

SERFF Tracking Number: HRMN-125926833 State: Arkansas  
First Filing Company: Horace Mann Insurance Company, ... State Tracking Number: EFT \$100  
Company Tracking Number: AR HOME RATE 040109  
TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners  
Product Name: AR Homeowner Rate Filing  
Project Name/Number: AR HOME RATE 040109/AR HOME RATE 040109

## Filing at a Glance

Companies: Horace Mann Insurance Company, Teachers Insurance Company

Product Name: AR Homeowner Rate Filing SERFF Tr Num: HRMN-125926833 State: Arkansas  
TOI: 04.0 Homeowners SERFF Status: Closed State Tr Num: EFT \$100  
Sub-TOI: 04.0003 Owner Occupied Homeowners Co Tr Num: AR HOME RATE State Status: Fees verified and received  
Homeowners 040109  
Filing Type: Rate Co Status: Reviewer(s): Becky Harrington, Betty Montesi  
Author: Mindy Ballard Disposition Date: 01/14/2009  
Date Submitted: 12/12/2008 Disposition Status: Filed  
Effective Date Requested (New): 04/01/2009 Effective Date (New): 04/01/2009  
Effective Date Requested (Renewal): 04/01/2009 Effective Date (Renewal): 04/01/2009

State Filing Description:

## General Information

Project Name: AR HOME RATE 040109 Status of Filing in Domicile: Not Filed  
Project Number: AR HOME RATE 040109 Domicile Status Comments: N/A  
Reference Organization: N/A Reference Number: N/A  
Reference Title: N/A Advisory Org. Circular: N/A  
Filing Status Changed: 01/14/2009  
State Status Changed: 12/12/2008 Deemer Date:  
Corresponding Filing Tracking Number: N/A  
Filing Description:  
December 12, 2008

Arkansas Insurance Department  
Property & Casualty Division  
1200 West Third Street  
Little Rock, AR 72201-1904

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Project Name/Number: AR HOME RATE 040109/AR HOME RATE 040109

Attention: Julie Benafield Bowman  
Commissioner of Insurance

Regarding: Horace Mann Insurance Company NAIC #300-22578  
Teachers Insurance Company NAIC #300-22683  
Homeowners Program  
Rate Filing  
Company Filing Number: AR HOME RATE 040109

Dear Commissioner Benafield Bowman,

Horace Mann Insurance Company and Teachers Insurance Company submit for your review the above noted homeowner rate filing. The overall effect of this filing is +6.0%. It is the judgment of the Actuarial Department as well as of management that these rates are neither excessive, inadequate, nor unfairly discriminatory.

The effective date of this filing is April 1, 2009.

If I can be of further service or if additional information is needed, please do not hesitate to call me toll free at 877-272-0040 option 9, option 3. If you prefer e-mail, my address is melinda.ballard@horacemann.com. Thank you for your attention to this matter.

Sincerely,

Melinda Ballard  
Implementation Analyst  
Property and Casualty Division  
Horace Mann Insurance Company  
Teachers Insurance Company

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 Project Name/Number: AR HOME RATE 040109/AR HOME RATE 040109

## Company and Contact

### Filing Contact Information

Melinda Ballard, Actuarial Analyst I ballarm1@mail.horacemann.com  
 1 Horace Mann Plaza (217) 789-2500 [Phone]  
 Springfield, IL 62715 (217) 535-7171[FAX]

### Filing Company Information

Horace Mann Insurance Company CoCode: 22578 State of Domicile: Illinois  
 1 Horace Mann Plaza Group Code: 300 Company Type: Insurance  
 Company  
 Springfield, IL 62715 Group Name: State ID Number:  
 (217) 789-2500 ext. [Phone] FEIN Number: 59-1027412  
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Teachers Insurance Company CoCode: 22683 State of Domicile: Illinois  
 1 Horace Mann Plaza Group Code: 300 Company Type: Insurance  
 Company  
 Springfield, IL 62715 Group Name: State ID Number:  
 (217) 789-2500 ext. [Phone] FEIN Number: 23-1742051  
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## Filing Fees

Fee Required? Yes  
 Fee Amount: \$100.00  
 Retaliatory? No  
 Fee Explanation: The filing fee for a homeowner rate filing is \$100.00.  
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Horace Mann Insurance Company	\$100.00	12/12/2008	24507056
Teachers Insurance Company	\$0.00	12/12/2008	

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	01/14/2009	01/14/2009

### 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	01/02/2009	01/02/2009	Mindy Ballard	01/12/2009	01/12/2009
Pending Industry Response	Becky Harrington	12/12/2008	12/12/2008	Mindy Ballard	12/23/2008	12/23/2008

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Profit	Note To Filer	Becky Harrington	01/02/2009	01/02/2009

SERFF Tracking Number: HRMN-125926833 State: Arkansas  
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## Disposition

Disposition Date: 01/14/2009  
 Effective Date (New): 04/01/2009  
 Effective Date (Renewal): 04/01/2009  
 Status: Filed  
 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:
Horace Mann Insurance Company	7.700%	\$7,615	80	\$98,892	8.200%	-0.100%	9.500%
Teachers Insurance Company	5.000%	\$8,418	169	\$168,355	5.500%	-2.800%	9.500%

### Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	9.500%
Overall Percentage Rate Impact For This Filing	6.000%
Effect of Rate Filing-Written Premium Change For This Program	\$16,033
Effect of Rate Filing - Number of Policyholders Affected	249

SERFF Tracking Number: HRMN-125926833 State: Arkansas  
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Item Type	Item Name	Item Status	Public Access
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)		Yes
Supporting Document	H-1 Homeowners Abstract	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	AR Homeowner Filing	Filed	Yes
Supporting Document	Cover Letter	Filed	Yes
Supporting Document	Homeowner Premium Comparison Survey	Filed	Yes
Supporting Document	Response and RF-1 Forms	Filed	Yes
Supporting Document	Response	Filed	Yes
Rate	Deductible Factors	Filed	Yes

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Project Name/Number: AR HOME RATE 040109/AR HOME RATE 040109

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 01/02/2009

Submitted Date 01/02/2009

Respond By Date

Dear Melinda Ballard,

This will acknowledge receipt of your response. We are still concerned about the amount of profit.

Objection 1

- Response and RF-1 Forms (Supporting Document)

Comment: Provide a comparison of the profit/contingency development of the previous rate filing to the pending.

Display the calculation of the estimate of investment income on net unearned premiums and loss reserves; consideration must be given to all investment income attributable to premiums and to the reserves associated with those premiums and to loss reserve funds.

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 01/12/2009

Submitted Date 01/12/2009

Dear Becky Harrington,

**Comments:**

### Response 1

Comments: Dear Ms. Harrington,

Attached please find our response to the objection letter dated 1/2/09. If you have any further questions or concerns,

SERFF Tracking Number: HRMN-125926833 State: Arkansas  
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Product Name: AR Homeowner Rate Filing  
Project Name/Number: AR HOME RATE 040109/AR HOME RATE 040109  
please contact me. Thank you.

Melinda Ballard  
Implementation Analyst  
877-272-0040 options 9, 3 (toll free)

#### **Related Objection 1**

Applies To:

- Response and RF-1 Forms (Supporting Document)

Comment:

Provide a comparison of the profit/contingency development of the previous rate filing to the pending. Display the calculation of the estimate of investment income on net unearned premiums and loss reserves; consideration must be given to all investment income attributable to premiums and to the reserves associated with those premiums and to loss reserve funds.

#### **Changed Items:**

#### **Supporting Document Schedule Item Changes**

Satisfied -Name: Response

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,  
Mindy Ballard

SERFF Tracking Number: HRMN-125926833 State: Arkansas  
First Filing Company: Horace Mann Insurance Company, ... State Tracking Number: EFT \$100  
Company Tracking Number: AR HOME RATE 040109  
TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners  
Product Name: AR Homeowner Rate Filing  
Project Name/Number: AR HOME RATE 040109/AR HOME RATE 040109

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 12/12/2008

Submitted Date 12/12/2008

Respond By Date

Dear Melinda Ballard,

This will acknowledge receipt of the captioned filing.

### Objection 1

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment: Changes to the HPCS form are not allowed. This also includes the addition of worksheets. Please re-submit the HPCS with no changes or additions to the form. Any comments regarding differences in what is submitted by the company and what the form requires may be indicated under the comments field of the supporting document schedule item.

### Objection 2

- NAIC loss cost data entry document (Supporting Document)

Comment: This form is also known as an RF-1 which is required with all rate filings. Please submit one for each company.

### Objection 3

- AR Homeowner Filing (Supporting Document)

Comment: 15% profit and contingency load appears excessive. Provide additional documentation of its development.

### Objection 4

- AR Homeowner Filing (Supporting Document)

Comment: Provide the Benefield Blanch model used to calculate wind losses. Confirm that the wind losses are attributed to AR only and not countrywide.

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

SERFF Tracking Number: HRMN-125926833 State: Arkansas  
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Company Tracking Number: AR HOME RATE 040109  
TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners  
Product Name: AR Homeowner Rate Filing  
Project Name/Number: AR HOME RATE 040109/AR HOME RATE 040109

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 12/23/2008  
Submitted Date 12/23/2008

Dear Becky Harrington,

### Comments:

### Response 1

Comments: Dear Ms. Harrington,

Attached please find our response to the objection letter dated 12/12/08. If you have any further questions or concerns, please contact me. Have a wonderful holiday season.

Melinda Ballard  
Implementation Analyst  
877-272-0040 options 9, 3 (toll free)

### Related Objection 1

Applies To:

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment:

Changes to the HPCS form are not allowed. This also includes the addition of worksheets. Please re-submit the HPCS with no changes or additions to the form. Any comments regarding differences in what is submitted by the company and what the form requires may be indicated under the comments field of the supporting document schedule item.

### Related Objection 2

Applies To:

- NAIC loss cost data entry document (Supporting Document)

Comment:

This form is also known as an RF-1 which is required with all rate filings. Please submit one for each company.

