. Deduction for Federal Taxes Payable | | 7.0% |
| 5. (2) X [(3) + (4)] | | 6,384,943 |
| 6. Net Subject to Investment (2) - (5) | | 14,549,297 |

B. Delayed Remission of Premium (Agents' Balances)

| | |
|---|---|
| 1. Direct Premium Earned (A.1.) | 46,507,000 |
| 2. Average Agents' Balance | 0.247 |
| 3. Delayed Remission (1) X (2) | 11,487,229 |

C. Loss Reserve

| | |
|---|---|
| 1. Loss Reserve (P.10., LOB, Col. 5.) | 75,074,842 |
| 2. Loss Adjustment Reserve (P.10., LOB, Col. 6.) | 15,183,360 |

D. Net Subject to Change
(A.6.) - (B.3.) + (C.1.) + (C.2.) 93,320,270

E. Average Rate of Return 4.33%

F. Investment Earnings on Net Subject to Investment (D X E) 4,040,768

G. Average Rate of Return as a Percent of Direct earned Premium (F) / (A.1.) 8.69%

H. Average Rate of Return as a Percent of Direct Earned Premium
After Federal Income Taxes (G) X 0.817 7.10%

**UNITED FIRE & CASUALTY**
**ARKANSAS WORKER'S COMPENSATION**
**AVERAGE EFFECTIVE MULTIPLIER CALCULATION**

| [1] code number | [2] current pure premium multiplier | [3] proposed pure premium multiplier | [4] prior year written premium | [5] relative exposure [(4)/(2)] | [6] relative proposed premium [(3)x(5)] |
|---|---|---|---|---|---|
| 2802 | 1.680 | 1.860 | 0 | - | - |
| 3066 | 1.300 | 1.440 | 0 | - | - |
| 3113 | 1.300 | 1.440 | 0 | - | - |
| 3372 | 1.680 | 1.860 | 0 | - | - |
| 3629 | 1.300 | 1.440 | 0 | - | - |
| 3632 | 1.300 | 1.440 | 2,248 | 1,729 | 2,490 |
| 3821 | 1.680 | 1.860 | 0 | - | - |
| 4829 | 1.680 | 1.860 | 0 | - | - |
| 5022 | 1.680 | 1.860 | 0 | - | - |
| 5059 | 1.680 | 1.860 | 0 | - | - |
| 5183 | 1.300 | 1.440 | 2,352 | 1,809 | 2,605 |
| 5190 | 1.300 | 1.440 | 8,529 | 6,561 | 9,448 |
| 5403 | 1.680 | 1.860 | 0 | - | - |
| 5437 | 1.680 | 1.860 | 0 | - | - |
| 5445 | 1.680 | 1.860 | 0 | - | - |
| 5479 | 1.680 | 1.860 | 0 | - | - |
| 5507 | 1.680 | 1.860 | 0 | - | - |
| 5537 | 1.300 | 1.440 | 40,781 | 31,370 | 45,173 |
| 5551 | 1.680 | 1.860 | 0 | - | - |
| 5606 | 1.680 | 1.860 | 0 | - | - |
| 5645 | 1.680 | 1.860 | 0 | - | - |
| 5651 | 1.680 | 1.860 | 0 | - | - |
| 6306 | 1.680 | 1.860 | 0 | - | - |
| 6319 | 1.680 | 1.860 | 0 | - | - |
| 7228 | 1.680 | 1.860 | 0 | - | - |
| 7230 | 1.680 | 1.860 | 0 | - | - |
| 7380 | 1.680 | 1.860 | 871 | 518 | 963 |
| 8008 | 1.300 | 1.440 | 0 | - | - |
| 8010 | 1.300 | 1.440 | 693 | 533 | 768 |
| 8017 | 1.300 | 1.440 | 0 | - | - |
| 8058 | 1.680 | 1.860 | 0 | - | - |
| 8111 | 1.300 | 1.440 | 0 | - | - |
| 8227 | 1.680 | 1.860 | 0 | - | - |
| 8232 | 1.680 | 1.860 | 0 | - | - |
| 8380 | 1.300 | 1.440 | 0 | - | - |
| 8393 | 1.300 | 1.440 | 2,025 | 1,558 | 2,244 |
| 8810 | 1.300 | 1.440 | 6,262 | 4,817 | 6,936 |
| 9012 | 1.680 | 1.860 | 0 | - | - |
| 9014 | 1.680 | 1.860 | 0 | - | - |
| 9083 | 1.680 | 1.860 | 79 | 47 | 87 |
| 9084 | 1.680 | 1.860 | 0 | - | - |
| 9534 | 1.680 | 1.860 | 0 | - | - |
| 9554 | 1.680 | 1.860 | 0 | - | - |
| 9620 | 1.300 | 1.440 | 336 | 258 | 372 |
| Sub-total | | | 64,176 | 49,200 | 71,086 |
| All Other | 1.400 | 1.550 | 45,076 | 32,197 | 49,905 |
| **Total** | | | **109,252** | **81,397** | **120,991** |
| **Average effective pure premium multiplier [(6) total/(5) total]** | | | | | **1.49** |

