

SERFF Tracking Number: FARM-125697702 State: Arkansas  
 First Filing Company: Farmers Insurance Company, Inc., ... State Tracking Number: 2 CHKS TOTAL \$50  
 Company Tracking Number: HAR0803-103180, HAR0803-203180  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: H-AR-2008-HO-F  
 Project Name/Number: AR Reinstatement Fee - HO/B-08-034 & B-08-047

## Filing at a Glance

Companies: Farmers Insurance Company, Inc., Farmers Insurance Exchange

Product Name: H-AR-2008-HO-F	SERFF Tr Num: FARM-125697702	State: Arkansas
TOI: 04.0 Homeowners	SERFF Status: Closed	State Tr Num: 2 CHKS TOTAL \$50
Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations	Co Tr Num: HAR0803-103180, HAR0803-203180	State Status: Fees verified and received
Filing Type: Rule	Co Status:	Reviewer(s): Becky Harrington, Betty Montesi
	Authors: Anahit Bekarian, Jeanette Campion, Gayane Rupchian, Mina Villegas, Chris SalvaCruz, Edmond Balaian, Karen Lacy	Disposition Date: 07/30/2008
	Date Submitted: 06/27/2008	Disposition Status: Filed
Effective Date Requested (New): 10/20/2008		Effective Date (New): 10/20/2008
Effective Date Requested (Renewal): 10/20/2008		Effective Date (Renewal): 10/20/2008

State Filing Description:

ck # 3010727384 \$25 and ck # 3010727385 \$25

## General Information

Project Name: AR Reinstatement Fee - HO	Status of Filing in Domicile: Authorized
Project Number: B-08-034 & B-08-047	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 07/30/2008	
State Status Changed: 07/01/2008	Deemer Date:
Corresponding Filing Tracking Number:	
Filing Description:	

We respectfully submit for your review and approval revisions to our Homeowners rates and rules with effective date of October 20, 2008. This change will affect all the homeowner policies other than our Farmers Next Generation® Homeowners product.

<i>SERFF Tracking Number:</i>	<i>FARM-125697702</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Farmers Insurance Company, Inc., ...</i>	<i>State Tracking Number:</i>	<i>2 CHKS TOTAL \$50</i>
<i>Company Tracking Number:</i>	<i>HAR0803-103180, HAR0803-203180</i>		
<i>TOI:</i>	<i>04.0 Homeowners</i>	<i>Sub-TOI:</i>	<i>04.0000 Homeowners Sub-TOI Combinations</i>
<i>Product Name:</i>	<i>H-AR-2008-HO-F</i>		
<i>Project Name/Number:</i>	<i>AR Reinstatement Fee - HO/B-08-034 &amp; B-08-047</i>		

**Proposed Change:**

The Reinstatement Fee amount currently charged to customers is inadequate due to rising labor costs, administrative costs and the costs of other items, such as producing the reminder notices, cancellation notices, as well as postage and handling costs. Farmers currently collects a Policy Reinstatement Fee of \$10 for policies that reinstate after the grace period of 25 days. We are proposing to increase the reinstatement fee from \$10 to \$25 and shortening the grace period from 25 days to 10 days. The reinstatement fee increase and shortening of grace period will mitigate the rising costs and frequency of reinstatements without imposing any part of this burden on policyholders that do not require reinstatement processing. In 2007, of all reinstated policies, approximately 59.18% were reinstated after the 10 days of grace period. The estimated premium impact of the proposed change is 0.06%.

**Company and Contact**

**Filing Contact Information**

Feliksa Barran, Manager - Business Implementation 4700 Wilshire Blvd. Los Angeles, CA 90010	Feliksa_Barran@farmersinsurance.com  (323) 932-3056 [Phone]
--	---

**Filing Company Information**

Farmers Insurance Company, Inc. 10850 Lowell Avenue Overland Park, KS 66210-1667 (323) 932-3056 ext. [Phone]	CoCode: 21628 Group Code: 212 Group Name: FEIN Number: 48-0609012 -----	State of Domicile: Kansas Company Type: State ID Number:
---	---	--

Farmers Insurance Exchange 4680 Wilshire Blvd. Los Angeles, CA 90010 (323) 932-3056 ext. [Phone]	CoCode: 21652 Group Code: 212 Group Name: FEIN Number: 95-2575893 -----	State of Domicile: California Company Type: State ID Number:
---	---	--