### Related Objection 3

Applies To:

SERFF Tracking Number: HRMN-125926833 State: Arkansas  
First Filing Company: Horace Mann Insurance Company, ... State Tracking Number: EFT \$100  
Company Tracking Number: AR HOME RATE 040109  
TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners  
Product Name: AR Homeowner Rate Filing  
Project Name/Number: AR HOME RATE 040109/AR HOME RATE 040109

- AR Homeowner Filing (Supporting Document)

Comment:

15% profit and contingency load appears excessive. Provide additional documentation of its development.

#### **Related Objection 4**

Applies To:

- AR Homeowner Filing (Supporting Document)

Comment:

Provide the Benefield Blanch model used to calculate wind losses. Confirm that the wind losses are attributed to AR only and not countrywide.

#### **Changed Items:**

#### **Supporting Document Schedule Item Changes**

Satisfied -Name: Homeowner Premium Comparison Survey

Comment: Please Note:

\$500 deductible is not available for Form 3. We have used our minimum deductible of \$750 Flat.

Satisfied -Name: Response and RF-1 Forms

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,  
Mindy Ballard

*SERFF Tracking Number:*      *HRMN-125926833*                      *State:*                      *Arkansas*  
*First Filing Company:*      *Horace Mann Insurance Company, ...*                      *State Tracking Number:*      *EFT \$100*  
*Company Tracking Number:*      *AR HOME RATE 040109*  
*TOI:*                      *04.0 Homeowners*                      *Sub-TOI:*                      *04.0003 Owner Occupied Homeowners*  
*Product Name:*                      *AR Homeowner Rate Filing*  
*Project Name/Number:*      *AR HOME RATE 040109/AR HOME RATE 040109*

**Note To Filer**

**Created By:**

Becky Harrington on 01/02/2009 10:35 AM

**Subject:**

Profit

**Comments:**

I have discussed the profit provision with Director Lacy. The Department's position is that the profit provision is excessive and not likely to be accepted.

Please consider lowering the amount.

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 Product Name: AR Homeowner Rate Filing  
 Project Name/Number: AR HOME RATE 040109/AR HOME RATE 040109

## Rate Information

Rate data applies to filing.

**Filing Method:** File and Use  
**Rate Change Type:** Increase  
**Overall Percentage of Last Rate Revision:** 0.000%  
**Effective Date of Last Rate Revision:** 07/15/2005  
**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):
Horace Mann Insurance Company	9.500%	7.700%	\$7,615	80	\$98,892	%	%
Teachers Insurance Company	9.500%	5.000%	\$8,418	169	\$168,355	%	%

## Overall Rate Information for Multiple Company Filings

**Overall % Rate Indicated:** 9.500%  
**Overall Percentage Rate Impact For This Filing:** 6.000%  
**Effect of Rate Filing - Written Premium Change For This Program:** \$16,033

<i>SERFF Tracking Number:</i>	<i>HRMN-125926833</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Horace Mann Insurance Company, ...</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>AR HOME RATE 040109</i>		
<i>TOI:</i>	<i>04.0 Homeowners</i>	<i>Sub-TOI:</i>	<i>04.0003 Owner Occupied Homeowners</i>
<i>Product Name:</i>	<i>AR Homeowner Rate Filing</i>		
<i>Project Name/Number:</i>	<i>AR HOME RATE 040109/AR HOME RATE 040109</i>		

**Effect of Rate Filing - Number of Policyholders Affected:** 249



SERFF Tracking Number: HRMN-125926833 State: Arkansas  
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 Product Name: AR Homeowner Rate Filing  
 Project Name/Number: AR HOME RATE 040109/AR HOME RATE 040109

## Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	Deductible Factors	Exhibit VII	Replacement	AR-PC-05-013396 Exhibit VII, Deductible Factors.pdf

**Horace Mann Insurance Company**  
Arkansas

**Homeowners - Forms 1, 2 & 3**  
**Deductible Relativities**

Deductible	Exposure Weight	Current Relativity	Select Relativity	% Change
\$750 Flat	0.797	1.00	1.00	0.0%
\$1,000 Flat	0.108	0.94	0.94	0.0%
\$1,000 Flat/1% Wind/Hail	N/A	N/A	0.89	N/A
1% of Coverage A	0.000	0.87	0.84	-3.4%
\$1,500 Flat	0.054	0.82	0.79	-3.7%
\$2,500 Flat	0.027	0.70	0.67	-4.3%
\$5,000 Flat	0.014	0.65	0.60	-7.7%
<b>Total</b>	1.000	0.971	0.968	-0.3%

**Teachers Insurance Company**  
Arkansas

**Homeowners - Forms 1, 2 & 3**  
**Deductible Relativities**

Deductible	Exposure Weight	Current Relativity	Select Relativity	% Change
\$750 Flat	0.656	1.00	1.00	0.0%
\$1,000 Flat	0.256	0.94	0.94	0.0%
\$1,000 Flat/1% Wind/Hail	N/A	N/A	0.89	N/A
1% of Coverage A	0.025	0.87	0.84	-3.4%
\$1,500 Flat	0.013	0.82	0.79	-3.7%
\$2,500 Flat	0.038	0.70	0.67	-4.3%
\$5,000 Flat	0.013	0.65	0.60	-7.7%
<b>Total</b>	1.000	0.964	0.961	-0.3%

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 Project Name/Number: AR HOME RATE 040109/AR HOME RATE 040109

## Supporting Document Schedules

**Review Status:**

**Bypassed -Name:** Form RF-2 Loss Costs Only (not for workers' compensation) 12/02/2008  
**Bypass Reason:** Not applicable.  
**Comments:**

**Review Status:**

**Satisfied -Name:** H-1 Homeowners Abstract Filed 01/14/2009  
**Comments:**  
**Attachments:**  
 AR Form H-1 Home Abstract - HMIC.pdf  
 AR Form H-1 Home Abstract - TIC.pdf

**Review Status:**

**Satisfied -Name:** HPCS-Homeowners Premium Comparison Survey Filed 01/14/2009  
**Comments:**  
**Attachments:**  
 HPCS 3-06i(1) Horace Mann Insurance Company.xls  
 HPCS 3-06i(1) Teachers Insurance Company.xls

**Review Status:**

**Bypassed -Name:** NAIC loss cost data entry document Filed 01/14/2009  
**Bypass Reason:** Not applicable.  
**Comments:**

**Review Status:**

**Satisfied -Name:** Uniform Transmittal Document-Property & Casualty Filed 01/14/2009  
**Comments:**  
**Attachment:**  
 AR Homeowner Rate Filing Transmittal Document.pdf

SERFF Tracking Number: HRMN-125926833 State: Arkansas  
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Project Name/Number: AR HOME RATE 040109/AR HOME RATE 040109

**Review Status:**  
**Satisfied -Name:** AR Homeowner Filing Filed 01/14/2009  
**Comments:**  
**Attachment:**  
AR Homeowner Rate Filing.pdf

**Review Status:**  
**Satisfied -Name:** Cover Letter Filed 01/14/2009  
**Comments:**  
**Attachment:**  
AR Homeowner Rate Filing Cover Letter.pdf

**Review Status:**  
**Satisfied -Name:** Homeowner Premium Comparison Survey Filed 01/14/2009  
**Comments:**  
Please Note:

\$500 deductible is not available for Form 3. We have used our minimum deductible of \$750 Flat.

**Attachments:**  
HPCS 3-06i(1) Horace Mann Insurance Company.xls  
HPCS 3-06i(1) Teachers Insurance Company.xls

**Review Status:**  
**Satisfied -Name:** Response and RF-1 Forms Filed 01/14/2009  
**Comments:**  
**Attachments:**  
Response to Objection Letter 12.12.08.pdf  
RF-1 - Horace Mann Insurance Company.pdf  
RF-1 - Teachers Insurance Company.pdf

**Review Status:**  
**Satisfied -Name:** Response Filed 01/14/2009  
**Comments:**

*SERFF Tracking Number:*      *HRMN-125926833*                      *State:*                      *Arkansas*  
*First Filing Company:*      *Horace Mann Insurance Company, ...*                      *State Tracking Number:*      *EFT \$100*  
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*Product Name:*                      *AR Homeowner Rate Filing*  
*Project Name/Number:*                      *AR HOME RATE 040109/AR HOME RATE 040109*

**Attachment:**

Response to objection letter 1.2.09.pdf



ARKANSAS INSURANCE DEPARTMENT

FORM H-1 HOMEOWNERS ABSTRACT

INSTRUCTIONS: All questions must be answered. If the answer is "none" or "not applicable", so state. If all questions are not answered, the filing will not be accepted for review by the Department. Use a separate abstract for each company if filing for a group. Subsequent homeowners rate/rule submissions that do not alter the information contained herein need not include this form.

Company Name Horace Mann Insurance Company  
NAIC # (including group #) 300-22578

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact.  
None
  
2. If you use a cost estimator (or some similar method) in order to make sure that dwellings (or contents) are insured at their value, state when this program was started in Arkansas and estimate its impact.  
We use a cost estimator for new business but not for renewal business. We have been using a cost estimator for over 20 years.
3. If you require a minimum relationship between the amount of insurance to be written and the replacement value of the dwelling (contents) in order to purchase insurance, describe the procedures that are used.  
We require a dwelling to be insured for 100% of its replacement value as determined by our replacement cost estimator.
4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.  
Yes, we use an optional Inflation Guard endorsement, which increases the Coverage A amount each year by a factor based on building cost indices. Currently, our factor is 6.0%.
5. Specify the percentage given for credit or discounts for the following:
  - a. Fire Extinguisher n/a%
  - b. Burglar Alarm 5%
  - c. Smoke Alarm 5%
  - d. Insured who has both homeowners and auto with your compan 5- 12%
  - e. Deadbolt Locks n/a%
  - f. Window or Door Locks n/a%
  - g. Other (specify) %
  
6. Are there any areas in the State of Arkansas In which your company will not write homeowners insurance? If so, state the areas and explain reason for not writing.  
None
7. Specify the form(s) utilized in writing homeowners insurance. Indicate the Arkansas premium volume for each form.