**United Fire Group**
**Workers' Compensation**
**Five Year Experience by Class:**

**Debited**

| Class | Premium | Losses | Loss Ratio |
|---|---|---|---|
| 2802 | 1,134,161 | 332,711 | 29.3% |
| 3372 | 367,477 | 219,623 | 59.8% |
| 3821 | 858,706 | 253,203 | 29.5% |
| 4829 | 23,692 | 50,526 | 213.3% |
| 5022 | 2,395,038 | 1,525,963 | 63.7% |
| 5059 | 787,379 | 503,607 | 64.0% |
| 5403 | 3,972,933 | 2,737,876 | 68.9% |
| 5437 | 1,604,927 | 753,558 | 47.0% |
| 5445 | 1,483,164 | 500,727 | 33.8% |
| 5479 | 618,174 | 170,741 | 27.6% |
| 5507 | 1,757,996 | -62,636 | -3.6% |
| 5551 | 5,349,409 | 1,608,759 | 30.1% |
| 5606 | 2,337,492 | 373,115 | 16.0% |
| 5645 | 6,686,649 | -182,581 | -2.7% |
| 5651 | 1,447,770 | 93,201 | 6.4% |
| 6306 | 1,683,830 | 674,997 | 40.1% |
| 6319 | 922,625 | -39,962 | -4.3% |
| 7228 | 1,509,077 | 1,269,800 | 84.1% |
| 7230 | 0 | 0 | #DIV/0! |
| 7380 | 1,933,434 | 731,521 | 37.8% |
| 8058 | 565,218 | 43,683 | 7.7% |
| 8227 | 1,679,025 | 112,722 | 6.7% |
| 8232 | 2,208,153 | 1,407,603 | 63.7% |
| 9012 | 54,750 | 1,630 | 3.0% |
| 9014 | 726,360 | 284,712 | 39.2% |
| 9083 | 741,215 | 164,870 | 22.2% |
| 9084 | 525,448 | 55,163 | 10.5% |
| 9534 | 221,217 | 4,417 | 2.0% |
| 9554 | 937,226 | 2,103,676 | 224.5% |
| **Total** | 44,532,545 | 15,693,225 | 35.2% |

**Credited**

| Class | Premium | Losses | Loss Ratio |
|---|---|---|---|
| 3066 | 624,926 | 355,043 | 56.8% |
| 3113 | 925,856 | 531,036 | 57.4% |
| 3629 | 1,063,014 | 460,786 | 43.3% |
| 3632 | 6,384,767 | 2,553,152 | 40.0% |
| 5183 | 13,419,341 | 3,126,341 | 23.3% |
| 5190 | 12,528,087 | 7,347,453 | 58.6% |
| 5537 | 2,925,628 | 796,719 | 27.2% |
| 8008 | 218,767 | 102,166 | 46.7% |
| 8010 | 1,228,900 | 309,643 | 25.2% |
| 8017 | 2,232,578 | 746,861 | 33.5% |
| 8111 | 358,049 | 46,391 | 13.0% |
| 8380 | 10,414,079 | 7,616,634 | 73.1% |
| 8393 | 3,504,966 | 2,535,392 | 72.3% |
| 8810 | 6,318,070 | 2,161,721 | 34.2% |
| 9620 | 441,524 | 348,408 | 78.9% |
| | 62,588,552 | 29,037,746 | 46.4% |

| | | | |
|---|---|---|---|
| **All Other Classes** | 81,711,762 | 63,633,357 | 77.9% |
| **All Classes** | 188,832,859 | 108,364,328 | 57.4% |