

SERFF Tracking Number: RTGR-125698700 State: Arkansas
Filing Company: American Compensation Insurance Company State Tracking Number: #? \$100
Company Tracking Number: ARA08R-2
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
Product Name: Workers Compensation
Project Name/Number: /ARA08R-2

Filing at a Glance

Company: American Compensation Insurance Company

Product Name: Workers Compensation

TOI: 16.0 Workers Compensation

Sub-TOI: 16.0004 Standard WC

Filing Type: Rate

SERFF Tr Num: RTGR-125698700 State: Arkansas

SERFF Status: Closed

Co Tr Num: ARA08R-2

Co Status:

Author: Wendy Book

Date Submitted: 06/17/2008

State Tr Num: #? \$100

State Status: Fees verified

Reviewer(s): Betty Montesi, Carol Stiffler

Disposition Date: 06/17/2008

Disposition Status: Approved

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

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

Effective Date (New): 07/01/2008

Effective Date (Renewal):

State Filing Description:

General Information

Project Name:

Project Number: ARA08R-2

Reference Organization: NCCI

Reference Title:

Filing Status Changed: 06/17/2008

State Status Changed: 06/17/2008

Corresponding Filing Tracking Number:

Filing Description:

On behalf of American Compensation Insurance Company (ACIC) this filing is being submitted to adopt NCCI Item Filing AR-2008-02 (7-1-2008 Loss Cost Filing). ACIC wishes also at this time to increase its LCM from 1.25 to 1.33. Please see the Filing Memorandum and supporting forms and exhibits for support of the filing.

Status of Filing in Domicile: Not Filed

Domicile Status Comments:

Reference Number: Item Filing# AR-2008-02

Advisory Org. Circular:

Deemer Date:

We believe our rates to be adequate, not excessive or unfairly discriminatory and await a copy of the filing bearing your stamp of approval.

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Company and Contact

Filing Contact Information

Wendy Book, Corporate Compliance Manager wendy.book@rtwi.com
 8500 Normandale Lake Blvd, Ste 1400 (952) 893-4232 [Phone]
 Bloomington, MN 55437 (952) 893-3700[FAX]

Filing Company Information

American Compensation Insurance Company	CoCode: 45934	State of Domicile: Minnesota
8500 Normandale Lake Blvd, Ste 1400	Group Code: 3765	Company Type:
Bloomington, MN 55437	Group Name: RTW Inc. Group	State ID Number:
(952) 893-4232 ext. [Phone]	FEIN Number: 41-1719183	

Filing Fees

Fee Required? Yes
 Fee Amount: \$100.00
 Retaliatory? No
 Fee Explanation: Adopt Rate Filing w/new LCM
 Per Company: No

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
TBD	\$100.00	06/18/2008

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Carol Stiffler	06/17/2008	06/17/2008

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Disposition

Disposition Date: 06/17/2008
 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:
American Compensation Insurance Company	-6.090%	\$-4,879	6	\$75,301	22.300%	-38.200%	0.000%

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	NAIC Loss Cost Filing Document for Workers' Compensation	Approved	Yes
Supporting Document	NAIC loss cost data entry document	Approved	Yes
Supporting Document	Filing Memorandum	Approved	Yes
Supporting Document	Premium Loss Data (AR & CW)	Approved	Yes
Supporting Document	Premium Discount Exhibit	Approved	Yes
Supporting Document	Small Ded Conversion	Approved	Yes
Supporting Document	Rate of Return Exhibit	Approved	Yes
Rate	Rate Pages	Approved	Yes
Rate	Footnote Page	Approved	Yes
Rate	Misc Values Page	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: 0.000%
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):
American Compensation Insurance Company	0.000%	-6.090%	\$-4,879	6	\$75,301	22.300%	-38.200%

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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Attachments
Approved	Rate Pages	R-1 to R-3	Replacement	ARA08R-1	ACIC-AR-RatePages(7-1-2008).pdf
Approved	Footnote Page	R-4	Replacement	ARA08R-1	ACICARFoot(7-1-2008).pdf
Approved	Misc Values Page	R-5 to R-7	Replacement	ARA08R-1	ACICARMValues(7-1-2008).pdf

**AMERICAN COMPENSATION INSURANCE COMPANY
ARKANSAS**

APPLICABLE TO POLICIES INCEPTING
July 1, 2008 and After

Class Code	Rate	Minimum Premium	Class Code	Rate	Minimum Premium	Class Code	Rate	Minimum Premium
0005	5.16	\$750	2220	1.57	\$356	3018	2.06	\$420
0008	2.10	\$425	2286	1.14	\$299	3022	2.55	\$484
0016	4.52	\$742	2288	3.25	\$576	3027	2.15	\$432
0034	3.47	\$605	2300	1.72	\$375	3028	1.86	\$394
0035	2.07	\$421	2302	1.37	\$329	3030	3.23	\$573
0036	3.30	\$582	2305	1.72	\$375	3040	2.99	\$542
0037	3.72	\$637	2361	0.97	\$277	3041	2.67	\$500
0042	5.13	\$750	2362	1.41	\$335	3042	2.55	\$484
0050	4.18	\$698	2380	3.63	\$626	3064	3.70	\$635
0079	3.40	\$595	2386	0.90	\$268	3069	6.34	\$750
0083	7.85	\$750	2388	1.54	\$352	3076	2.38	\$462
0106	9.18	\$750	2402	1.73	\$377	3081D	2.31	\$453
0113	4.60	\$750	2413	1.36	\$328	3082D	3.13	\$560
0170	1.98	\$409	2417	1.26	\$315	3085D	2.61	\$492
0251	4.06	\$682	2501	1.09	\$293	3110	2.29	\$450
0400	6.49	\$750	2503	1.08	\$291	3111	2.39	\$463
0401	8.86	\$750	2534	1.73	\$377	3113	1.89	\$398
0908P	114.38	\$264	2570	3.98	\$671	3114	2.10	\$425
0913P	281.96	\$432	2585	2.49	\$476	3118	0.97	\$277
0917	3.15	\$563	2586	1.06	\$289	3119	0.88	\$265
1463	9.36	\$750	2587	2.33	\$455	3122	1.21	\$309
1699	1.61	\$361	2589	1.16	\$302	3126	1.38	\$331
1701	2.49	\$476	2600	5.13	\$750	3131	0.84	\$260
1853	1.86	\$394	2623	2.26	\$446	3132	1.98	\$409
1860	1.57	\$356	2651	2.11	\$426	3145	1.92	\$402
1924	3.40	\$595	2660	1.17	\$303	3146	2.21	\$440
1925	2.35	\$458	2670	1.85	\$392	3169	1.97	\$408
2001	1.92	\$402	2683	1.58	\$357	3175D	2.29	\$450
2002	2.41	\$466	2688	2.45	\$471	3179	1.93	\$403
2003	2.71	\$505	2701	5.95	\$750	3180	1.44	\$339
2014	5.11	\$750	2702X	24.25	\$750	3188	1.22	\$310
2016	1.60	\$360	2710	7.06	\$750	3220	1.52	\$349
2021	2.67	\$500	2714	3.35	\$589	3223	2.41	\$466
2039	3.58	\$619	2719X	8.90	\$750	3224	1.97	\$408
2041	3.43	\$599	2731	2.98	\$540	3227	1.46	\$341
2065	1.29	\$319	2735	2.09	\$424	3240	2.43	\$468
2070	4.39	\$725	2759	6.80	\$750	3241	2.26	\$446
2081	3.10	\$556	2790	1.25	\$314	3255	1.88	\$396
2089	2.03	\$416	2802	4.23	\$704	3257	2.74	\$509
2095	2.19	\$437	2812	2.97	\$539	3270	2.59	\$489
2105	1.96	\$407	2835	1.29	\$319	3300	3.59	\$620
2110	1.72	\$375	2836	1.81	\$387	3303	3.07	\$552
2111	2.02	\$415	2841	2.99	\$542	3307	2.70	\$504
2112	2.18	\$436	2881	2.02	\$415	3315	2.11	\$426
2114	2.15	\$432	2883	3.29	\$581	3334	1.72	\$375
2121	1.80	\$386	2913	3.29	\$581	3336	1.77	\$382
2131	1.52	\$349	2915	3.42	\$598	3365	8.22	\$750
2143	1.76	\$381	2916	1.88	\$396	3372	2.29	\$450
2157	3.26	\$577	2923	1.93	\$403	3373	2.33	\$455
2172	1.26	\$315	2942	1.89	\$398	3383	0.86	\$263
2174	2.35	\$458	2960	2.59	\$489	3385	0.70	\$242
2211	4.40	\$726	3004	2.21	\$440	3400	2.18	\$436