Form	Premium Volume
Homeowner Forms 1,2,3	\$263,788
Tenant & Condominium Forms 4,6	\$3,459

8. Do you write homeowner risks which have aluminum, steel or vinyl siding?  Yes  No
9. Is there a surcharge on risks with wood heat? Yes  
If yes, state the surcharge 6%  
Does the surcharge apply to conventional fire No  
places?  
If yes, state the surcharge N/A

THE INFORMATION PROVIDED IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



Signature

Lisa Brubaker, FCAS, MAAA

Printed Name

Actuarial Consultant

Title

217-789-2500

Telephone Number

Lisa.Brubaker@horacemann.com

Email address

ARKANSAS INSURANCE DEPARTMENT

FORM H-1 HOMEOWNERS ABSTRACT

INSTRUCTIONS: All questions must be answered. If the answer is "none" or "not applicable", so state. If all questions are not answered, the filing will not be accepted for review by the Department. Use a separate abstract for each company if filing for a group. Subsequent homeowners rate/rule submissions that do not alter the information contained herein need not include this form.

Company Name Teachers Insurance Company  
 NAIC # (including group #) 300-22683

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact.

None

2. If you use a cost estimator (or some similar method) in order to make sure that dwellings (or contents) are insured at their value, state when this program was started in Arkansas and estimate its impact.

We use a cost estimator for new business but not for renewal business. We have been using a cost estimator for over 20 years.

3. If you require a minimum relationship between the amount of insurance to be written and the replacement value of the dwelling (contents) in order to purchase insurance, describe the procedures that are used.

We require a dwelling to be insured for 100% of its replacement value as determined by our replacement cost estimator.

4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.

Yes, we use an optional Inflation Guard endorsement, which increases the Coverage A amount each year by a factor based on building cost indices. Currently, our factor is 6.0%.

5. Specify the percentage given for credit or discounts for the following:

- |  |        |
|--|--------|
| a. Fire Extinguisher   | n/a%   |
| b. Burglar Alarm   | 5%     |
| c. Smoke Alarm   | 5%     |
| d. Insured who has both homeowners and auto with your compan | 5- 12% |
| e. Deadbolt Locks  | n/a%   |
| f. Window or Door Locks                                      | n/a%   |
| g. Other (specify)   | %      |

6. Are there any areas in the State of Arkansas In which your company will not write homeowners insurance? If so, state the areas and explain reason for not writing.

None

7. Specify the form(s) utilized in writing homeowners insurance. Indicate the Arkansas premium volume for each form.

Form	Premium Volume
Homeowner Forms 1,2,3	\$263,788
Tenant & Condominium Forms 4,6	\$3,459

8. Do you write homeowner risks which have aluminum, steel or vinyl siding?  Yes  No

9. Is there a surcharge on risks with wood heat? Yes  
If yes, state the surcharge 6%  
Does the surcharge apply to conventional fire No  
places?  
If yes, state the surcharge N/A

THE INFORMATION PROVIDED IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



Signature

Lisa Brubaker, FCAS, MAAA

Printed Name

Actuarial Consultant

Title

217-789-2500

Telephone Number

Lisa.Brubaker@horacemann.com

Email address

NAIC Number:	22578
Company Name:	Horace Mann Insurance Company
Contact Person:	Melinda Ballard
Telephone No.:	217-788-8505
Email Address:	Melinda.Ballard@horacemann.com
Effective Date:	4/1/2009

**Homeowners Premium Comparison Survey Form  
FORM HP3S - last modified August, 2005**

Submit to: Arkansas Insurance Department  
1200 West Third Street  
Little Rock, AR 72201-1904  
Telephone: 501-371-2800  
Email as an attachment to: insurance.pnc@arkansas.gov  
You may also attach to a SERFF filing or submit on a cdr disk

**USE THE APPROPRIATE FORM BELOW - IF NOT APPLICABLE, LEAVE  
BLANK**

**Survey Form for HO3 (Homeowners) - Use \$500 Flat Deductible (Covers risk of direct physical loss for dwelling and other structures; named perils for personal property, replacement cost on dwelling, actual cash value on personal property)**

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$539.00	\$593.00	\$539.00	\$593.00	\$818.00	\$900.00	\$803.00	\$883.00	\$818.00	\$900.00	\$647.00	\$712.00	\$647.00	\$712.00	\$585.00	\$644.00	\$791.00	\$870.00
	\$120,000	\$769.00	\$846.00	\$769.00	\$846.00	\$1,166.00	\$1,283.00	\$1,144.00	\$1,258.00	\$1,166.00	\$1,283.00	\$922.00	\$1,014.00	\$922.00	\$1,014.00	\$834.00	\$917.00	\$1,127.00	\$1,240.00
	\$160,000	\$1,026.00	\$1,129.00	\$1,026.00	\$1,129.00	\$1,557.00	\$1,713.00	\$1,527.00	\$1,680.00	\$1,557.00	\$1,713.00	\$1,231.00	\$1,354.00	\$1,231.00	\$1,354.00	\$1,113.00	\$1,224.00	\$1,505.00	\$1,656.00
6	\$80,000	\$636.00	\$706.00	\$636.00	\$706.00	\$965.00	\$1,072.00	\$948.00	\$1,052.00	\$965.00	\$1,072.00	\$763.00	\$848.00	\$763.00	\$848.00	\$690.00	\$766.00	\$933.00	\$1,036.00
	\$120,000	\$907.00	\$1,007.00	\$907.00	\$1,007.00	\$1,376.00	\$1,527.00	\$1,350.00	\$1,499.00	\$1,376.00	\$1,527.00	\$1,088.00	\$1,208.00	\$1,088.00	\$1,208.00	\$984.00	\$1,093.00	\$1,330.00	\$1,476.00
	\$160,000	\$1,211.00	\$1,344.00	\$1,211.00	\$1,344.00	\$1,837.00	\$2,040.00	\$1,802.00	\$2,000.00	\$1,837.00	\$2,040.00	\$1,453.00	\$1,613.00	\$1,453.00	\$1,613.00	\$1,313.00	\$1,458.00	\$1,776.00	\$1,972.00
9	\$80,000	\$1,348.00	\$1,563.00	\$1,348.00	\$1,563.00	\$2,045.00	\$2,372.00	\$2,008.00	\$2,329.00	\$2,045.00	\$2,372.00	\$1,618.00	\$1,876.00	\$1,618.00	\$1,876.00	\$1,463.00	\$1,697.00	\$1,978.00	\$2,294.00
	\$120,000	\$1,923.00	\$2,230.00	\$1,923.00	\$2,230.00	\$2,915.00	\$3,381.00	\$2,860.00	\$3,318.00	\$2,915.00	\$3,381.00	\$2,305.00	\$2,674.00	\$2,305.00	\$2,674.00	\$2,085.00	\$2,419.00	\$2,818.00	\$3,268.00
	\$160,000	\$2,565.00	\$2,975.00	\$2,565.00	\$2,975.00	\$3,893.00	\$4,515.00	\$3,818.00	\$4,428.00	\$3,893.00	\$4,515.00	\$3,078.00	\$3,570.00	\$3,078.00	\$3,570.00	\$2,783.00	\$3,228.00	\$3,763.00	\$4,365.00

**Survey Form for HO4 (Renters) - Use \$500 Flat Deductible (Named perils for personal property, actual cash value for loss, liability and medical payments for others included)**

Public Protection Class	Property Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$5,000	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00
	\$15,000	\$123.00	\$123.00	\$123.00	\$123.00	\$123.00	\$123.00	\$123.00	\$123.00	\$123.00	\$123.00	\$123.00	\$123.00	\$123.00	\$123.00	\$123.00	\$123.00	\$123.00	\$123.00
	\$25,000	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00
6	\$5,000	\$113.00	\$113.00	\$113.00	\$113.00	\$113.00	\$113.00	\$113.00	\$113.00	\$113.00	\$113.00	\$113.00	\$113.00	\$113.00	\$113.00	\$113.00	\$113.00	\$113.00	\$113.00
	\$15,000	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00
	\$25,000	\$187.00	\$187.00	\$187.00	\$187.00	\$187.00	\$187.00	\$187.00	\$187.00	\$187.00	\$187.00	\$187.00	\$187.00	\$187.00	\$187.00	\$187.00	\$187.00	\$187.00	\$187.00
9	\$5,000	\$195.00	\$195.00	\$195.00	\$195.00	\$195.00	\$195.00	\$195.00	\$195.00	\$195.00	\$195.00	\$195.00	\$195.00	\$195.00	\$195.00	\$195.00	\$195.00	\$195.00	\$195.00
	\$15,000	\$234.00	\$234.00	\$234.00	\$234.00	\$234.00	\$234.00	\$234.00	\$234.00	\$234.00	\$234.00	\$234.00	\$234.00	\$234.00	\$234.00	\$234.00	\$234.00	\$234.00	\$234.00
	\$25,000	\$322.00	\$322.00	\$322.00	\$322.00	\$322.00	\$322.00	\$322.00	\$322.00	\$322.00	\$322.00	\$322.00	\$322.00	\$322.00	\$322.00	\$322.00	\$322.00	\$322.00	\$322.00

**Survey Form for DP-2 (Dwelling/Fire) - Use \$500 Flat Deductible (Named perils for dwelling and personal property; replacement cost for dwelling, actual cash value for personal property, no liability coverage)**

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000																
	\$120,000																
	\$160,000																
6	\$80,000																
	\$120,000																
	\$160,000																
9	\$80,000																
	\$120,000																
	\$160,000																

**SPECIFY THE PERCENTAGE GIVEN FOR CREDITS OR DISCOUNTS FOR THE FOLLOWING:**

**HO3 and HO4 only**

Fire Extinguisher	n/a	%	Deadbolt Lock	n/a	%
Burglar Alarm	5	%	Window Locks	n/a	%
Smoke Alarm	5	%	\$1,000 Deductible	6	%
			Other (specify)		%
			Maximum Credit Allowed		%

