

SERFF Tracking Number: FARM-125697736 State: Arkansas
Filing Company: Farmers Insurance Exchange State Tracking Number: EFT \$25
Company Tracking Number: HAR0803-103200
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 - NGHO/B-08-034 & B-08-047

Filing at a Glance

Company: Farmers Insurance Exchange

Product Name: H-AR-2008-HO-F

TOI: 04.0 Homeowners

Sub-TOI: 04.0000 Homeowners Sub-TOI
Combinations

Filing Type: Rule

SERFF Tr Num: FARM-125697736 State: Arkansas

SERFF Status: Closed

State Tr Num: EFT \$25

Co Tr Num: HAR0803-103200

State Status: Fees verified and
received

Co Status:

Reviewer(s): Becky Harrington,
Betty Montesi

Authors: Anahit Bekarian, Jeanette Disposition Date: 07/30/2008

Campion, Gayane Rupchian, Mina

Villegas, Chris SalvaCruz, Edmond

Balaian, Karen Lacy

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:

General Information

Project Name: AR Reinstatement Fee - NGHO

Project Number: B-08-034 & B-08-047

Reference Organization:

Reference Title:

Filing Status Changed: 07/30/2008

State Status Changed: 06/27/2008

Corresponding Filing Tracking Number:

Filing Description:

We respectfully submit for your review and approval revisions to our Farmers Next Generation® Homeowners product rates and rules with effective date of October 20, 2008.

Proposed Change:

Status of Filing in Domicile: Authorized

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

<i>SERFF Tracking Number:</i>	<i>FARM-125697736</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Farmers Insurance Exchange</i>	<i>State Tracking Number:</i>	<i>EFT \$25</i>
<i>Company Tracking Number:</i>	<i>HAR0803-103200</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 - NGHO/B-08-034 & B-08-047</i>		

For our Farmers Next Generation® Homeowners product, we currently collect a Policy Reinstatement Fee of \$25 for policies reinstated after a grace period of 25 days. Currently there is no reinstatement fee charged if the customer reinstates the policy within 25 days of the effective date. Due to the cost involved in reinstating any policy, regardless of time period, we propose to collect the reinstatement fee for policies reinstated after a grace period of 10 days instead of the current 25 days. Shortening of the grace period will mitigate rising processing costs and frequency of reinstatements without imposing any part of this burden on policyholders who do not require reinstatement processing. Given that Next Generation Homeowners product was recently introduced, there is lack of credible supporting data. However on country wide basis of all reinstated policies, approximately 35.38% were reinstated between 10 days and 25 days after the cancellation effective date in 2007. We will monitor the impact going forward and make changes if indicated.

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 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:

Filing Fees

Fee Required?	Yes
Fee Amount:	\$25.00
Retaliatory?	No
Fee Explanation:	\$25.00 is the fee amount for this filing for FIE. Check will be mailed via EFT.

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Per Company: No

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COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Farmers Insurance Exchange	\$25.00	06/27/2008	21126435

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
	\$0.00	03/16/2008

SERFF Tracking Number: FARM-125697736 State: Arkansas
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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-125697736 *State:* Arkansas
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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.

SERFF Tracking Number: FARM-125697736 State: Arkansas
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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	Response to Objection Letter dated 06-27-2008	Filed	Yes
Rate	Manual page	Filed	Yes

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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

- Cover memo (Supporting Document)

Comment: Provide documentation of the expense savings by shortening the grace period.

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 our response to Objection Letter dated 06-27-2008.

Response 1

Comments: Attached is cover memo as response to Objection Letter dated 06-27-2008.

Related Objection 1

Applies To:

- Cover memo (Supporting Document)

SERFF Tracking Number: FARM-125697736 State: Arkansas
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Product Name: H-AR-2008-HO-F
Project Name/Number: AR Reinstatement Fee - NGHO/B-08-034 & B-08-047

Comment:

Provide documentation of the expense savings by shortening the grace period.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Response to Objection Letter dated 06-27-2008

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response to Objection Letter dated 06-27-2008

Sincerely,

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

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Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: FARM-125697736 State: Arkansas
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 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 - NGHO/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 1001	Replacement	Manual page 1001.pdf

FARMERS INSURANCE EXCHANGE

RATING RULES

The following rules apply to the Homeowners policy.

ROUNDING OF PREMIUM RULE

The premium for each premium component, coverage and exposure for which a separate premium is calculated is rounded to the nearest cent.