**AMERICAN COMPENSATION INSURANCE COMPANY
ARKANSAS**

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Class Code	Rate	Minimum Premium	Class Code	Rate	Minimum Premium	Class Code	Rate	Minimum Premium
3507	2.49	\$476	4239	1.02	\$284	5192	3.44	\$601
3515	1.76	\$381	4240	1.98	\$409	5213	6.08	\$750
3548	1.09	\$293	4243	1.34	\$326	5215	3.63	\$626
3559	2.09	\$424	4244	2.38	\$462	5221	4.47	\$736
3574	0.90	\$268	4250	1.20	\$307	5222	10.32	\$750
3581	1.16	\$302	4251	1.42	\$336	5223	4.55	\$746
3612	1.77	\$382	4263	1.77	\$382	5348	3.52	\$611
3620	4.67	\$750	4273	1.54	\$352	5402	3.91	\$662
3629	1.57	\$356	4279	1.45	\$340	5403	8.09	\$750
3632	3.22	\$572	4282	1.70	\$373	5437	3.83	\$652
3634	1.37	\$329	4283	1.58	\$357	5443	3.47	\$605
3635	1.66	\$367	4299	1.41	\$335	5445	4.35	\$720
3638	1.18	\$305	4304	2.22	\$441	5462	4.59	\$750
3642	0.68	\$239	4307	1.77	\$382	5474	6.28	\$750
3643	2.38	\$462	4351	0.92	\$271	5478	3.82	\$650
3647	2.70	\$504	4352	0.81	\$256	5479	6.76	\$750
3648	1.73	\$377	4360	0.73	\$246	5480	6.84	\$750
3681	1.25	\$314	4361	1.06	\$289	5491	1.77	\$382
3685	1.44	\$339	4362	0.93	\$272	5506	3.19	\$568
3724	5.47	\$750	4410	2.58	\$488	5507	4.80	\$750
3726	2.43	\$468	4420	3.11	\$557	5535	6.34	\$750
3803	1.53	\$350	4431	1.20	\$307	5537	4.19	\$699
3807	1.69	\$371	4432	1.29	\$319	5551	12.18	\$750
3808	2.21	\$440	4452	2.62	\$493	5606	1.45	\$340
3821	3.33	\$586	4459	1.50	\$347	5610	4.75	\$750
3822	2.91	\$531	4470	1.92	\$402	5645	9.70	\$750
3824	3.90	\$661	4484	1.68	\$370	5651	7.20	\$750
3826	0.70	\$242	4493	2.03	\$416	5705	4.59	\$750
3827	1.26	\$315	4511	0.60	\$229	5951	0.35	\$196
3830	0.90	\$268	4568	2.09	\$424	6204	8.55	\$750
3851	2.13	\$429	4581	1.40	\$333	6217	4.35	\$720
3865	1.02	\$284	4611	0.77	\$251	6229	4.31	\$715
3881	2.83	\$521	4692	0.39	\$201	6325	3.96	\$669
4000	5.81	\$750	4693	0.74	\$247	6400	5.95	\$750
4021	4.76	\$750	4717	1.44	\$339	6504	2.05	\$419
4024E	1.78	\$383	4825	0.72	\$244	7228X	5.95	\$750
4034	5.59	\$750	4902	1.08	\$291	7229X	6.24	\$750
4036	2.02	\$415	4923	0.89	\$267	7230	3.51	\$610
4038	1.74	\$378	5020	5.92	\$750	7231	4.66	\$750
4053	2.77	\$513	5022	4.26	\$708	7232	10.99	\$750
4061	3.40	\$595	5037	16.69	\$750	7370	4.28	\$711
4062	1.85	\$392	5040	22.38	\$750	7380X	2.95	\$536
4101	1.61	\$361	5057	16.01	\$750	7382	2.43	\$468
4111	2.46	\$472	5059	19.02	\$750	7390	3.15	\$563
4112	0.76	\$250	5069	24.02	\$750	7403	2.53	\$481
4113	1.06	\$289	5102	3.52	\$611	7421	2.31	\$453
4114	1.78	\$383	5146	4.31	\$715	7520	1.97	\$408
4130	3.66	\$629	5160	3.05	\$550	7600	2.27	\$447
4131	1.96	\$407	5183	3.02	\$546	7601	10.25	\$750
4133	1.93	\$403	5188	3.86	\$656	7605	2.86	\$525
4150	1.34	\$326	5190	2.77	\$513	7610	0.47	\$212
4206	2.95	\$536	5191X	1.60	\$360	7720X	2.25	\$445

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8001	1.94	\$404	8720	1.18	\$305	9505	3.33	\$586
8002	2.83	\$521	8721	0.35	\$196	9516	2.83	\$521
8006	1.69	\$371	8742X	0.41	\$204	9519	1.60	\$360
8008	1.06	\$289	8745	3.99	\$673	9521	4.62	\$750
8010	1.65	\$366	8748	0.36	\$197	9522	1.37	\$329
8013	0.43	\$206	8799	0.84	\$260	9586	0.57	\$225
8015	0.56	\$223	8800	0.84	\$260	9600	1.42	\$336
8017	1.02	\$284	8803	0.07	\$159	9620	1.16	\$302
8018X*	2.19	\$437	8810	0.21	\$178			
8021	1.62	\$362	8820	0.19	\$175			
8031	3.38	\$593	8824	2.15	\$432			
8032	1.38	\$331	8825	1.84	\$391			
8033	1.65	\$366	8826	1.94	\$404			
8039	1.20	\$307	8829	2.34	\$457			
8044	2.41	\$466	8831	2.29	\$450			
8045	0.36	\$197	8832	0.24	\$181			
8046	2.33	\$455	8833X*	0.78	\$252			
8047	0.93	\$272	8835	1.72	\$375			
8058	2.39	\$463	8842	1.28	\$318			
8072	0.70	\$242	8864	1.28	\$318			
8102	2.21	\$440	8868	0.33	\$193			
8103	3.26	\$577	8869	0.64	\$234			
8105	4.22	\$703	8871	0.20	\$176			
8106	3.34	\$588	8901	0.23	\$180			
8107	2.85	\$523	9012	1.69	\$371			
8111	3.29	\$581	9014	2.42	\$467			
8116	3.66	\$629	9015X	2.10	\$425			
8203	4.80	\$750	9016	5.43	\$750			
8204	4.16	\$695	9019	2.58	\$488			
8209	2.61	\$492	9033	1.72	\$375			
8215	5.00	\$750	9040*	3.07	\$552			
8227	2.73	\$508	9052	1.36	\$328			
8232	5.49	\$750	9058	1.56	\$354			
8233	4.47	\$736	9059	2.41	\$466			
8235	3.60	\$622	9060	1.58	\$357			
8263	8.14	\$750	9061	1.21	\$309			
8264	2.94	\$535	9063	0.86	\$263			
8265	8.10	\$750	9082	1.40	\$333			
8279	7.78	\$750	9083	1.41	\$335			
8288	5.24	\$750	9084	1.64	\$365			
8291	1.82	\$388	9089	1.00	\$281			
8292	2.59	\$489	9093	1.22	\$310			
8293	5.97	\$750	9101	2.63	\$495			
8295X	6.53	\$750	9102	2.54	\$483			
8304	6.01	\$750	9154	1.69	\$371			
8380	3.10	\$556	9156	1.14	\$299			
8381	1.30	\$320	9170	2.42	\$467			
8385	2.10	\$425	9220	2.97	\$539			
8392	2.62	\$493	9402	3.75	\$641			
8393	1.49	\$345	9403	4.99	\$750			
8500	5.53	\$750	9410	1.53	\$350			
8601	0.72	\$244	9501	3.83	\$652			