**EARTHQUAKE INSURANCE**

**IMPORTANT, homeowners insurance does NOT automatically cover losses from earthquakes. Ask your agent about this cover.**

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?  yes  (yes or no)  
WHAT IS YOUR PERCENTAGE DEDUCTIBLE?  %

Zone	Brick	Frame
Highest Risk	\$ 0.90	\$ 0.45
Lowest Risk	\$ 0.26	\$ 0.13

NAIC Number: 22683  
 Company Name: Teachers Insurance Company  
 Contact Person: Melinda Ballard  
 Telephone No.: 217-788-8505  
 Email Address: Melinda.Ballard@horacemann.com  
 Effective Date: 4/1/2009

**Homeowners Premium Comparison Survey Form  
 FORM HP3S - last modified August, 2005**

Submit to: Arkansas Insurance Department  
 1200 West Third Street  
 Little Rock, AR 72201-1904  
 Telephone: 501-371-2800  
 Email as an attachment to: insurance.pnc@arkansas.gov  
 You may also attach to a SERFF filing or submit on a cdr disk

**USE THE APPROPRIATE FORM BELOW - IF NOT APPLICABLE, LEAVE  
 BLANK**

**Survey Form for HO3 (Homeowners) - Use \$500 Flat Deductible (Covers risk of direct physical loss for dwelling and other structures; named perils for personal property, replacement cost on dwelling, actual cash value on personal property)**

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$393.00	\$432.00	\$393.00	\$432.00	\$596.00	\$656.00	\$594.00	\$653.00	\$596.00	\$656.00	\$479.00	\$527.00	\$479.00	\$527.00	\$432.00	\$475.00	\$585.00	\$644.00
	\$120,000	\$560.00	\$616.00	\$560.00	\$616.00	\$850.00	\$935.00	\$846.00	\$931.00	\$850.00	\$935.00	\$683.00	\$751.00	\$683.00	\$751.00	\$615.00	\$677.00	\$834.00	\$917.00
	\$160,000	\$747.00	\$822.00	\$747.00	\$822.00	\$1,134.00	\$1,247.00	\$1,130.00	\$1,243.00	\$1,134.00	\$1,247.00	\$912.00	\$1,003.00	\$912.00	\$1,003.00	\$822.00	\$904.00	\$1,114.00	\$1,225.00
6	\$80,000	\$464.00	\$515.00	\$464.00	\$515.00	\$703.00	\$781.00	\$701.00	\$778.00	\$703.00	\$781.00	\$565.00	\$627.00	\$565.00	\$627.00	\$510.00	\$566.00	\$690.00	\$766.00
	\$120,000	\$661.00	\$734.00	\$661.00	\$734.00	\$1,003.00	\$1,114.00	\$998.00	\$1,108.00	\$1,003.00	\$1,114.00	\$806.00	\$895.00	\$806.00	\$895.00	\$726.00	\$806.00	\$984.00	\$1,093.00
	\$160,000	\$881.00	\$979.00	\$881.00	\$979.00	\$1,338.00	\$1,486.00	\$1,333.00	\$1,480.00	\$1,338.00	\$1,486.00	\$1,076.00	\$1,195.00	\$1,076.00	\$1,195.00	\$970.00	\$1,077.00	\$1,315.00	\$1,459.00
9	\$80,000	\$983.00	\$1,140.00	\$983.00	\$1,140.00	\$1,490.00	\$1,728.00	\$1,485.00	\$1,723.00	\$1,490.00	\$1,728.00	\$1,198.00	\$1,389.00	\$1,198.00	\$1,389.00	\$1,080.00	\$1,253.00	\$1,463.00	\$1,697.00
	\$120,000	\$1,400.00	\$1,624.00	\$1,400.00	\$1,624.00	\$2,125.00	\$2,465.00	\$2,115.00	\$2,453.00	\$2,125.00	\$2,465.00	\$1,708.00	\$1,981.00	\$1,708.00	\$1,981.00	\$1,538.00	\$1,784.00	\$2,085.00	\$2,419.00
	\$160,000	\$1,868.00	\$2,166.00	\$1,868.00	\$2,166.00	\$2,835.00	\$3,289.00	\$2,825.00	\$3,277.00	\$2,835.00	\$3,289.00	\$2,280.00	\$2,645.00	\$2,280.00	\$2,645.00	\$2,055.00	\$2,384.00	\$2,785.00	\$3,231.00

**Survey Form for HO4 (Renters) - Use \$500 Flat Deductible (Named perils for personal property, actual cash value for loss, liability and medical payments for others included)**

Public Protection Class	Property Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$5,000	\$92.00	\$92.00	\$92.00	\$92.00	\$92.00	\$92.00	\$110.00	\$110.00	\$92.00	\$92.00	\$92.00	\$92.00	\$92.00	\$92.00	\$92.00	\$92.00	\$92.00	\$92.00
	\$15,000	\$111.00	\$111.00	\$111.00	\$111.00	\$111.00	\$111.00	\$132.00	\$132.00	\$111.00	\$111.00	\$111.00	\$111.00	\$111.00	\$111.00	\$111.00	\$111.00	\$111.00	\$111.00
	\$25,000	\$153.00	\$153.00	\$153.00	\$153.00	\$153.00	\$153.00	\$182.00	\$182.00	\$153.00	\$153.00	\$153.00	\$153.00	\$153.00	\$153.00	\$153.00	\$153.00	\$153.00	\$153.00
6	\$5,000	\$101.00	\$101.00	\$101.00	\$101.00	\$101.00	\$101.00	\$121.00	\$121.00	\$101.00	\$101.00	\$101.00	\$101.00	\$101.00	\$101.00	\$101.00	\$101.00	\$101.00	\$101.00
	\$15,000	\$122.00	\$122.00	\$122.00	\$122.00	\$122.00	\$122.00	\$145.00	\$145.00	\$122.00	\$122.00	\$122.00	\$122.00	\$122.00	\$122.00	\$122.00	\$122.00	\$122.00	\$122.00
	\$25,000	\$168.00	\$168.00	\$168.00	\$168.00	\$168.00	\$168.00	\$200.00	\$200.00	\$168.00	\$168.00	\$168.00	\$168.00	\$168.00	\$168.00	\$168.00	\$168.00	\$168.00	\$168.00
9	\$5,000	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$209.00	\$209.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00
	\$15,000	\$211.00	\$211.00	\$211.00	\$211.00	\$211.00	\$211.00	\$251.00	\$251.00	\$211.00	\$211.00	\$211.00	\$211.00	\$211.00	\$211.00	\$211.00	\$211.00	\$211.00	\$211.00
	\$25,000	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$346.00	\$346.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00

**Survey Form for DP-2 (Dwelling/Fire) - Use \$500 Flat Deductible (Named perils for dwelling and personal property; replacement cost for dwelling, actual cash value for personal property, no liability coverage)**

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000																
	\$120,000																
	\$160,000																
6	\$80,000																
	\$120,000																
	\$160,000																
9	\$80,000																
	\$120,000																
	\$160,000																

**SPECIFY THE PERCENTAGE GIVEN FOR CREDITS OR DISCOUNTS FOR THE FOLLOWING:**

<b>HO3 and HO4 only</b>					
Fire Extinguisher	n/a	%	Deadbolt Lock	n/a	%
Burglar Alarm	5	%	Window Locks	n/a	%
Smoke Alarm	5	%	\$1,000 Deductible	6	%
			Other (specify)		%
			Maximum Credit Allowed		%

**EARTHQUAKE INSURANCE**

**IMPORTANT, homeowners insurance does NOT automatically cover losses from earthquakes. Ask your agent about this cover.**  
 ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?  
 yes (yes or no)  
 10-25 %  
 WHAT IS YOUR PERCENTAGE DEDUCTIBLE?  
 Zone Highest Risk \$ 0.90  
 Lowest Risk \$ 0.26  
 WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?  
 Brick Frame  
 Highest Risk \$ 0.90 \$ 0.45  
 Lowest Risk \$ 0.26 \$ 0.13

## Property & Casualty Transmittal Document

<b>1. Reserved for Insurance Dept. Use Only</b>	<b>2. Insurance Department Use only</b> a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <table style="width: 100%; border: none;"> <tr> <td style="width: 70%; border: none;">New Business</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">Renewal Business</td> <td style="border: none;"></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes	New Business		Renewal Business	
New Business					
Renewal Business					

<b>3. Group Name</b>	<b>Group NAIC #</b>
Horace Mann Educators	300

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Horace Mann Insurance Company	IL	22578	59-1027412	12
Teachers Insurance Company	IL	22683	23-1742051	12

<b>5. Company Tracking Number</b>	AR HOME RATE 040109
-----------------------------------	---------------------

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

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Horace Mann Insurance Co. 1 Horace Mann Plaza Springfield, IL 62715	Implementation Analyst	877-272-0040 option 9 option 3	217-535-7171	melinda.ballard@horacemann.com
7.	Signature of authorized filer		<i>Melinda Ballard</i>		
8.	Please print name of authorized filer		Melinda Ballard		

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

9.	Type of Insurance (TOI)	04.0 Homeowners
10.	Sub-Type of Insurance (Sub-TOI)	04.0003 Owner Occupied Homeowners
11.	State Specific Product code(s) (if applicable) [See State Specific Requirements]	N/A
12.	Company Program Title (Marketing title)	N/A
13.	Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" 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: 04/01/2009      Renewal: 04/01/2009
15.	Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

16.	<b>Reference Organization</b> (if applicable)	N/A
17.	<b>Reference Organization # &amp; Title</b>	N/A
18.	<b>Company's Date of Filing</b>	12/12/2008
19.	<b>Status of filing in domicile</b>	<input checked="" type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

### Property & Casualty Transmittal Document—

20.	<b>This filing transmittal is part of Company Tracking #</b>	AR HOME RATE 040109
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21.	<b>Filing Description</b> [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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Horace Mann Insurance Company and Teachers Insurance Company submit for your review a homeowner rate filing. The overall effect of this filing is +6.0%. It is the judgment of the Actuarial Department as well as of management that these rates are neither excessive, inadequate, nor unfairly discriminatory.