RATE INTERPOLATION

Rates are available on E-home and Farmers Fire Policy Processing System (FPPS). Refer to these systems to obtain rates for various coverage levels.

POLICY FEE

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

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.

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Supporting Document Schedules

Satisfied -Name:	Uniform Transmittal Document- Property & Casualty	Review Status: Filed	07/30/2008
Comments:			
Attachment:	P&C transmittal.pdf		
Satisfied -Name:	Cover memo	Review Status: Filed	07/30/2008
Comments:			
Attachment:	Cover memo.pdf		
Satisfied -Name:	Response to Objection Letter dated 06-27-2008	Review Status: Filed	07/30/2008
Comments:			
Attachment:	Response cover memo.pdf		

Property & Casualty Transmittal Document

<p>1. Reserved for Insurance Dept. Use Only</p>	<p>2. Insurance Department Use only</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: 60%;">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					

3. Group Name	Group NAIC #
Farmers Insurance Group of Companies	0212

4. Company Name(s)	Domicile	NAIC #	FEIN #	Group NAIC #
Farmers Insurance Exchange	CA	21652	95-2575893	0212

5. Company Tracking Number	HAR0803-103200
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

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

7. Signature of authorized filer	
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8. Please print name of authorized filer	Mina Villegas
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Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	Homeowners Fee - NGHO
10. Sub-Type of Insurance (Sub-TOI)	Homeowners Sub TOI combinations
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]	4.0 / 4.0000
12. Company Program Title (Marketing title)	Reinstatement fee – Next Generation
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—

20.	This filing transmittal is part of Company Tracking #	HAR0803-103200
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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We respectfully submit for your review and approval revisions to our Farmers Next Generation[®] Homeowners product rates and rules with effective date of October 20, 2008.

Proposed Change:

For our Farmers Next Generation[®] Homeowners product, we currently collect a Policy Reinstatement Fee of \$25 for policies reinstated after a grace period of 25 days. Currently there is no reinstatement fee charged if the customer reinstates the policy within 25 days of the effective date. Due to the cost involved in reinstating any policy, regardless of time period, we propose to collect the reinstatement fee for policies reinstated after a grace period of 10 days instead of the current 25 days. Shortening of the grace period will mitigate rising processing costs and frequency of reinstatements without imposing any part of this burden on policyholders who do not require reinstatement processing. Given that Next Generation Homeowners product was recently introduced, there is lack of credible supporting data. However on country wide basis of all reinstated policies, approximately 35.38% were reinstated between 10 days and 25 days after the cancellation e

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]
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Check: 3010727386
Amount: \$25.00

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.)**



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, Arkansas 72201

SUBJECT: Homeowners Rate and Rule Filing – Policy Reinstatement Fee – Next Generation

Company Name	Reference No.	NAIC #	Group #
Farmers Insurance Exchange	HAR0803-103200	21652	0212

Dear Commissioner:

We respectfully submit for your review and approval revisions to our Farmers Next Generation[®] Homeowners product rates and rules with effective date of October 20, 2008.

Proposed Change:

For our Farmers Next Generation[®] Homeowners product, we currently collect a Policy Reinstatement Fee of \$25 for policies reinstated after a grace period of 25 days. Currently there is no reinstatement fee charged if the customer reinstates the policy within 25 days of the effective date. Due to the cost involved in reinstating any policy, regardless of time period, we propose to collect the reinstatement fee for policies reinstated after a grace period of 10 days instead of the current 25 days. Shortening of the grace period will mitigate rising processing costs and frequency of reinstatements without imposing any part of this burden on policyholders who do not require reinstatement processing. Given that Next Generation Homeowners product was recently introduced, there is lack of credible supporting data. However on country wide basis of all reinstated policies, approximately 35.38% were reinstated between 10 days and 25 days after the cancellation effective date in 2007. We will monitor the impact going forward and make changes if indicated.

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 me at (323) 964-8036.

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

A handwritten signature in black ink that reads "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



FARMERS®

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-125697736

Company Name	Reference #	NAIC #	Group #
Farmers Insurance Exchange	HAR0803-103200	21652	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 of the expense savings by shortening the grace period.

We anticipate expense savings associated with the change in grace period based on our expectation that this change will decrease the frequency of reinstatements. As this is a new product, we do not have an estimate of the reduction in the number of reinstatements, so an accurate estimate of expense savings cannot be developed.

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 the 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.

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

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