**AMERICAN COMPENSATION INSURANCE COMPANY
ARKANSAS**

**APPLICABLE TO POLICIES INCEPTING
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FOOTNOTES

- > D Rates for classification already includes the specific disease loading shown in the table below. See *Basic Manual* Rule 3-A-7.
- > E Rates for classification already includes the specific disease loading shown in the table below.

Code No:	Disease Loading:	Symbol:
3081D	0.03	S
3082D	0.03	S
3085D	0.03	S
3175D	0.02	S
4024E	0.01	S

S=Silica

- P Classification is composed on a per capita basis.
- X Refer to special classification phraseology in these pages which is applicable in this state.

Class code with Specific Footnotes

- 8018 See Arkansas Special Classification for Warehousing – Groceries exclusively.
- > 8833 The ex-medical rate for this classification is \$0.40. A charge of \$0.13 is to be added to this class' rate whenever this class is applied to a hospital or sanitarium specializing in the treatment of tuberculoses. Apply to the Rating Organization having jurisdiction for the appropriate loading when this class is applied to a General Hospital operating a tubercular ward or department.
- > 9040 The ex-medical rate for this classification is \$1.48. A charge of \$0.13 is to be added to this class' rate whenever this class is applied to a hospital or sanitarium specializing in the treatment of tuberculoses. Apply to the Rating Organization having jurisdiction for the appropriate loading when this class is applied to a General Hospital operating a tubercular ward or department.

**AMERICAN COMPENSATION INSURANCE COMPANY
ARKANSAS**

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MISCELLANEOUS VALUES

Expense Constant – applicable on all policies \$ 150.00

Premium Discount – applicable on all policies:

Premium Breakdown	Amount of Discount
First \$5,000	0%
Next \$95,000	9.5%
Next \$400,000	11.9%
Over \$500,000	12.4%

Filed Increased Employer Limits:

Increase Limit Amount	Amount of Increase	Minimum Premium
\$500,000/\$500,000/\$500,000	1.25%	\$100.00
\$1 Million/\$1 Million/\$1 Million	1.50%	\$150.00

* Contact Home Office for information on Increased Employer Limits not shown above.

> **Basis of Premium** applicable in accordance with the footnote instructions for Code 7370 – Taxicab Co.:

- Employee operated vehicles \$ 48,893.00
- Leased or rented vehicles..... \$ 32,595.00

> **Maximum Payroll** applicable in accordance with *Basic Manual* Rule 2-E-1 “Executive Officers” :..... \$ 2,500.00

Minimum Payroll applicable in accordance with *Basic Manual* Rule 2-E “Executive Officers” :..... \$ 300.00

> **Premium Determination for Partners and Sole Proprietors and Members of Limited Liability Companies** in accordance with *Basic Manual* Rule 2-E-3: \$ 31,900.00

Per Passenger Seat Surcharge – In accordance with footnote instructions for classification Code 7421, the surcharge is:

- Per passenger seat \$ 100.00
- Maximum surcharge per aircraft \$ 1,000.00

Foreign Terrorism:..... \$ 0.03

Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents \$ 0.01

EXPERIENCE RATING ELIGIBILITY

A risk is eligible for intrastate experience rating when the payrolls or other exposures developed in the last year or last two years of the experience period produced a premium of at least \$8,000. If more than two years, an average annual premium of at least \$4,000 is required.

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> **SMALL DEDUCTIBLE PROGRAM**

Premium Reduction Percentages (Total Claim – Medical & Indemnity) – The following premium reduction percentages are applicable by hazard group for employers electing deductibles per claim as designated below:

Total Losses							
Deductible Amount	Hazard Group						
	A	B	C	D	E	F	G
\$1,000	8.3%	6.6%	5.7%	4.7%	4.0%	2.7%	2.0%
\$1,500	10.1%	8.2%	7.0%	5.9%	5.0%	3.4%	2.6%
\$2,000	11.6%	9.4%	8.0%	6.8%	5.8%	4.1%	3.1%
\$2,500	12.8%	10.4%	9.0%	7.7%	6.5%	4.7%	3.6%
\$3,000	13.9%	11.4%	9.8%	8.4%	7.2%	5.2%	4.0%
\$3,500	14.9%	12.2%	10.6%	9.1%	7.8%	5.7%	4.3%
\$4,000	15.8%	13.0%	11.4%	9.8%	8.4%	6.2%	4.7%
\$4,500	16.7%	13.7%	12.0%	10.4%	8.9%	6.6%	5.0%
\$5,000	17.5%	14.4%	12.6%	11.0%	9.4%	7.1%	5.4%

Premium Reduction Percentages (Medical Only) – The following premium reduction percentages are applicable on a per claim basis when the deductible applies to the medical only loss.

Medical Losses							
Deductible Amount	Hazard Group						
	A	B	C	D	E	F	G
\$1,000	8.0%	6.4%	5.5%	4.5%	3.8%	2.6%	1.9%
\$1,500	9.7%	7.8%	6.6%	5.6%	4.7%	3.3%	2.4%
\$2,000	10.9%	8.8%	7.6%	6.4%	5.4%	3.8%	2.9%
\$2,500	11.9%	9.7%	8.4%	7.1%	6.0%	4.3%	3.2%
\$3,000	12.8%	10.5%	9.1%	7.7%	6.5%	4.7%	3.5%
\$3,500	13.6%	11.2%	9.6%	8.2%	7.0%	5.0%	3.8%
\$4,000	14.4%	11.7%	10.2%	8.7%	7.5%	5.4%	4.1%
\$4,500	15.0%	12.3%	10.7%	9.3%	7.9%	5.7%	4.3%
\$5,000	15.6%	12.8%	11.2%	9.6%	8.2%	6.1%	4.6%

Premium Reduction Percentages (Indemnity Only) – The following premium reduction percentages are applicable on a per claim basis when the deductible applies to the indemnity only loss.