SERFF Tracking Number: FARM-125697702 State: Arkansas  
 First Filing Company: Farmers Insurance Company, Inc., ... State Tracking Number: 2 CHKS TOTAL \$50  
 Company Tracking Number: HAR0803-103180, HAR0803-203180  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: H-AR-2008-HO-F  
 Project Name/Number: AR Reinstatement Fee - HO/B-08-034 & B-08-047

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	07/30/2008	07/30/2008

### 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	Becky Harrington	06/27/2008	06/27/2008	Mina Villegas	07/24/2008	07/24/2008

SERFF Tracking Number: FARM-125697702 State: Arkansas  
First Filing Company: Farmers Insurance Company, Inc., ... State Tracking Number: 2 CHKS TOTAL \$50  
Company Tracking Number: HAR0803-103180, HAR0803-203180  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: H-AR-2008-HO-F  
Project Name/Number: AR Reinstatement Fee - HO/B-08-034 & B-08-047

## Disposition

Disposition Date: 07/30/2008  
Effective Date (New): 10/20/2008  
Effective Date (Renewal): 10/20/2008  
Status: Filed  
Comment:

Rate data does NOT apply to filing.

### Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	0.000%
Overall Percentage Rate Impact For This Filing	0.000%
Effect of Rate Filing-Written Premium Change For This Program	\$0
Effect of Rate Filing - Number of Policyholders Affected	0

SERFF Tracking Number: FARM-125697702 State: Arkansas  
 First Filing Company: Farmers Insurance Company, Inc., ... State Tracking Number: 2 CHKS TOTAL \$50  
 Company Tracking Number: HAR0803-103180, HAR0803-203180  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: H-AR-2008-HO-F  
 Project Name/Number: AR Reinstatement Fee - HO/B-08-034 & B-08-047

Item Type	Item Name	Item Status	Public Access
Supporting Document	HPCS-Homeowners Premium Comparison Survey		Yes
Supporting Document	NAIC loss cost data entry document		Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp		Yes
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	Cover memo	Filed	Yes
Supporting Document	Supporting Exhibit I	Filed	Yes
Supporting Document	Response to Objection Letter dated 6-27-2008	Filed	Yes
Rate	Manual page	Filed	Yes

SERFF Tracking Number: FARM-125697702 State: Arkansas  
First Filing Company: Farmers Insurance Company, Inc., ... State Tracking Number: 2 CHKS TOTAL \$50  
Company Tracking Number: HAR0803-103180, HAR0803-203180  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: H-AR-2008-HO-F  
Project Name/Number: AR Reinstatement Fee - HO/B-08-034 & B-08-047

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 06/27/2008

Submitted Date 06/27/2008

Respond By Date

Dear Feliksa Barran,

This will acknowledge receipt of the captioned filing.

### Objection 1

- Supporting Exhibit I (Supporting Document)

Comment: Provide documentation supporting the increased costs.

Please feel free to contact me if you have questions.

In accordance with Regulation 23, Section 7.A., this filing may not be implemented until 20 days after the requested amendment(s) and/or information is received.

Sincerely,

Becky Harrington

## Response Letter

Response Letter Status Submitted to State

Response Letter Date 07/24/2008

Submitted Date 07/24/2008

Dear Becky Harrington,

### Comments:

We have attached the cover memo as response to Objection Letter dated 06-27-2008

### Response 1

Comments: Attached is response to Objection Letter dated 6-27-2008

### Related Objection 1

Applies To:

- Supporting Exhibit I (Supporting Document)

SERFF Tracking Number: FARM-125697702 State: Arkansas  
First Filing Company: Farmers Insurance Company, Inc., ... State Tracking Number: 2 CHKS TOTAL \$50  
Company Tracking Number: HAR0803-103180, HAR0803-203180  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: H-AR-2008-HO-F  
Project Name/Number: AR Reinstatement Fee - HO/B-08-034 & B-08-047

**Comment:**

Provide documentation supporting the increased costs.