The effective date of this filing is April 1, 2009.

22.	<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 #:** Filing fee was sent via EFT.  
**Amount:** \$100.00

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

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

**Horace Mann Insurance Company  
Teachers Insurance Company  
Arkansas  
Homeowners  
Filing Memorandum**

Horace Mann and Teachers Insurance Companies submit for your review this Homeowners Rate Filing for Arkansas. The overall premium effect of this revision is +6.0% as calculated in Exhibit I.

In Exhibit II, Page 1, you will find our five-year experience and indication calculation of +9.5%. An explanation of our indication calculation can be found in Exhibit II, Page 2.

Exhibit III shows our premium trend calculation, which accounts for shifts in the distribution of various rating characteristics such as increased Coverage A amounts and deductible changes. The on-level factors used in the calculation of our premium trend are also included in this Exhibit. The method for our premium trend calculation is taken from the article "An Introduction to Premium Trend". A copy of this article can be provided upon request.

Our adjusted losses are derived by first subtracting our wind losses, developing our losses to an ultimate settlement basis, and applying our loss cost factor. We then finish the derivation by loading our average annual wind losses, applying our trend factor, and loading our loss adjustment expenses. The trend factor projects losses into the future using a Pure Premium trend as described and calculated in Exhibit IV.

Our individual years' loss ratios are then weighted based on weights of 20%, 20%, 20%, 20% and 20% to arrive at the five-year loss ratio. This loss ratio is then credibility weighted with our trended permissible loss ratio and compared to our permissible loss ratio, calculated in Exhibit V, to arrive at our final indication.

We are making the following changes with this filing:

- 1) Territorial Base Rate Revisions – We are revising our base rates for forms 1, 2 and 3. These revisions can be found in Exhibit VI.
- 2) New Deductible – We are introducing a deductible of \$1,000 Flat/1% Wind and Hail for forms 1, 2 and 3. We have also lowered factors for several deductible options. The factors can be found in Exhibit VII.

The above changes will become effective on 4/1/2009 for new and renewal business.

**Horace Mann Insurance Company  
Teachers Insurance Company  
Arkansas  
Homeowners  
Filing Table of Contents**

Premium Effects.....	Exhibit I
Indication .....	Exhibit II
Premium Adjustment Factor Calculation.....	Exhibit III
Loss Trend Calculation .....	Exhibit IV
Permissible Loss Ratio Calculation .....	Exhibit V
Territorial Base Rate Changes .....	Exhibit VI
Deductible Factors .....	Exhibit VII

**Horace Mann Insurance Company  
Arkansas  
Cumulative Premium Effect of Changes**

	<b>HMIC</b>	
	<b>Forms 1, 2 &amp; 3</b>	<b>Forms 4 &amp; 6</b>
<b>Base Rate</b>	8.2%	0.0%
<b>Coverage Amount</b>	0.0%	0.0%
<b>Protection Class</b>	0.0%	0.0%
<b>Deductible</b>	-0.3%	0.0%
<b>Total Effect</b>	7.8%	0.0%
<b>Premium Dist. Wt.</b>	0.980	0.020
<b>Company Effect</b>	7.7%	

**Teachers Insurance Company**

	<b>TIC</b>	
	<b>Forms 1, 2 &amp; 3</b>	<b>Forms 4 &amp; 6</b>
<b>Base Rate</b>	5.3%	0.0%
<b>Coverage Amount</b>	0.0%	0.0%
<b>Protection Class</b>	0.0%	0.0%
<b>Deductible</b>	-0.3%	0.0%
<b>Total Effect</b>	5.0%	0.0%
<b>Premium Dist. Wt.</b>	0.991	0.009
<b>Company Effect</b>	5.0%	

<b>Combined Company Overall Effect</b>		
<b>Company</b>	<b>Dist. Wt.</b>	<b>Effect</b>
<b>HMIC</b>	0.370	7.7%
<b>TIC</b>	0.630	5.0%
<b>Total</b>	1.000	6.0%

## Horace Mann and Teachers Combined Companies

## ARKANSAS

## Homeowner Indicated Rate Level Adjustment - Benfield Blanch Wind Model

Year Ending	Direct Earned Premium	Direct Incurred Losses	Unadjusted Loss Ratio	Premium Trend Factors	Adjusted Earned Premium (1)
3/31/2004	\$344,751	\$251,604	0.730	1.319	\$454,726
3/31/2005	\$334,871	\$130,918	0.391	1.148	\$384,290
3/31/2006	\$297,435	\$171,356	0.576	1.114	\$331,463
3/31/2007	\$279,424	\$126,911	0.454	1.060	\$296,245
3/31/2008	\$267,247	\$267,509	1.001	1.039	\$277,601
<b>Totals:</b>	<b>\$1,523,728</b>	<b>\$948,298</b>	<b>0.622</b>		<b>\$1,744,326</b>

Year Ending	Wind Losses	Avg Annual Wind Losses	Loss Development Factors	Loss Trend Factor	Current Cost Factors
3/31/2004	\$121,123	\$80,717	1.003	1.117	1.117
3/31/2005	\$31,202	\$68,214	1.010	1.117	1.094
3/31/2006	\$34,551	\$58,837	1.018	1.117	1.066
3/31/2007	\$122,654	\$52,586	1.036	1.117	1.036
3/31/2008	\$76,967	\$49,276	1.138	1.117	1.014
<b>Totals:</b>	<b>\$386,497</b>	<b>\$309,631</b>			

Year Ending	Adjusted Losses	Loss Adjustment Expenses	Adjusted Losses & LAE (2)	Adjusted Loss and LAE Ratio	Weight
3/31/2004	\$253,349	\$45,349	\$298,698	0.657	<b>0.20</b>
3/31/2005	\$199,188	\$35,655	\$234,842	0.611	<b>0.20</b>
3/31/2006	\$231,458	\$41,431	\$272,889	0.823	<b>0.20</b>
3/31/2007	\$63,817	\$11,423	\$75,240	0.254	<b>0.20</b>
3/31/2008	\$300,520	\$53,793	\$354,313	1.276	<b>0.20</b>
<b>Totals:</b>	<b>\$1,048,332</b>	<b>\$187,651</b>	<b>\$1,235,983</b>	<b>0.724</b>	<b>1.00</b>

Five Year Weighted Adjusted Loss Ratio (3)	0.724
Permissible Loss Ratio (4)	0.627
Complement of Credibility (5)	0.663
Credibility Factor (6)	0.388
Credibility Weighted Loss Ratio (7)	0.687
<b>Indicated Rate Level Adjustment (8)</b>	<b>9.5%</b>

(1) Adjusted to current rate level by premium trend adjustment factors.

(2) Adjusted for loss development, trend, modeled wind and LAE.

(3) Using standard weights of 0.20, 0.20, 0.20, 0.20 & 0.20 applied to adjusted loss ratios for the experience period.

(4) Calculated from budgeted expense allocations and reinsurance load.

(5) Trended Permissible Loss Ratio as calculated in our "Compliment of Credibility".

(6) Using the formula  $Z = (1.5 * P) / (P + 5000000)$ , where P equals the adjusted premiums for the past five calendar years.

(7) Five year weighted adjusted loss ratio is credibility weighted with the trended expected loss ratio using the formula (5 Year Average Loss Ratio & LAE \* Credibility Factor) + (Compliment of Credibility \* (1 - Credibility Factor))

(8) Calculating by the formula  $IRLA = (CLR / PLR) - 1$ , where IRLA is the indicated rate level adjustment, CLR is the credibility weighted loss ratio and PLR is the permissible loss ratio.

Supplementary Page to the ARKANSAS Homeowners Rate Indication  
Horace Mann and Teachers Combined Companies

1) Premium Trend Adjustment Factors

These factors were applied to each fiscal year's earned premiums to bring them up to current rate level and to account for distributional shifts.

2) Current Cost Factors

The current cost factors are developed using Housing C.P.I. Indices from Conning & Company's Insurance Trends. This brings the loss experience up to the level of the latest quarter of experience.

3) Current Cost Trend

The cost trend was calculated using the latest Fast Track Data for the state. This cost trend was defined to be the pure premium trend by form. The losses were then trended from the midpoint of the latest quarter of experience to one year past the proposed average effective date of the rate change. The loss trend was then applied the incurred losses.

4) Average Annual Wind Loss Procedure

The wind losses are calculated based on the Benfield Blanch model. These expected wind losses are included as a load to our other than wind losses.

5) Permissible Loss Ratio (PLR)

The Permissible Loss Ratio is calculated using the complement of our Budgeted Expense Ratio. The Budgeted Expense Ratio is developed after reviewing our latest three years expense ratios derived from three years expense ratios derived from the Insurance Expense Exhibits. This expense ratio includes a 15.0% Profit and Contingency Loading. The Permissible Loss Ratio also includes an offset for Investment Income.

6) Credibility Procedures

First, the adjusted fiscal accident year loss ratios are credibility weighted using a 20-20-20-20-20 weighting scheme to get the Actual Loss Ratio (ALR).

The credibility assigned to the ALR is assigned using the formula:  $Z = (1.5 * AEP) / (AEP + \$5,000,000)$  where Z is the credibility factor and AEP is 5 years total of Adjusted Earned Premium. The data is assumed to be fully credible if there is \$10 million in adjusted earned premiums over the experience period. The formula for the credibility weighted loss ratio is  $CWLR = (ALR)(Z) + (PLR)(T)(1 - Z)$ .

7) Indicated Rate Level Adjustment (IRLA)

The Indicated Rate Level Adjustment is calculated using the ratio of the CWLR to the PLR expressed as a percentage. The formula is:  $IRLA = (CWLR / PLR) - 1$ .