Indemnity Losses							
Deductible Amount	Hazard Group						
	A	B	C	D	E	F	G
\$1,000	1.7%	1.3%	1.2%	1.1%	1.0%	0.8%	0.6%
\$1,500	2.4%	1.9%	1.7%	1.6%	1.4%	1.2%	0.9%
\$2,000	2.9%	2.4%	2.2%	2.0%	1.8%	1.5%	1.1%
\$2,500	3.4%	2.8%	2.6%	2.4%	2.1%	1.8%	1.3%
\$3,000	4.0%	3.2%	2.9%	2.7%	2.4%	2.0%	1.5%
\$3,500	4.4%	3.6%	3.3%	3.1%	2.7%	2.3%	1.7%
\$4,000	4.8%	4.0%	3.6%	3.4%	3.0%	2.6%	1.9%
\$4,500	5.2%	4.3%	4.0%	3.6%	3.3%	2.7%	2.1%
\$5,000	5.6%	4.6%	4.2%	4.0%	3.5%	2.9%	2.3%

**AMERICAN COMPENSATION INSURANCE COMPANY
ARKANSAS**

**APPLICABLE TO POLICIES INCEPTING
*July 1, 2008 and After***

SCHEDULE RATING PLAN

1. All risks (other than minimum premium policies) are eligible for schedule rating.
2. The amount of schedule credit or debit is subject to a 25% maximum.
3. The amount of the schedule rating factor is applied in a multiplicative manner after the application of the experience modification and before the application of premium discount and expense constant.
4. The credit or debit must be within the range for a specific risk characteristic as provided in the table below. (Debit and Credit will be documented and kept in the underwriting file.)
5. At the time that the schedule rating factor is applied, we must have documentation on file detailing the basis for the credit or debit.
6. The effective date of the schedule rating factor must be on or after the date of our receipt of the documentation supporting the basis for the schedule rating factor.
7. If the insured can correct the reason for schedule debit to our satisfaction, the debit may be removed the effective date that documentation for the correction is received in our office.

No schedule debit changes will be made once the FINAL AUDIT has been processed.

Category	Available Range of Modification (Credit to Debit)
Classification Peculiarities	(5% to 5%)
Employees: Selection, Training, Supervision	(10% to 10%)
Management: Cooperation with Insurance Carrier	(10% to 10%)
Management: Safety Organization	(5% to 5%)
Medical Facilities	(5% to 5%)
Premises	(10% to 10%)

SERFF Tracking Number: RTGR-125698700 State: Arkansas
Filing Company: American Compensation Insurance Company State Tracking Number: #? \$100
Company Tracking Number: ARA08R-2
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
Product Name: Workers Compensation
Project Name/Number: /ARA08R-2

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-Property & Casualty **Review Status:** Approved 06/17/2008

Comments:
Satisfied with General Information elements.

Satisfied -Name: NAIC Loss Cost Filing Document for Workers' Compensation **Review Status:** Approved 06/17/2008

Comments:
Attachment:
ACIC-AR-LCFilingDoc(7-1-2008).pdf

Satisfied -Name: NAIC loss cost data entry document **Review Status:** Approved 06/17/2008

Comments:
Attachment:
ACIC-AR-LCDataEntryDoc(7-1-2008).pdf

Satisfied -Name: Filing Memorandum **Review Status:** Approved 06/17/2008

Comments:
Attachment:
ARFilingMemo(7-1-2008).pdf

Satisfied -Name: Premium Loss Data (AR & CW) **Review Status:** Approved 06/17/2008

Comments:
Attachments:
ACIC-AR-Exhibit I - ARPremLoss(7-1-2008).pdf
ACIC-AR-Exhibit II - CWPremLoss (7-1-2008).pdf

SERFF Tracking Number: RTGR-125698700 State: Arkansas
Filing Company: American Compensation Insurance Company State Tracking Number: #? \$100
Company Tracking Number: ARA08R-2
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
Product Name: Workers Compensation
Project Name/Number: /ARA08R-2

Satisfied -Name: Premium Discount Exhibit **Review Status:** Approved 06/17/2008
Comments:
Attachment:
ACIC-AR-Exhibit III PremDiscData(7-1-2008).pdf

Satisfied -Name: Small Ded Conversion **Review Status:** Approved 06/17/2008
Comments:
Attachment:
ACIC-AR-Exhibit IV DedConversion(7-1-2008).pdf

Satisfied -Name: Rate of Return Exhibit **Review Status:** Approved 06/17/2008
Comments:
Attachment:
ACIC-AR-Exhibit V-PCExhibit(7-1-2008).pdf

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 #	ARA08R-2
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	

Loss Cost Reference Filing _____ **Independent Rate Filing**

(Advisory Org, & Reference filing #) NCCI Item Filing #AR-2008-02

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? Yes

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.) _____

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 1.000

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	8.0	%
B.	General Expense	12.0	%
C.	Taxes, Licenses & Fee	6.5	%
D.	Underwriting profit & contingencies*	-5.0	%
E.	Other (explain)	0.0	%
F.	Total	21.5	%
	* Explain how investment income is taken into account See Exhibit V		

5.	A. Expected Loss Ratio: ELR = 100% - 4F =	78.5
	B. ELR in Decimal Form =	.785

NAIC LOSS COST FILING DOCUMENT—FOR WORKERS' COMPENSATION

6.	Overall Impact of Expense Constant and Minimum Premiums: (a 2.3% impact would be expressed as 1.023)	1.0351
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)	.9443
8.	Company Formula Loss Cost Multiplier [3B / ((7 - 4F) X 6)]	1.325
9.	Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 8 and 9)	1.33

- | | | | |
|-----|---|-------------------------------------|-------------------------------------|
| | | 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. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 11. | Are you changing your premium discount schedules? | | |
| | If yes, attach schedules and support, detailing premium or rate level changes. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking # ARA08R-2

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

3. **A.** American Compensation Insurance Company Company Name 45934 **B.** Company NAIC Number

Product Coding Matrix Line of Business (i.e., Type of Insurance) 16.0004 Standard Workers Compensation
A. 16.0 Workers Compensation **B.** 16.0004 Standard Workers Compensation

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 Compensation	0%						
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
2008	0	0%	1/1/2008	0	0	0%	NA
2007	0	0%	7/1/2007	0	0	33.3%	91.8%
2006	0	0%	8/1/2006	0	0	0%	68.7%
2005	NA	NA	NA	NA	NA	NA	81.3%
2004	NA	NA	NA	NA	NA	NA	90.6%
2003	NA	NA	NA	NA	NA	NA	54.9%

7.

Expense Constants	Selected Provisions
A. Total Production Expense	8.0%
B. General Expense	12.0%
C. Taxes, License & Fees	6.5%
D. Underwriting Profit & Contingencies	-5.0%
E. Other (explain)	0.0%
F. TOTAL	21.5%

8. Apply Lost Cost Factors to Future filings? (Y or N)
 9. Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 22.3%
 10. Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): -38.2%

**American Compensation Insurance Company
Workers Compensation**

Arkansas

Filing Memorandum

On behalf of American Compensation Insurance Company (ACIC), we are submitting this filing to adopt NCCI Item Filing #AR-2008-02 effective July 1, 2008. We will adopt the Loss Costs with a revised Loss Cost Multiplier of 1.33. ACIC will utilize the supplementary rating information provided as part of the NCCI filing. Rate pages, footnote page and miscellaneous value pages have been submitted for the 7/1/2008 filing.