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: Response to Objection Letter dated 6-27-2008

**Comment:**

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response to Objection Letter

Sincerely,

Anahit Bekarian, Chris SalvaCruz, Edmond Balaian, Gayane Rupchian, Jeanette Campion, Karen Lacy, Mina Villegas

*SERFF Tracking Number:* FARM-125697702      *State:* Arkansas  
*First Filing Company:* Farmers Insurance Company, Inc., ...      *State Tracking Number:* 2 CHKS TOTAL \$50  
*Company Tracking Number:* HAR0803-103180, HAR0803-203180  
*TOI:* 04.0 Homeowners      *Sub-TOI:* 04.0000 Homeowners Sub-TOI Combinations  
*Product Name:* H-AR-2008-HO-F  
*Project Name/Number:* AR Reinstatement Fee - HO/B-08-034 & B-08-047

## **Rate Information**

Rate data does NOT apply to filing.

SERFF Tracking Number: FARM-125697702 State: Arkansas  
 First Filing Company: Farmers Insurance Company, Inc., ... State Tracking Number: 2 CHKS TOTAL \$50  
 Company Tracking Number: HAR0803-103180, HAR0803-203180  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: H-AR-2008-HO-F  
 Project Name/Number: AR Reinstatement Fee - HO/B-08-034 & B-08-047

## Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	Manual page	Page 111	Replacement	Manual page 111.pdf

**HOMEOWNERS PACKAGE  
FARMERS INSURANCE COMPANY  
FARMERS INSURANCE EXCHANGE**

**RATING RULES**

The following rules apply to all Homeowners Package Policies unless otherwise specified by the rating rule.

**ROUNDING OF PREMIUM RULE**

Round the premium for each peril, coverage, and exposure for which a separate premium is calculated to the nearest cent.

**BASE PREMIUM INTERPOLATION**

The base rate for a policy limit not shown on the base rate premium pages may be obtained by interpolation.

**Example:** A base rate is desired for a Coverage A limit of \$183,000. The base rate for \$183,000 is not shown on the rate pages. However, the base rates for both \$180,000 and \$190,000 are printed on the rate pages. The base rate for \$183,000 must be determined by the following interpolation method:

Additional Coverage Desired	=	Desired coverage LESS the SMALLER Limit shown on the Base Rate pages \$183,000 - \$180,000 = \$3,000
Difference in Limit Shown	=	LARGER Limit shown LESS the SMALLER Limit shown on the Base Rate pages = \$190,000 - \$180,000 = \$10,000
Difference in Base Rates	=	Base Rate for LARGER Limit shown LESS the Base Rate for the SMALLER Limit shown = \$988 - \$941 = \$47
Additional Coverage Base Rate Difference in Limit Shown	=	$\frac{\text{Additional Coverage Desired}}{\text{Difference in Limit Shown}} \times \text{Difference in Base Rates}$  = $\frac{\$3,000}{\$10,000} \times \$47 = \$14.10$
Desired Coverage Base Rate	=	SMALLER Limit Base Rate plus Additional Coverage Base Rate (Round to the Nearest Dollar) = \$941 + \$14.10 = \$955.10 = \$955 (Rounded to the Nearest Dollar)

**Note:** Round coverage to thousands.

**FIRE POLICY FEE**

- ★ A Fire Policy Fee of \$25.00 is charged on all new policies and for reinstatements of policies out of force more than 6 months.

**FIRE REINSTATEMENT FEE**

- ★ A Reinstatement Fee of \$25.00 is charged on all policies reinstated after having been out of force more than 10 days and less than 6 months.

SERFF Tracking Number: FARM-125697702 State: Arkansas  
First Filing Company: Farmers Insurance Company, Inc., ... State Tracking Number: 2 CHKS TOTAL \$50  
Company Tracking Number: HAR0803-103180, HAR0803-203180  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: H-AR-2008-HO-F  
Project Name/Number: AR Reinstatement Fee - HO/B-08-034 & B-08-047

## Supporting Document Schedules

<b>Satisfied -Name:</b> Uniform Transmittal Document-Property & Casualty	<b>Review Status:</b> Filed	07/30/2008
<b>Comments:</b>		
<b>Attachment:</b> P&C transmittal.pdf		
<b>Satisfied -Name:</b> Cover memo	<b>Review Status:</b> Filed	07/30/2008
<b>Comments:</b>		
<b>Attachment:</b> Cover memo.pdf		
<b>Satisfied -Name:</b> Supporting Exhibit I	<b>Review Status:</b> Filed	07/30/2008
<b>Comments:</b>		
<b>Attachment:</b> Supporting Exhibit.pdf		
<b>Satisfied -Name:</b> Response to Objection Letter dated 6-27-2008	<b>Review Status:</b> Filed	07/30/2008
<b>Comments:</b>		
<b>Attachment:</b> Response cover memo.pdf		