Horace Mann and Teachers Combined Companies  
 ARKANSAS  
 Premium Adjustment Factor Calculation

Year Ending	(1) Exposures	(2) Earned Premium	(3) Average Premium @ CRL	(4) Total Premium Trend Factor	(5) On level Factor	(6) Total Premium Adjustment Factor
03/31/2004	439	\$344,751	\$990	1.047	1.260	1.320
03/31/2005	371	\$334,871	\$949	1.092	1.051	1.148
03/31/2006	320	\$297,435	\$930	1.114	1.000	1.114
03/31/2007	286	\$279,424	\$977	1.060	1.000	1.060
03/31/2008	268	\$267,247	\$997	1.039	1.000	1.039

Earned Premiums at current rate level are projected to 09/01/2009 using an annual rate of change of 2.0%.

Horace Mann and Teachers Combined Companies  
 ARKANSAS  
 On-Level Factors

Renewal Effective Date	Forms Combined Effect
6/1/2002	13.3%
6/1/2003	25.2%
4/15/2004	9.3%
7/15/2005	0.0%

Experience Year Ending	On-Level Factor
3/31/2004	1.260
3/31/2005	1.051
3/31/2006	1.000
3/31/2007	1.000
3/31/2008	1.000

Horace Mann and Teachers Combined Companies  
ARKANSAS  
Severity Calculation

Form	Distribution Weight	ARKANSAS Adjusted* Severity Change	ARKANSAS Selected Severity Change	Countrywide Severity Change	Countrywide Selected Severity Change	Credibility Weight Change	Selected Severity Change
1, 2, 3	100.0%	9.7%	9.5%	8.5%	8.5%	8.8%	8.8%
4 & 6	0.0%	3.7%	3.5%	3.8%	4.0%	3.9%	
Total	100.0%	9.7%	9.5%	8.5%	8.5%	8.8%	

Frequency Calculation

Form	Distribution Weight	ARKANSAS Adjusted* Frequency Change	ARKANSAS Selected Frequency Change	Countrywide Frequency Change	Countrywide Selected Frequency Change	Credibility Weight Change	Selected Frequency Change
1, 2, 3	100.0%	-8.7%	-3.0%	-8.8%	-3.0%	-3.0%	-3.0%
4 & 6	0.0%	-7.5%	-3.0%	-6.3%	-1.5%	-2.2%	
Total	100.0%	-8.7%	-3.0%	-8.8%	-3.0%	-3.0%	

Form	Selected Severity Change	Selected Frequency Change	Selected Pure Premium Change
Total	8.8%	-3.0%	5.6%

Loss Trend Factor Calculation

$(1.056 \wedge 2.039) =$	1.117
--------------------------	-------

Year Ending	Current Cost Factors
3/31/2004	1.117
3/31/2005	1.094
3/31/2006	1.066
3/31/2007	1.036
3/31/2008	1.014

Notes:

- (1) The assumed average effective date is approximately six months after the proposed effective date of 03/01/2009
- (2) The loss trend factor projects losses from the midpoint of the latest quarter of the ISO trend experience.
- (3) Losses are trended to 12 months after proposed effective date using ISO Homeowner Fast Track Data.
- (4) Current cost factors are obtained from Conning and Company Insurance Trends.

\*ARKANSAS Frequency and ARKANSAS Severity are Adjusted for outliers.

**Horace Mann\Teachers Insurance Companies Combined**  
**Arkansas**  
**Expense Exhibit**  
**Homeowners**  
**(\$ x1000)**

	2005		2006		2007	
	\$	%	\$	%	\$	%
Direct Written Premiums	135,560		139,608		147,490	
Direct Earned Premiums	134,752		138,233		143,702	
Direct Commissions (W)	9,123	6.7%	9,484	6.8%	9,904	6.7%
Other Acquisition Expenses (E)	6,811	5.1%	6,304	4.6%	7,117	5.0%
General Expenses (E)	11,481	8.5%	12,028	8.7%	11,952	8.3%
Taxes, Licenses & Fees (W)	3,329	2.5%	3,548	2.5%	4,000	2.7%
		22.8%		22.6%		22.7%

**Anticipated 2009 Permissible Loss Ratio**

Commissions	2.9%
Other Acquisition Expenses	5.1%
General Expenses	9.0%
Taxes, Licenses & Fees	3.4%
Reinsurance Expense	1.8%
Underwriting Profit & Contingencies	<u>15.0%</u>
Total Expenses & Profit	37.3%
Permissible Loss Ratio	62.7%

NOTE: Captions designated by (W) are ratioed to written premiums;  
those by (E) are ratioed to earned premiums.

**Horace Mann Insurance Company**  
**Arkansas**  
**Forms 1, 2, & 3**  
**Base Rate Analysis**

Territory	Territory Definition	Exposure Weight	Current Base Rate	Proposed Base Rate	Base Rate Effect	Deductible Effect	Overall Effect
13	Remainder of Pulaski County	0.027	1,312	1,420	8.2%	-0.3%	7.9%
14	Pulaski County: Little Rock; Zip Codes 72201-09	0.014	2,456	2,657	8.2%	-0.3%	7.8%
44	Crittenden, Lawrence and Poinsett Counties	0.027	1,345	1,455	8.2%	-0.3%	7.8%
51	Pulaski County: North Little Rock; Zip Codes 72114-19	0.014	1,221	1,321	8.2%	-0.3%	7.8%
60	Baxter, Benton, Carroll and Washington Counties	0.230	895	968	8.2%	-0.3%	7.8%
63	Arkansas, Bradley, Calhoun, Conway, Dallas, Drew, Franklin, Lafayette, Little River, Lonoke, Miller, Mississippi, Monroe, Ouachita, Pike, Polk, Union and Yell Counties	0.122	1,073	1,161	8.2%	-0.3%	7.9%
65	Ashley, Clay, Hot Springs, Howard, Jackson, White and Woodruff Counties	0.122	1,334	1,443	8.2%	-0.3%	7.8%
67	Boone, Madison, Marion, Newton, Perry, Searcy, Sebastian and Van Buren Counties	0.108	970	1,050	8.2%	-0.3%	7.9%
68	Cleburne, Faulkner, Garland, Independence, Logan and Scott Counties	0.081	973	1,053	8.2%	-0.3%	7.9%
70	Clark, Cleveland, Craighead, Desha, Grant, Hempstead, Jefferson, Montgomery, Nevada and Prairie Counties	0.081	1,358	1,469	8.2%	-0.3%	7.8%
71	Cross, Lee, Phillips and St. Francis Counties	0.041	1,332	1,441	8.2%	-0.3%	7.8%
72	Fulton, Greene, Izard, Sharp and Stone Counties	0.000	1,135	1,228	8.2%	-0.3%	7.8%
73	Crawford and Saline Counties	0.068	1,095	1,185	8.2%	-0.3%	7.9%
74	Chicot, Columbia, Lincoln, Randolph and Sevier Counties	0.068	1,334	1,443	8.2%	-0.3%	7.8%
75	Johnson and Pope Counties	0.000	1,095	1,185	8.2%	-0.3%	7.9%
<b>Totals:</b>		1.000	1,132	1,225	8.2%	-0.3%	7.8%

Current Base: \$150,000 Covg. A, \$750 Flat Deductible, Masonry, Protection Class 1-3, \$100,000/1,000 Liability Limits, Credit Discount Level 4  
Proposed Base: \$150,000 Covg. A, \$750 Flat Deductible, Masonry, Protection Class 1-3, \$100,000/1,000 Liability Limits, Credit Discount Level 4

**Teachers Insurance Company**  
**Arkansas**  
**Forms 1, 2, & 3**  
**Base Rate Analysis**

Territory	Territory Definition	Exposure Weight	Current Base Rate	Proposed Base Rate	Base Rate Effect	Deductible Effect	Overall Effect
13	Remainder of Pulaski County	0.031	997	1,051	5.4%	-0.3%	5.1%
14	Pulaski County: Little Rock; Zip Codes 72201-09	0.006	1,899	2,001	5.4%	-0.3%	5.1%
44	Crittenden, Lawrence and Poinsett Counties	0.025	1,012	1,066	5.3%	-0.3%	5.0%
51	Pulaski County: North Little Rock; Zip Codes 72114-19	0.013	929	979	5.4%	-0.3%	5.1%
60	Baxter, Benton, Carroll and Washington Counties	0.213	670	705	5.2%	-0.3%	4.9%
63	Arkansas, Bradley, Calhoun, Conway, Dallas, Drew, Franklin, Lafayette, Little River, Lonoke, Miller, Mississippi, Monroe, Ouachita, Pike, Polk, Union and Yell Counties	0.056	816	860	5.4%	-0.3%	5.1%
65	Ashley, Clay, Hot Springs, Howard, Jackson, White and Woodruff Counties	0.088	1,016	1,070	5.3%	-0.3%	5.0%
67	Boone, Madison, Marion, Newton, Perry, Searcy, Sebastian and Van Buren Counties	0.050	735	775	5.4%	-0.3%	5.1%
68	Cleburne, Faulkner, Garland, Independence, Logan and Scott Counties	0.163	752	793	5.5%	-0.3%	5.1%
70	Clark, Cleveland, Craighead, Desha, Grant, Hempstead, Jefferson, Montgomery, Nevada and Prairie Counties	0.156	1,016	1,070	5.3%	-0.3%	5.0%
71	Cross, Lee, Phillips and St. Francis Counties	0.138	1,012	1,066	5.3%	-0.3%	5.0%
72	Fulton, Greene, Izard, Sharp and Stone Counties	0.019	862	908	5.3%	-0.3%	5.0%
73	Crawford and Saline Counties	0.025	837	882	5.4%	-0.3%	5.1%
74	Chicot, Columbia, Lincoln, Randolph and Sevier Counties	0.013	1,003	1,056	5.3%	-0.3%	5.0%
75	Johnson and Pope Counties	0.006	832	877	5.4%	-0.3%	5.1%
<b>Totals:</b>		1.000	869	915	5.3%	-0.3%	5.0%

Current Base: \$150,000 Covg. A, \$750 Flat Deductible, Masonry, Protection Class 1-3, \$100,000/1,000 Liability Limits, Credit Discount Level 4  
Proposed Base: \$150,000 Covg. A, \$750 Flat Deductible, Masonry, Protection Class 1-3, \$100,000/1,000 Liability Limits, Credit Discount Level 4