In addition to adopting the 7/1/2008 Loss Costs, the filing also:

1. Files a minimum premium for each class code, subject to a maximum of \$750. We have increased the MPM used in the calculation from \$103 to \$131 based on the change in federal minimum wage effective 7/24/2008. The calculation algorithm remains unchanged from that filed and approved on 8/1/2006:
 - a. All Codes Except Per Capita = (Class rate x MPM) + Expense Constant
 - b. Per Capita Codes = (Class rate + Expense Constant)
***MPM = minimum premium multiplier = \$131
***Expense Constant = \$150
2. We will continue with NCCI Premium Discount Table 1 as filed and approved on 8/1/2006.
3. Continue with Increased Employer Liability Limits that were filed and approved on 8/1/2006:

\$500,000/\$500,000/\$500,000	1.25%	\$100 Minimum Premium
\$1Million/\$1Million/\$1Million	1.50%	\$150 Minimum Premium
\$2Million/\$2Million/\$2Million	1.75%	\$175 Minimum Premium
\$3Million/\$3Million/\$3Million	2.05%	\$200 Minimum Premium
\$4Million/\$4Million/\$4Million	2.40%	\$225 Minimum Premium
\$5Million/\$5Million/\$5Million	2.75%	\$250 Minimum Premium
4. We will adopt the Foreign Terrorism & DTEC loss costs calculating the final rate used = advisory loss cost x LCM. See Miscellaneous Values pages for final rate.
5. Small deductible LERS will be adopted and converted to premium reduction percentages. See Exhibit IV attached.

American Compensation Insurance Company
Workers Compensation

5 Year Experience
Arkansas

	2003	2004	2005	2006	2007	5 Year Average:
	Amount:	Amount:	Amount:	Amount:	Amount:	Amount:
	Ratio:	Ratio:	Ratio:	Ratio:	Ratio:	Ratio:
1. Premium Written:					\$ 44	\$ 44
2. Premium Earned:					\$ 29	\$ 29
3. Losses Incurred:					\$ 2	\$ 2
4. Loss Ratio:					5.2%	5.2%
Incurred Expenses:						
5. Loss Adjustment Expense (E):					\$ -	\$ -
6. Commissions (W):					\$ 2	\$ 2
7. Other Acquisition (W):					\$ -	\$ -
8. General Expense (E):					\$ 3	\$ 3
9. Taxes, Licenses & Fees (W):					\$ 5	\$ 5
10. Total Expenses Incurred:					\$ 11	\$ 11
11. Total Loss & Expense Ratio:	0.0%	0.0%	0.0%	0.0%	33.3%	33.3%

Note: All dollar amounts shown above are in thousands.

Sources:

1. From Page 14, Column 1, Row 16 of Annual Statement
2. From Page 14, Column 2, Row 16 of Annual Statement
3. From Page 14, Column 6, Row 16 of Annual Statement
4. (5)/(2)
5. From Page 14, Column 9, Row 16 of Annual Statement
6. From Page 14, Column 11, Row 16 of Annual Statement
7. From Part III, Column 27, Row 16 of IEE
8. From Part III, Column 29, Row 16 of IEE
9. From Page 14, Column 12, Row 16 of Annual Statement
10. (6) + (7) + (8) + (9)
11. (4) + (5) + (10)

American Compensation Insurance Company
Workers Compensation

5 Year Experience
Countrywide

	2003		2004		2005		2006		2007		5 Year Average:	
	Amount:	Ratio:	Amount:	Ratio:								
1. Premium Written:	\$ 56,643		\$ 64,677		\$ 57,884		\$ 49,187		\$ 46,407		\$ 274,797	
2. Premium Earned:	\$ 54,581		\$ 63,370		\$ 59,976		\$ 50,498		\$ 45,700		\$ 274,125	
3. Losses Incurred:	\$ 12,925	23.7%	\$ 38,609	60.9%	\$ 30,356	50.6%	\$ 20,041	39.7%	\$ 28,250	61.8%	\$ 130,181	47.5%
4. Loss Ratio:												
Incurred Expenses:												
5. Loss Adjustment Expense (E):	\$ 4,142	7.6%	\$ 4,763	7.5%	\$ 5,390	9.0%	\$ 3,458	6.8%	\$ 3,742	8.2%	\$ 21,495	7.8%
6. Commissions (W):	\$ 4,159	7.3%	\$ 4,784	7.4%	\$ 3,818	6.6%	\$ 3,232	6.6%	\$ 3,099	6.7%	\$ 19,092	6.9%
7. Other Acquisition (W):	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
8. General Expense (E):	\$ 6,619	12.1%	\$ 7,248	11.4%	\$ 6,722	11.2%	\$ 5,995	11.9%	\$ 5,346	11.7%	\$ 31,930	11.6%
9. Taxes, Licenses & Fees (W):	\$ 2,397	4.2%	\$ 2,175	3.4%	\$ 2,257	3.9%	\$ 1,827	3.7%	\$ 1,575	3.4%	\$ 10,231	3.7%
10. Total Expenses Incurred:	\$ 13,175	23.6%	\$ 14,207	22.2%	\$ 12,797	21.7%	\$ 11,054	22.2%	\$ 10,020	21.8%	\$ 61,253	22.2%
11. Total Loss & Expense Ratio:		54.9%		90.6%		81.3%		68.7%		91.8%		77.5%

Note: All dollar amounts shown above are in thousands.

Sources:

1. From Page 14, Column 1, Row 16 of Annual Statement
2. From Page 14, Column 2, Row 16 of Annual Statement
3. From Page 14, Column 6, Row 16 of Annual Statement
4. (3)/(2)
5. From Page 14, Column 9, Row 16 of Annual Statement
6. From Page 14, Column 11, Row 16 of Annual Statement
7. From Part III, Column 27, Row 16 of IEE
8. From Part III, Column 29, Row 16 of IEE
9. From Page 14, Column 12, Row 16 of Annual Statement
10. (6) + (7) + (8) + (9)
11. (4) + (5) + (10)

American Compensation Insurance Company
Effect of Premium Discount
 (Based on Countrywide Small Account Program Inforce 6-2-2008)

Exhibit III

Portion of Total Earned Premium	# Policies	St Premium Excluding EC	1st \$5,000 of Premium	Next \$95,000	Next \$400,000	Over \$500,000
0-5,000	372	\$541,151	\$541,151			
5,001 - 100,000	180	\$2,938,587	\$900,000	\$2,038,587		
100,001 - 500,000	0	\$0	\$0	\$0	\$0	\$0
500,001+	0	\$0	\$0	\$0	\$0	\$0
Total		\$3,479,738	\$1,441,151	\$2,038,587	\$0	\$0

	St Premium Excluding EC	Discount	Net Premium	Average Discount
1st \$5,000	\$1,441,151	0.0%	\$1,441,151	
Next \$95,000	\$2,038,587	9.5%	\$1,844,921	
Next \$400,000	\$0	11.9%	\$0	
Over \$500,000	\$0	12.4%	\$0	
Total	\$3,479,738		\$3,286,072	5.57%

Average Gradation: 5.56%
 =Average Discount x (1-Taxes-P&C)

**Arkansas Workers' Compensation
Conversion to Deductible Credit Factors**

This exhibit shows the conversion of LERs to deductible credit factors. The formula used was provided by the National Council on Compensation Insurance (NCCI). This formula is:

$$D = 1 - (((1 - (k \times f)) \times E) + a) / (E + a)$$

Where:

D = deductible credit factor
 k = loss elimination ratio for the given hazard group and deductible
 f = safety factor
 E = expected loss ratio
 a = fixed expense provision

Included in the fixed expenses are provisions for general expenses and loss adjustment expenses (LAE) including both allocated loss adjustment expenses (ALAE) and unallocated loss adjustment expenses (ULAE). For this filing the general expense provision was 12.0% as included in our Loss Cost Multiplier (see Form RF-WC). The LAE provision filed by NCCI as a percentage of loss (19.3%) was used and converted to a percentage premium (12.7%). Therefore, the fixed expense provision is 24.7% (= 12.7% + 12.0%).