## Property & Casualty Transmittal Document

<p><b>1. Reserved for Insurance Dept. Use Only</b></p>	<p><b>2. Insurance Department Use only</b></p> <p>a. Date the filing is received:</p> <p>b. Analyst:</p> <p>c. Disposition:</p> <p>d. Date of disposition of the filing:</p> <p>e. Effective date of filing:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">New Business</td> <td></td> </tr> <tr> <td>Renewal Business</td> <td></td> </tr> </table> <p>f. State Filing #:</p> <p>g. SERFF Filing #:</p> <p>h. Subject Codes</p>	New Business		Renewal Business	
New Business					
Renewal Business					

<b>3. Group Name</b>	<b>Group NAIC #</b>
Farmers Insurance Group of Companies	0212

4. Company Name(s)	Domicile	NAIC #	FEIN #	NAIC #
Farmers Insurance Exchange	CA	21652	95-2575893	0212
Farmers Insurance Company, Inc.	KS	21628	48-0609012	0212

<b>5. Company Tracking Number</b>	HAR0803-103180, HAR0803-203180
-----------------------------------	--------------------------------

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

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Brian Sniegowski 4700 Wilshire Blvd. Los Angeles, CA 90010	Product Manager	(323) 964-8036	(323) 932-3161	

7. Signature of authorized filer	
----------------------------------	--

8. Please print name of authorized filer	Mina Villegas
--	---------------

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

9. Type of Insurance (TOI)	Homeowners
10. Sub-Type of Insurance (Sub-TOI)	Homeowners Sub-TOI
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]	4.0 / 4.0000
12. Company Program Title (Marketing title)	Reinstatement fee
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input checked="" 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: 10/20/2008      Renewal: 10/20/2008
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	
17. Reference Organization # & Title	
18. Company's Date of Filing	June 27, 2008
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—

<b>20.</b>	<b>This filing transmittal is part of Company Tracking #</b>	HAR0803-103180, HAR0803-203180
------------	--	--------------------------------

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

We respectfully submit for your review and approval revisions to our Homeowners rates and rules with effective date of October 20, 2008. This change will affect all the homeowner policies other than our Farmers Next Generation<sup>®</sup> Homeowners product.

Proposed Change:

The Reinstatement Fee amount currently charged to customers is inadequate due to rising labor costs, administrative costs and the costs of other items, such as producing the reminder notices, cancellation notices, as well as postage and handling costs. Farmers currently collects a Policy Reinstatement Fee of \$10 for policies that reinstate after the grace period of 25 days. We are proposing to increase the reinstatement fee from \$10 to \$25 and shortening the grace period from 25 days to 10 days. The reinstatement fee increase and shortening of grace period will mitigate the rising costs and frequency of reinstatements without imposing any part of this burden on policyholders that do not require reinstatement processing. In 2007, of all reinstated policies, approximately 59.18% were reinstated after the 10 days of grace period. The estimated premium impact of the proposed change is 0.06%.

<b>22.</b>	<b>Filing Fees</b> (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: 3010727384 & 3010727385**  
**Amount: \$50.00 -- \$25.00 for each company**

**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.)**



**FARMERS**

4700 Wilshire Blvd.  
Los Angeles, CA 90010  
Bus: (323) 964-8036  
Fax: (323) 932-3950  
www.farmersinsurance.com

June 26, 2008

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

**SUBJECT: Homeowners Rate and Rule Filing – Policy Reinstatement Fee**

Company Name	Reference No.	NAIC #	Group #
Farmers Insurance Exchange	HAR0803-103180	21652	0212
Farmers Insurance Company, Inc.	HAR0803-203180	21628	0212

Dear Commissioner:

We respectfully submit for your review and approval revisions to our Homeowners rates and rules with effective date of October 20, 2008. This change will affect all the homeowner policies other than our Farmers Next Generation<sup>®</sup> Homeowners product.