**Horace Mann Insurance Company  
Arkansas**

**Homeowners - Forms 1, 2 & 3  
Deductible Relativities**

Deductible	Exposure Weight	Current Relativity	Select Relativity	% Change
\$750 Flat	0.797	1.00	1.00	0.0%
\$1,000 Flat	0.108	0.94	0.94	0.0%
\$1,000 Flat/1% Wind/Hail	N/A	N/A	0.89	N/A
1% of Coverage A	0.000	0.87	0.84	-3.4%
\$1,500 Flat	0.054	0.82	0.79	-3.7%
\$2,500 Flat	0.027	0.70	0.67	-4.3%
\$5,000 Flat	0.014	0.65	0.60	-7.7%
<b>Total</b>	1.000	0.971	0.968	-0.3%

**Teachers Insurance Company  
Arkansas**

**Homeowners - Forms 1, 2 & 3  
Deductible Relativities**

Deductible	Exposure Weight	Current Relativity	Select Relativity	% Change
\$750 Flat	0.656	1.00	1.00	0.0%
\$1,000 Flat	0.256	0.94	0.94	0.0%
\$1,000 Flat/1% Wind/Hail	N/A	N/A	0.89	N/A
1% of Coverage A	0.025	0.87	0.84	-3.4%
\$1,500 Flat	0.013	0.82	0.79	-3.7%
\$2,500 Flat	0.038	0.70	0.67	-4.3%
\$5,000 Flat	0.013	0.65	0.60	-7.7%
<b>Total</b>	1.000	0.964	0.961	-0.3%

December 12, 2008

Arkansas Insurance Department  
Property & Casualty Division  
1200 West Third Street  
Little Rock, AR 72201-1904

Attention: Julie Benafield Bowman  
Commissioner of Insurance

Regarding: Horace Mann Insurance Company      NAIC #300-22578  
Teachers Insurance Company      NAIC #300-22683  
Homeowners Program  
Rate Filing  
Company Filing Number: AR HOME RATE 040109

Dear Commissioner Benafield Bowman,

Horace Mann Insurance Company and Teachers Insurance Company submit for your review the above noted homeowner rate filing. The overall effect of this filing is +6.0%. It is the judgment of the Actuarial Department as well as of management that these rates are neither excessive, inadequate, nor unfairly discriminatory.

The effective date of this filing is April 1, 2009.

If I can be of further service or if additional information is needed, please do not hesitate to call me toll free at 877-272-0040 option 9, option 3. If you prefer e-mail, my address is [melinda.ballard@horacemann.com](mailto:melinda.ballard@horacemann.com). Thank you for your attention to this matter.

Sincerely,



Melinda Ballard  
Implementation Analyst  
Property and Casualty Division  
Horace Mann Insurance Company  
Teachers Insurance Company

Horace Mann and Teachers Insurance Companies  
Arkansas  
Homeowners  
Filing Supplement

In response to your Objection Letter of December 12, 2008, Horace Mann and Teachers Insurance Companies submit for your review this Rate Filing Supplement. I will address your concerns in order:

Objection 1 • HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment: Changes to the HPCS form are not allowed. This also includes the addition of worksheets. Please re-submit the HPCS with no changes or additions to the form. Any comments regarding differences in what is submitted by the company and what the form requires may be indicated under the comments field of the supporting document schedule item.

Revised HPCS forms are included.

Objection 2 • NAIC loss cost data entry document (Supporting Document)

Comment: This form is also known as an RF-1 which is required with all rate filings. Please submit one for each company.

RF-1 forms are included.

Objection 3 • AR Homeowner Filing (Supporting Document)

Comment: 15% profit and contingency load appears excessive. Provide additional documentation of its development.

For any firm, including ours, to be able to attract and retain capital, the return to the shareholders must be commensurate with returns on alternative investments of comparable risk. Earning a reasonable return is also critical in order to ensure our company can fulfill the promises made to those individuals who place their insurance with us.

Our underwriting profit provision calculation considers all investment income. In an environment of high interest rates, high levels of capital, and correspondingly high investment income, the realized investment income can provide a greater portion of the return on equity required to keep a firm's return comparable to others in the market. In a period of greater investment return, the necessary underwriting profit provision is lower. Conversely in an environment such as the one we are in now of low interest rates, lower levels of capital, and correspondingly low investment income, the underwriting profit provision must be higher for our company to earn a reasonable return on equity.

Our underwriting profit provision methodology reflects 2007 data. In part to acknowledge the fact that the environment is changing and to gradually reflect that change, we selected below what was indicated

Horace Mann and Teachers Insurance Companies  
Arkansas  
Homeowners  
Filing Supplement

by our methodology for the underwriting profit provision. The investment environment has deteriorated significantly since year end 2007. In light of the most recent developments in the marketplace, we continue to believe that our selections based on 2007 data are reasonable and will likely need to be adjusted upward even further with the 2008 data update.

Our return on equity methodology is a Fama French methodology, for which there are several papers and literature to support. The attached exhibit A shows our methodology and the indicated underwriting profit provision of 18.84%. As can be seen in our filing, we selected an underwriting profit provision of 15.00%, significantly lower than indicated.

We feel that our filing includes reasonable and prudent selections. We hope that in light of this additional support, you will accept the underwriting profit provision reflected in our filing.

Objection 4 • AR Homeowner Filing (Supporting Document)

Comment: Provide the Benfield Blanch model used to calculate wind losses. Confirm that the wind losses are attributed to AR only and not countrywide.

We have used Benfield Blanch model AIR Clasic/2 v9.5. Yes, both the actual wind losses subtracted out and the Average Annual Losses added back in are for Arkansas only.

## HORACE MANN INSURANCE COMPANIES

Calculation of Cost of Equity Capital  
Using the Fama French Method

Market Beta	0.96
Market Risk Premium	8.50%
Total Market Risk	8.16%
Size Risk Premium	1.88%
Value Risk Premium	1.06%
Rf	3.92%
<b>FF k=</b>	<b>15.02%</b>

## Notes:

Total Market Risk = Market Beta \* Market Risk Premium

FF k (Fama French cost of equity capital) =

Total Market Risk + Size Risk Premium + Value Risk Premium + Rf

## HORACE MANN INSURANCE COMPANIES

## Calculation of Fair Rate of Return

Fama French Cost of Equity Capital (k)	<b>15.02%</b>
MV/BV (m)	1.15
Dividend Payout (d)	0.68
<b>Fair return to firm</b>	<b>16.51%</b>
Fair rate of return	$m * k$ $\frac{d + (1-d)m}{m}$

HORACE MANN INSURANCE COMPANIES  
Calculation of Underwriting Profit Provision  
**Homeowners**

Target Return on Equity	16.51%
Estimated Investment Income on Equity	3.68%
After-tax Operating Profit	12.83%
Ratio of Premium to Equity	0.943
After-tax Operating Profit to Premium	13.60%
Investment Gain from Policy Cash Flow	1.25%
Other P&C Income	0.11%
After-tax Underwriting Profit Provision	12.24%
Tax Rate	0.35
Pre-tax Underwriting Profit Provision	18.84%

## NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking # \_\_\_\_\_

2. If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number \_\_\_\_\_

		Company Name		Company NAIC Number
3.	A.	<b>Horace Mann Insurance Company</b>	B.	<b>300-22578</b>

		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.	<b>Homeowner Multi-Peril</b>	B.	

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
<b>Forms 1,2,3</b>	<b>+9.5%</b>	<b>+7.8%</b>					
<b>Form 4 (Tenant &amp; Condo)</b>	<b>+9.5%</b>	<b>0.0%</b>					
<b>TOTAL OVERALL EFFECT</b>	<b>+9.5%</b>	<b>+7.7%</b>					

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
<b>2003</b>	<b>149</b>	<b>+13.3%</b>	<b>6/1/02</b>	<b>345</b>	<b>252</b>	<b>73.0%</b>	<b>66.5%</b>
<b>2004</b>	<b>126</b>	<b>+25.2%</b>	<b>6/1/03</b>	<b>335</b>	<b>131</b>	<b>39.1%</b>	<b>121.9%</b>
<b>2005</b>	<b>103</b>	<b>+9.3%</b>	<b>4/15/04</b>	<b>297</b>	<b>171</b>	<b>57.6%</b>	<b>98.4%</b>
<b>2006</b>	<b>91</b>	<b>0.0%</b>	<b>7/15/05</b>	<b>279</b>	<b>127</b>	<b>45.4%</b>	<b>54.3%</b>
<b>2007</b>	<b>88</b>			<b>267</b>	<b>268</b>	<b>100.1%</b>	<b>47.4%</b>

7.

Expense Constants	Selected Provisions
A. Total Production Expense	<b>8.0%</b>
B. General Expense	<b>9.0%</b>
C. Taxes, License & Fees	<b>3.4%</b>
D. Underwriting Profit & Contingencies	<b>15.0%</b>
E. Other (explain) <b>Reinsurance expenses</b>	<b>1.8%</b>
F. TOTAL	<b>37.3%</b>

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

9.  Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable):           +8.2%          

10.  Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable):           -0.1%

## NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking # \_\_\_\_\_

2. If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number \_\_\_\_\_

		Company Name		Company NAIC Number
3.	A.	<b>Teachers Insurance Company</b>	B.	<b>300-22683</b>

		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.	<b>Homeowner Multi-Peril</b>	B.	