To determine the expected loss ratio, we used 1 minus the expense ratio. Besides including the fixed expenses above, the expense ratio included provisions for commissions, other acquisition costs, taxes and profit. See Exhibit V for details on the calculation of profit & contingencies (P&C) and investment income offset calculation for the provision of -5.0% as shown in the Loss Cost Multiplier calculation in form RF-WC.

Taxes include the Premium Tax (2.5%) and Combined Fund Allowance (3.0%) and a miscellaneous provision (1.0%) for a total of 6.5%. For commission and other acquisition, ACIC expects to pay 8.0% in Arkansas. In addition, the effect of ACIC's premium discounts of 5.57%, based on the current policy size distribution for the small account program, is calculated on Exhibit III. Subtracting the sum of the fixed expenses, commissions, other acquisition costs, taxes and profit provision yields an ELR of 60.23% [= 1 - (24.7% + 8.0% + 6.5% + 5.57% + -5.0%)].

According to NCCI, the safety factor is used in the calculation because of:

1. The possibility of adverse selection against the insurer and potential collection delays or difficulties from the policyholder after the insurer pays the injured worker.
2. Insurer may have to assume payment obligations if the insured becomes bankrupt or is otherwise unable to pay.
3. There is a potential loss of investment income due to the collection and handling of the deductible.
4. There is a risk loading associated with retaining excess rather than ground up losses.

For this filing, ACIC used a .90 safety factor for the small deductible calculation.

Conversion of Loss Elimination Ratios to Deductible Credit Factors

$D = \text{Deductible Credit Factor } [D=1-(((1-(k*f))^E)+a)/(E+a)]$
 $f = \text{Safety factor } 0.9$
 $k = \text{Loss Elimination Ratio for given hazard group \& deductible } 0.6023$
 $E = \text{Expected Loss Ratio } (1-(a + v))$
 $v = \text{Variable Expense Provision}$
 Commissions 0.1507
 Premium Discount Provision 0.08
 Taxes 0.0557
 Profit 0.065
 $a = \text{Fixed Expense Provision}$
 LAE 0.247
 General Expenses 0.127
 0.12

(See Table below)

Medical Only:

Deductible Amount	Hazard Group						
	A	B	C	D	E	F	G
\$1,000	12.6%	10.1%	8.6%	7.1%	6.0%	4.1%	3.0%
\$1,500	15.2%	12.2%	10.4%	8.8%	7.4%	5.1%	3.8%
\$2,000	17.1%	13.8%	11.9%	10.0%	8.5%	5.9%	4.5%
\$2,500	18.7%	15.2%	13.1%	11.1%	9.4%	6.7%	5.0%
\$3,000	20.1%	16.4%	14.2%	12.1%	10.2%	7.3%	5.5%
\$3,500	21.3%	17.5%	15.1%	12.9%	11.0%	7.9%	6.0%
\$4,000	22.5%	18.4%	16.0%	13.7%	11.7%	8.5%	6.4%
\$4,500	23.5%	19.3%	16.8%	14.5%	12.3%	9.0%	6.8%
\$5,000	24.4%	20.1%	17.5%	15.1%	12.9%	9.5%	7.2%

Medical Only:

Deductible Amount	Hazard Group						
	A	B	C	D	E	F	G
\$1,000	8.0%	6.4%	5.3%	4.5%	3.8%	2.6%	1.9%
\$1,500	9.7%	7.8%	6.6%	5.6%	4.7%	3.3%	2.4%
\$2,000	10.9%	8.8%	7.6%	6.4%	5.4%	3.8%	2.9%
\$2,500	11.9%	9.7%	8.4%	7.1%	6.0%	4.3%	3.2%
\$3,000	12.8%	10.5%	9.1%	7.7%	6.5%	4.7%	3.5%
\$3,500	13.6%	11.2%	9.6%	8.2%	7.0%	5.0%	3.8%
\$4,000	14.4%	11.7%	10.2%	8.7%	7.5%	5.4%	4.1%
\$4,500	15.0%	12.3%	10.7%	9.3%	7.9%	5.7%	4.3%
\$5,000	15.6%	12.8%	11.2%	9.6%	8.2%	6.1%	4.6%

Indemnity Only:

Deductible Amount	Hazard Group						
	A	B	C	D	E	F	G
\$1,000	1.7%	1.3%	1.2%	1.1%	1.0%	0.8%	0.6%
\$1,500	2.4%	1.9%	1.7%	1.6%	1.4%	1.2%	0.9%
\$2,000	2.9%	2.4%	2.2%	2.0%	1.8%	1.5%	1.1%
\$2,500	3.4%	2.8%	2.6%	2.4%	2.1%	1.8%	1.3%
\$3,000	4.0%	3.2%	2.9%	2.7%	2.4%	2.0%	1.5%
\$3,500	4.4%	3.6%	3.3%	3.1%	2.7%	2.3%	1.7%
\$4,000	4.8%	4.0%	3.6%	3.4%	3.0%	2.6%	1.9%
\$4,500	5.2%	4.3%	4.0%	3.6%	3.3%	2.7%	2.1%
\$5,000	5.6%	4.6%	4.2%	4.0%	3.5%	2.9%	2.3%

Indemnity Only:

Deductible Amount	Hazard Group						
	A	B	C	D	E	F	G
\$1,000	1.0%	1.3%	1.2%	1.1%	1.0%	0.8%	0.6%
\$1,500	1.4%	1.9%	1.7%	1.6%	1.4%	1.2%	0.9%
\$2,000	1.8%	2.4%	2.2%	2.0%	1.8%	1.5%	1.1%
\$2,500	2.1%	2.8%	2.6%	2.4%	2.1%	1.8%	1.3%
\$3,000	2.4%	3.2%	2.9%	2.7%	2.4%	2.0%	1.5%
\$3,500	2.7%	3.6%	3.3%	3.1%	2.7%	2.3%	1.7%
\$4,000	3.0%	4.0%	3.6%	3.4%	3.0%	2.6%	1.9%
\$4,500	3.3%	4.3%	4.0%	3.6%	3.3%	2.7%	2.1%
\$5,000	3.6%	4.6%	4.2%	4.0%	3.5%	2.9%	2.3%

Total Losses:

Deductible Amount	Hazard Group						
	A	B	C	D	E	F	G
\$1,000	8.3%	6.6%	5.7%	4.7%	4.0%	2.7%	2.0%
\$1,500	10.1%	8.2%	7.0%	5.9%	5.0%	3.4%	2.6%
\$2,000	11.6%	9.4%	8.0%	6.8%	5.8%	4.1%	3.1%
\$2,500	12.8%	10.4%	9.0%	7.7%	6.5%	4.7%	3.6%
\$3,000	13.9%	11.4%	9.8%	8.4%	7.2%	5.2%	4.0%
\$3,500	14.9%	12.2%	10.6%	9.1%	7.8%	5.7%	4.3%
\$4,000	15.8%	13.0%	11.4%	9.8%	8.4%	6.2%	4.7%
\$4,500	16.7%	13.7%	12.0%	10.4%	8.9%	6.6%	5.0%
\$5,000	17.5%	14.4%	12.6%	11.0%	9.4%	7.1%	5.4%

Total Losses:

Deductible Amount	Hazard Group						
	A	B	C	D	E	F	G
\$1,000	13.0%	10.4%	8.9%	7.4%	6.2%	4.3%	3.2%
\$1,500	15.9%	12.8%	10.9%	9.2%	7.8%	5.4%	4.1%
\$2,000	18.1%	14.7%	12.6%	10.7%	9.1%	6.5%	4.9%
\$2,500	20.1%	16.3%	14.1%	12.1%	10.2%	7.4%	5.6%
\$3,000	21.8%	17.8%	15.4%	13.2%	11.3%	8.2%	6.2%
\$3,500	23.4%	19.1%	16.6%	14.3%	12.2%	9.0%	6.8%
\$4,000	24.8%	20.3%	17.8%	15.4%	13.1%	9.7%	7.4%
\$4,500	26.2%	21.5%	18.8%	16.3%	14.0%	10.4%	7.9%
\$5,000	27.4%	22.6%	19.8%	17.3%	14.8%	11.1%	8.4%