Proposed Change:

The Reinstatement Fee amount currently charged to customers is inadequate due to rising labor costs, administrative costs and the costs of other items, such as producing the reminder notices, cancellation notices, as well as postage and handling costs. Farmers currently collects a Policy Reinstatement Fee of \$10 for policies that reinstate after the grace period of 25 days. We are proposing to increase the reinstatement fee from \$10 to \$25 and shortening the grace period from 25 days to 10 days. The reinstatement fee increase and shortening of grace period will mitigate the rising costs and frequency of reinstatements without imposing any part of this burden on policyholders that do not require reinstatement processing. In 2007, of all reinstated policies, approximately 59.18% were reinstated after the 10 days of grace period. The estimated premium impact of the proposed change is 0.06%.

Please refer to Exhibit 1 for the details.

Your consideration and approval of this filing will be greatly appreciated. Attached is a final printed manual page reflecting this change. If you have any questions on this material or require further information, please contact Brian Sniegowski at 323-964-8036.

Very truly yours,  
FARMERS INSURANCE EXCHANGE  
FARMERS INSURANCE COMPANY, INC.

A handwritten signature in black ink, reading "Jeff Reinig". The signature is written in a cursive style. To the right of the signature is a vertical red line.

Jeff Reinig, CPCU  
Vice-President, Fire Product Management

By: Brian Sniegowski, Product Manager  
Home Product Management

Exhibit 1

Arkansas Homeowners

Impact of Reinstatement Fee Change

(1)	Current Reinstatement Fee	\$	10.00
(2)	Proposed Reinstatement Fee	\$	25.00
(3)	Current grace period		25 days
(4)	Proposed grace period		10 days
(5)	2007 Number of Reinstated Policies		2036
(6)	Number of policies that were reinstated after the grace period of 25 days.		776
(7)	Estimated Premium \$ Impact due to fee increase	\$	11,640
(8)	Number of policies that were reinstated between 10 days and 25 days		429
(9)	Estimated Premium \$ Impact due to shortening of grace period	\$	10,725
(10)	2007 Estimated Earned Premiums	\$	34,906,670
(11)	Estimated Premium % Impact		0.06%

Notes

$$(7) = ( (2) - (1) ) \times (6)$$

$$(9) = (8) * (2)$$

$$(11) = ( (7) + (9) ) / (10)$$



FARMERS<sup>®</sup>

Albert J Cortez  
4700 Wilshire Blvd.  
Los Angeles, CA 90010  
Bus: (323) 964-8964  
Fax: (323) 932-3950  
www.farmersinsurance.com

July 24, 2008

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

Attn.: Ms. Becky Harrington  
Property and Casualty Division

**Subject: Response to Objection Letter dated 6/27/2008 for FARM-125697702**

Company Name	Reference #	NAIC #	Group #
Farmers Insurance Exchange	HAR0803-103180	21652	0212
Farmers Insurance Company, Inc	HAR0803-203180	21628	0212

Dear Ms. Harrington:

This correspondence is in response to your objection letter dated June 27, 2008. For simplicity, your comments are repeated below in italics followed by our response.

*Objection 1 Comment: Provide documentation supporting the increased costs.*

The \$10 fee has been in existence in the Arkansas Homeowners product for over a decade. Since that time, postage costs alone have increased at least 24%. However, the expense costs are only one driver of the total costs of reinstated policies.

Profitability results for business that has lapsed and reinstated is significantly worse than non-reinstated business. For Arkansas Homeowners, the loss ratio for reinstated business is more than double that of non-reinstated business.

We expect the proposed changes to fee and grace period to decrease the frequency of reinstatements, further minimizing the impact of this group's results on the profitability and overall rate need of Arkansas Homeowners.

Please note that these changes to fee and grace period are being made to ensure consistent treatment across all of our property products.

We trust that the additional information provided in the accompanying attachments will enable you to approve our filing in a timely manner. Thank you again for your consideration of our filing. If you have any questions, please contact Albert J Cortez at (323) 964-8964.

Very truly yours,  
FARMERS INSURANCE EXCHANGE  
FARMERS INSURANCE COMPANY, INC.

By: Albert J Cortez, PhD  
Actuarial Analyst  
Arkansas Home Product Management