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
<b>Forms 1,2,3</b>	<b>+9.5%</b>	<b>+5.0%</b>					
<b>Form 4 (Tenant &amp; Condo)</b>	<b>+9.5%</b>	<b>0.0%</b>					
<b>TOTAL OVERALL EFFECT</b>	<b>+9.5%</b>	<b>+5.0%</b>					

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
<b>2003</b>	<b>277</b>	<b>+13.3%</b>	<b>6/1/02</b>	<b>345</b>	<b>252</b>	<b>73.0%</b>	<b>66.5%</b>
<b>2004</b>	<b>247</b>	<b>+25.2%</b>	<b>6/1/03</b>	<b>335</b>	<b>131</b>	<b>39.1%</b>	<b>121.9%</b>
<b>2005</b>	<b>208</b>	<b>+9.3%</b>	<b>4/15/04</b>	<b>297</b>	<b>171</b>	<b>57.6%</b>	<b>98.4%</b>
<b>2006</b>	<b>192</b>	<b>0.0%</b>	<b>7/15/05</b>	<b>279</b>	<b>127</b>	<b>45.4%</b>	<b>54.3%</b>
<b>2007</b>	<b>173</b>			<b>267</b>	<b>268</b>	<b>100.1%</b>	<b>47.4%</b>

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Expense Constants	Selected Provisions
A. Total Production Expense	<b>8.0%</b>
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C. Taxes, License & Fees	<b>3.4%</b>
D. Underwriting Profit & Contingencies	<b>15.0%</b>
E. Other (explain) <b>Reinsurance expenses</b>	<b>1.8%</b>
F. TOTAL	<b>37.3%</b>

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

9.  Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable):     +5.5%    

10.  Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable):     -2.8%

Horace Mann and Teachers Insurance Companies  
Arkansas  
Homeowners  
Filing Supplement

In response to your Objection Letter of January 2, 2009, Horace Mann and Teachers Insurance Companies submit for your review this Rate Filing Supplement. I will address your concerns in order:

Objection 1 • Response and RF-1 Forms (Supporting Document)

Comment: Provide a comparison of the profit/contingency development of the previous rate filing to the pending. Display the calculation of the estimate of investment income on net unearned premiums and loss reserves; consideration must be given to all investment income attributable to premiums and to the reserves associated with those premiums and to loss reserve funds.

As can be seen in our filing, we selected an underwriting profit provision of 15.0% for the homeowners' coverage. The resulting indication using the selected underwriting profit provision is 9.5%. However, in this filing we are proposing an effect of just 6.0%. The proposed effect, as can be seen from Exhibits 1 and 2 of this response, is consistent with an underwriting profit provision of 9.7%. Also included in Exhibit 3 is the target Return on Equity of 10.8% that is consistent with the 6.0% proposed effect and 9.7% underwriting profit provision. Exhibit 3 includes the calculation used to arrive at the estimate of income on loss reserves. It is labeled "Investment Gain from Policy Cash Flow" in the Exhibit 3 calculation of the underwriting profit provision. Exhibit 4 shows the support for the "Estimated Investment Income on Equity" and includes all investment income including realized and unrealized capital gains.

We hope this additional support will serve as reassurance that the profit provision implicit in this filing is not excessive.

Horace Mann and Teachers Combined Companies  
ARKANSAS  
Homeowner Indicated Rate Level Adjustment - Benfield Blanch Wind Model

Year Ending	Direct Earned Premium	Direct Incurred Losses	Unadjusted Loss Ratio	Premium Trend Factors	Adjusted Earned Premium (1)
3/31/2004	\$344,751	\$251,604	0.730	1.319	\$454,726
3/31/2005	\$334,871	\$130,918	0.391	1.148	\$384,290
3/31/2006	\$297,435	\$171,356	0.576	1.114	\$331,463
3/31/2007	\$279,424	\$126,911	0.454	1.060	\$296,245
3/31/2008	\$267,247	\$267,509	1.001	1.039	\$277,601
<b>Totals:</b>	<b>\$1,523,728</b>	<b>\$948,298</b>	<b>0.622</b>		<b>\$1,744,326</b>

Year Ending	Wind Losses	Avg Annual Wind Losses	Loss Development Factors	Loss Trend Factor	Current Cost Factors
3/31/2004	\$121,123	\$80,717	1.003	1.117	1.117
3/31/2005	\$31,202	\$68,214	1.010	1.117	1.094
3/31/2006	\$34,551	\$58,837	1.018	1.117	1.066
3/31/2007	\$122,654	\$52,586	1.036	1.117	1.036
3/31/2008	\$76,967	\$49,276	1.138	1.117	1.014

<b>Totals:</b>	<b>\$386,497</b>	<b>\$309,631</b>
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Year Ending	Adjusted Losses	Loss Adjustment Expenses	Adjusted Losses & LAE (2)	Adjusted Loss and LAE Ratio	Weight
3/31/2004	\$253,349	\$45,349	\$298,698	0.657	<b>0.20</b>
3/31/2005	\$199,188	\$35,655	\$234,842	0.611	<b>0.20</b>
3/31/2006	\$231,458	\$41,431	\$272,889	0.823	<b>0.20</b>
3/31/2007	\$63,817	\$11,423	\$75,240	0.254	<b>0.20</b>
3/31/2008	\$300,520	\$53,793	\$354,313	1.276	<b>0.20</b>
<b>Totals:</b>	<b>\$1,048,332</b>	<b>\$187,651</b>	<b>\$1,235,983</b>	<b>0.724</b>	<b>1.00</b>

Five Year Weighted Adjusted Loss Ratio (3)	0.724
Permissible Loss Ratio (4)	0.680
Complement of Credibility (5)	0.719
Credibility Factor (6)	0.388
Credibility Weighted Loss Ratio (7)	0.721
<b>Indicated Rate Level Adjustment (8)</b>	<b>6.0%</b>

(1) Adjusted to current rate level by premium trend adjustment factors.

(2) Adjusted for loss development, trend, modeled wind and LAE.

(3) Using standard weights of 0.20, 0.20, 0.20, 0.20 & 0.20 applied to adjusted loss ratios for the experience period.

(4) Calculated from budgeted expense allocations and reinsurance load.

(5) Trended Permissible Loss Ratio as calculated in our "Compliment of Credibility".

(6) Using the formula  $Z=(1.5*P)/(P+5000000)$ , where P equals the adjusted premiums for the past five calendar years.

(7) Five year weighted adjusted loss ratio is credibility weighted with the trended expected loss ratio using the formula (5 Year Average Loss Ratio & LAE\* Credibility Factor) + (Compliment of Credibility \* (1 - Credibility Factor))

(8) Calculating by the formula  $IRLA = (CLR/PLR) - 1$ , where IRLA is the indicated rate level adjustment, CLR is the credibility weighted loss ratio and PLR is the permissible loss ratio.

**Horace Mann\Teachers Insurance Companies Combined**  
**Arkansas**  
**Expense Exhibit**  
**Homeowners**  
**(\$ x1000)**

	2005		2006		2007	
	\$	%	\$	%	\$	%
Direct Written Premiums	135,560		139,608		147,490	
Direct Earned Premiums	134,752		138,233		143,702	
Direct Commissions (W)	9,123	6.7%	9,484	6.8%	9,904	6.7%
Other Acquisition Expenses (E)	6,811	5.1%	6,304	4.6%	7,117	5.0%
General Expenses (E)	11,481	8.5%	12,028	8.7%	11,952	8.3%
Taxes, Licenses & Fees (W)	3,329	2.5%	3,548	2.5%	4,000	2.7%
		22.8%		22.6%		22.7%

**Anticipated 2009 Permissible Loss Ratio**

Commissions	2.9%
Other Acquisition Expenses	5.1%
General Expenses	9.0%
Taxes, Licenses & Fees	3.4%
Reinsurance Expense	1.8%
Underwriting Profit & Contingencies	<b><u>9.7%</u></b>
Total Expenses & Profit	32.0%
Permissible Loss Ratio	68.0%

NOTE: Captions designated by (W) are ratioed to written premiums;  
those by (E) are ratioed to earned premiums.

HORACE MANN INSURANCE COMPANIES  
Calculation of Underwriting Profit Provision  
**Homeowners**

Target Return on Equity	10.84%
Estimated Investment Income on Equity	3.68%
After-tax Operating Profit	7.17%
Ratio of Premium to Equity	0.943
After-tax Operating Profit to Premium	7.60%
Investment Gain from Policy Cash Flow	1.19%
Other P&C Income	0.11%
After-tax Underwriting Profit Provision	6.30%
Tax Rate	0.35
Pre-tax Underwriting Profit Provision	9.70%

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Investment return	3.68%
Avg time of Profit	1.00

Years From Start of <u>Acc Year</u>	Cum % of <u>Losses Paid</u>	Yearly % <u>of Losses Paid</u>	Time from Start of <u>Acc Yr</u>	Disc to avg time of <u>profit</u>	Discounted <u>Payments</u>
1	73.2%	73.2%	0.5	1.019	74.6%
2	97.1%	23.9%	1.5	0.982	23.4%
3	99.2%	2.1%	2.5	0.946	2.0%
4	99.9%	0.7%	3.5	0.912	0.6%
5	100.0%	0.1%	4.5	0.879	0.1%
6	100.0%	0.0%	5.5	0.847	0.0%
7	100.0%	0.0%	6.5	0.817	0.0%
8	100.0%	0.0%	7.5	0.787	0.0%
9	100.0%	0.0%	8.5	0.759	0.0%
10	100.0%	0.0%	9.5	0.731	0.0%
Total		100.0%			100.7%
Expected Losses and Loss Expense Ratio					67.00%
Present Value of Loss and Loss Expense Payments					67.5%
General Expense		8.77%	1.0	1.000	8.8%
OA Expense		5.05%	1.0	1.000	5.1%
Premium Taxes		2.73%	0.5	1.019	2.8%
Commissions		6.75%	0.5	1.019	6.9%
U/W Profit/Loss		9.70%	1.0	1.000	9.7%
Total Present Value of Outgo					100.7%
Premiums		1.0	0.5	1.019	101.9%
Diff, PV of Income less PV of Outgo					1.2%

## HORACE MANN INSURANCE COMPANIES

	2007 Investment Income in thousands		
	(1)	(2)	(3)=(1)/(2)
	Annualized Investment Plan Return on Average <u>Invested Assets</u>	2006 Average <u>Invested Assets</u>	Percent Return <u>On Invested Asset Base</u>
Corporate Investments			
After-tax investment income net of investment expense	158,227		3.73%
After-tax capital gains, realized & unrealized	-2,210		-0.05%
Total	156,017	4,241,233	3.68%