Projected After-Tax Rate of Return

A. Operating Return

(1) Earned Premium:		100.0%
(2) Expected Loss & Loss Adjustment Expenses:		74.03%
(3) Commission & Brokerage Fees:		7.00%
(4) General & Other Acquisition Expenses		13.00%
(5) Taxes, Licenses & Fees:		6.500%
(6) Underwriting Profit Before Federal Income Tax:		-5.0%
(7) Federal income Tax on Underwriting Profit:		-1.8%
(8) Underwriting Profit After Federal Income Tax:		-3.3%
(9) After-Tax Investment Income on Policyholder Supplied Funds:		7.2%
(10) After-Tax Return From Insurance Operations:		4.0%

B. Total Rate of Return:

(11) Premium To Surplus Ratio		2.00 :1
(12) After-Tax Investment Income on a Dollar of Surplus:		2.8%
(13) Total After-Tax Rate of Return on Statutory Surplus:		10.7%

Notes:

- A.(1) Includes 100% of Earned Premium
- A.(2) 1-Selected Expense Provisions Supplied on LCM Calculation Sheet
- A.(3) Selection based on 5 Year Loss and Expense Exhibit
- A.(4) Selection based on 5 Year Loss and Expense Exhibit
- A.(5) Selection based on the NCCI Tax and Assessment Directory
- A.(6) Judgementally Selected.
- A.(7) A.(6) x 35% corporate tax rate
- A.(8) A.(6) - A.(7)
- A.(9) Line G. of Estimated Investment Earning on Policyholder Supplied Funds (Exhibit VI Page 2)
- A.(10) A.(8) + A.(9)
- B.(11) Line 6. of Premium to Surplus Ratio (Exhibit V Page 3)
- B.(12) Line E. of Estimated Investment Earning on Policyholder Supplied Funds (Exhibit VI Page 2)
- B.(13) (A.(10) x B.(11)) + B.(12)

American Compensation Insurance Company
Workers Compensation Filing Effective 7/1/2008 - Arkansas

Exhibit V
Page 2

Estimated Investment Earnings on Policyholder Supplied Funds (\$000)

A.	Unearned Premium Reserve:		
	(1) Projected Earned Premium:	\$	45,700
	(2) Mean Unearned Premium Reserve:	\$	7,425
	(3) Percentage Pre-paid Expense:		20.000%
	a. Commission	7.00%	
	b. 50% of General Expenses & Other Acquisition:	6.50%	
	c. Taxes, Licenses & Fees	6.500%	
	(4) Deduction for Federal Income Taxes Payable:		7.00%
	(5) Total Prepaid Expenses:	\$	2,005
	(6) Portion Subject to Investment:	\$	5,420
B.	Delayed Remission of Premiums:		
	(1) Average Agents' Balance as % of Premium:		7.22%
	(2) Total Delayed Remission:	\$	3,297
C.	Loss & LAE Reserve		
	(1) Expected Loss & LAE Ratio:		78.50%
	(2) Expected Loss & LAE:	\$	35,875
	(3) Reserve to Incurred Ratio:		323.70%
	(4) Expected Loss & LAE Reserves:	\$	116,126
D.	Policyholder Funds Subject to Investment Income:	\$	118,249
E.	2007 After Tax Rate of Return:		2.8%
F.	Investment Earnings on Policyholder Supplied Funds:	\$	3,275
G.	After-Tax Investment Income on Policyholder Supplied Funds:		7.2%

Notes:

- A.(1) Projected Earned Premium: 2007 IEE, Part III, Line 16., Column 3
- A.(2) (2007 IEE, Part III, Line 16., Column 19 + 2006 IEE, Part III, Line 16., Column 19)/2
- A.(3) A.(3)a. + A.(3)b. + A.(3)c.
 - A.(3)a. Selection based on 5 Year Loss and Expense Exhibit
 - A.(3)b. Selection based on 5 Year Loss and Expense Exhibit
 - A.(3)c. Selection based on NCCI Tax & Assessment Directory Provisions
- A.(4) Tax Reform Act of 1986 taxes 20% of the unearned premium reserve at a corporate rate of 35%. Therefore this provision is 7.0% = 20% x 35%
- A.(5) A.(2) x [(A.(3) + A.(4))
- A.(6) A.(2) - A.(5)
- B.(1) (2007 IEE, Part III, Line 16., Column 22 + 2006 IEE, Part III, Line 16., Column 22)/2
- B.(2) A.(1) x B.(1)
- C.(1) =1-(Total Expenses - Profit Load)
- C.(2) A.(1) x C.(1)
- C.(3) Exhibit VI, Page 2a, Line 7.
- C.(4) C.(2) x C.(3)
- D. A.(6) - B.(2) + C.(4)
- E. Exhibit VI, Page 2b
- F. D. x E.
- G. F./A.(1)

American Compensation Insurance Company
Workers Compensation Filing Effective 7/1/2008 - Arkansas

Exhibit V
Page 2a

Source Notes for Estimated Investment Earnings on Policyholder Supplied Funds - Line C.(3)

1.	2007 ACIC Countrywide Workers Compensation Unpaid Loss & LAE:	\$ 150,403
2.	2006 ACIC Countrywide Workers Compensation Unpaid Loss & LAE:	\$ 147,333
3.	Average Unpaid Loss & LAE:	\$ 148,868
4.	2007 ACIC Countrywide Incurred Loss & LAE:	\$ 40,698
5.	Reserve to Incurred Ratio:	365.8%
7.	Selected Reserve to Incurred Ratio:	323.7%

Notes:

1. 2007 IEE, Part III, Line 16., Columns 13, 15 and 17
2. 2006 IEE, Part III, Line 16., Columns 13, 15 and 17
3. $(1.+2.)/2$
4. 2007 IEE, Part III, Line 16., Columns 7, 9 and 11
5. $3./4.$
6. Selection.

Source Notes for Estimated Investment Earnings on Policyholder Supplied Funds - Line E

Line E	Investment Category	A 2006 Investment Income Earned	B Tax Rate	C After-Tax Portion	D 2006 After-Tax Investment Income
1	Taxable Bonds	\$ 3,974	35.00%	65.00%	\$ 2,583
2	Non-Taxable Bonds	\$ -	5.25%	94.75%	\$ -
3	Preferred Stocks	\$ -	35.00%	65.00%	\$ -
4	Common Stocks	\$ -	35.00%	65.00%	\$ -
5	Common Stocks in Affiliates	\$ -	14.18%	85.82%	\$ -
6	Cash	\$ 1,286	35.00%	65.00%	\$ 836
7	All Other Investments	\$ -	35.00%	65.00%	\$ -
8	Total	\$ 5,260			\$ 3,419
9	Total Investment Expense	\$ 199	35.00%	65.00%	\$ 129
10	Net Investment Earned	\$ 5,061			\$ 3,290
11	Invested Assets as of 12/31/2006				\$ 126,167
12	Invested Assets as of 12/31/2007				\$ 120,613
13	Average Invested Assets:				\$ 123,390

	F Beginning Invested Assets	G Ending Invested Assets	H Average Invested Assets	I Net Realized Capital Gains	J Net Realized Capital Gains Ratio
14. 2005	\$125,879	\$130,975	\$128,427	\$ 580	0.5%
15. 2006	\$130,975	\$126,167	\$128,571	\$ -	0.0%
16. 2007	\$126,167	\$120,613	\$123,390	\$ -	-70.0%
17. Total	\$383,021	\$377,755	\$380,388	\$ 580	0.2%
18. Tax Rate on Realized Capital Gains:					35.0%
19. After-Tax Realized Capital Gains:					0.1%
20. After-Tax Rate of Return:					2.7%
21. After-Tax Total Rate of Return:					2.8%

Notes:

Column A, Lines 1 - 7: 2007 Annual Statement, Exhibit of Net Investment Income, Lines 1. through 9
 Column A Line 8: = Total Of Lines 1. through 7. . Column A
 Column A Line 9: 2007 Annual Statement, Exhibit of Net Investment Income, Line 16
 Column A Line 10: =Column (A) Line 8. - Column (A) Line 9.
 Column B Lines 1. , 3., 6. and 7.: Subject to corporate tax rate of 35%.
 Column B Line 2.: Only 15% of the amount is subject to corporate tax of 35%, there the overall tax rate for this category = 5.25% = (15% x 35%)
 Column B Line 9: Subject to 35% corporate tax rate.
 Column C. = 1- Column B
 Column D, Lines 1 - 7: = Column A x Column C
 Column D, Line 8: = Total of Lines 1. through 7., Column D
 Column D, Line 9: = Column A, Line 9. x Column C, Line 9.
 Column D, Line 10. = Column D, Line 8 - Column D, Line 9.
 Column D, Line 11: 2007 Annual Statement, Assets (page 2), Column 4, Line 10.
 Column D, Line 12: 2007 Annual Statement, Assets (page 2), Column 3, Line 10.
 Column D, Line 13: (Column D, Line 11 + Column D, Line 12)/2
 Column F, Line 14: 2005 Annual Statement, Assets (page 2), column 4, line 10.
 Column F, Line 15: 2006 Annual Statement, Assets (page 2), column 4, line 10.
 Column F, Line 16: 2007 Annual Statement, Assets (page 2), column 4, line 10.
 Column F, Line 17: Column F, Line 14 + Column F, Line 15 + Column F, Line 16
 Column G, line 14: 2005 Annual Statement, Assets (page 2), column 3, line 10.
 Column G, line 15: 2006 Annual Statement, Assets (page 2), column 3, line 10.
 Column G, line 16: 2007 Annual Statement, Assets (page 2), column 3, line 10.
 Column G, Line 17: Column G, Line 14 + Column G, Line 15 + Column G, Line 16
 Column H, line 14: (Column F, Line 14 + Column G, Line 14)/2
 Column H, line 15: (Column F, Line 15 + Column G, Line 15)/2
 Column H, line 16: (Column F, Line 16 + Column G, Line 16)/2
 Column H, Line 17: Column H, Line 14 + Column H, Line 15 + Column H, Line 16
 Column I, line 14: 2005 Annual Statement, Underwriting & Investment Exhibit (page 4), column 1, line 10.
 Column I, line 15: 2006 Annual Statement, Underwriting & Investment Exhibit (page 4), column 1, line 10.
 Column I, line 16: 2007 Annual Statement, Statement of Income (page 4), column 1, line 10.
 Column I, Line 17: Column I, Line 14 + Column I, Line 15 + Column I, Line 16
 Column J, Line 14: = Column H, Line 14 x Column I, Line 14
 Column J, Line 15: = Column H, Line 15 x Column I, Line 15
 Column J, Line 16: = Column H, Line 16 x Column I, Line 16
 Column J, Line 17: = Column H, Line 17 x Column I, Line 17
 Line 18. = Corporate Tax Rate = 35%
 Line 19: = Column J, Line 17 x (1-Line 18.)
 Line 20: = Line 10/Line 13.
 Line 21: = Line 19 + Line 20

American Compensation Insurance Company
Workers Compensation Filing Effective 7/1/2008 - Arkansas

Exhibit V
Page 3

Premium to Surplus Ratio (\$000)

	(A) Calendar Year 2006	(B) Calendar Year 2007
1. Beginning Surplus as Regards Policyholders	\$ 43,597	\$ 46,566
2. Ending Surplus as Regard Policyholders	\$ 46,566	\$ 46,521
3. Average Surplus Level:	\$ 45,082	\$ 46,544
4. Net Written Premiums:	\$ 42,136	\$ 42,007
5. Net Premium to Surplus Ratio:	0.93	0.90
6. Selected Premium to Surplus Ratio:		2.00

Notes:

Line 1., Column (A): 2006 Annual Statement, Liabilities, Surplus & Other Funds (page 3), Column 2, Line 35
 Line 1., Column (B): 2007 Annual Statement, Liabilities, Surplus & Other Funds (page 3), Column 2, Line 35
 Line 2., Column (A): 2006 Annual Statement, Liabilities, Surplus & Other Funds (page 3), Column 1, Line 35
 Line 2., Column (B): 2007 Annual Statement, Liabilities, Surplus & Other Funds (page 3), Column 1, Line 35
 Line 3., Column (A): =(Line 1., Column (A) + Line 2., Column (A))/2
 Line 3., Column (B): =(Line 1., Column (B) + Line 2., Column (B))/2
 Line 4., Column (A): 2006 IEE, Part II, Column 1, Line 34
 Line 4., Column (B): 2007 IEE, Part II, Column 1, Line 34
 Line 5., Column (A): = Line 4., Column (A)/Line 3., Column (A)
 Line 5., Column (B): = Line 4., Column (B)/Line 3., Column (B)
 Line 6., Selection

Derivation of After-Tax Target Rate of Return of Statutory Surplus (\$000)

After Tax Rate of Return on Net Worth

	(A)	(B)	(C) ((A)+(B)/2)
Year	Property Casualty	Industry Total	Average
1994	6.5%	13.7%	10.1%
1995	8.8%	14.0%	11.4%
1996	9.0%	14.1%	11.6%
1997	11.4%	13.9%	12.7%
1998	9.2%	13.4%	11.3%
1999	6.5%	15.2%	10.9%
2000	6.6%	14.6%	10.6%
2001	0.3%	10.4%	5.4%
2002	1.7%	10.2%	6.0%
2003	8.2%	12.6%	10.4%
1994 - 2003 Average:	6.8%	13.2%	10.0%
Average (w/o 2001&2002):	8.3%	13.9%	11.1%
(1)	Selected After-Tax Return on GAAP Equity		11.1%
(2)	2007 Statutory Surplus		\$ 46,521
(3)	2007 Net Unearned Premium Reserve		\$ 7,778
(4)	GAAP Equity in Unearned Premium Reserve		\$ 359
(5)	2007 GAAP Equity		\$ 46,880
(6)	GAAP to Statutory Adjustment Factor		1.01
(7)	Target After-Tax Return on Statutory Surplus		11.2%

Notes:

- (A) & (B) 2004 NAIC Profitability Analysis
* Excluded 2001 & 2002 because 9/11/2001 caused both to be outliers.
- (1) Column (C), Average (w/o 2001 & 2002)
- (2) 2007 Annual Statement, "Liabilities, Surplus and Other Funds" (page 3), Column 1, Line 35
- (3) 2007 IEE, Part II, Column 19, Line 34
- (4) (3) x (2007 IEE, Part II, Column 23, Line 16/2006 IEE, Part II, Column 1, Line 16)
- (5) (2) + (4)
- (6) (5)/(2)
- (7) (1) x (6)