

SERFF Tracking Number: SHEL-126401543 State: Arkansas  
Filing Company: Shelter Mutual Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: 03M20309  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: HO  
Project Name/Number: Lammers/

## Filing at a Glance

Company: Shelter Mutual Insurance Company

Product Name: HO

TOI: 04.0 Homeowners

Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations

Filing Type: Rate/Rule

SERFF Tr Num: SHEL-126401543 State: Arkansas

SERFF Status: Closed-Filed

Co Tr Num: 03M20309

Authors: Brian Marcks, Sue Burlingame

Date Submitted: 12/02/2009

State Tr Num: EFT \$100

State Status: Fees verified and received

Reviewer(s): Becky Harrington, Betty Montesi

Disposition Date: 12/16/2009

Disposition Status: Filed

Effective Date Requested (New): 02/02/2010

Effective Date Requested (Renewal): 02/02/2010

Effective Date (New): 02/02/2010

Effective Date (Renewal):

02/02/2010

State Filing Description:

## General Information

Project Name: Lammers

Project Number:

Reference Organization:

Reference Title:

Filing Status Changed: 12/16/2009

State Status Changed: 12/04/2009

Created By: Brian Marcks

Corresponding Filing Tracking Number:

Filing Description:

This filing consists of revised Homeowners base rates for Form HO-3. Select counties have been further defined by zip code. The premium interpolation rule was revised. Editorial changes have been made. The overall effect of this filing is expected to be a revenue increase of 14.9% or \$5,852,658.

Status of Filing in Domicile:

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

Submitted By: Brian Marcks

## Company and Contact

### Filing Contact Information

Brian Marcks, Coordinator of Insurance

BCMarcks@shelterinsurance.com

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 Product Name: HO  
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**Department Affairs**

1817 West Broadway 573-214-4165 [Phone]  
 Columbia, MO 65218 573-446-7317 [FAX]

**Filing Company Information**

Shelter Mutual Insurance Company CoCode: 23388 State of Domicile: Missouri  
 1817 West Broadway Group Code: Company Type:  
 Columbia, MO 65218 Group Name: State ID Number:  
 (573) 445-8441 ext. [Phone] FEIN Number: 43-0613000

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**Filing Fees**

Fee Required? Yes  
 Fee Amount: \$100.00  
 Retaliatory? No  
 Fee Explanation:  
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Shelter Mutual Insurance Company	\$100.00	12/02/2009	32418980

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	12/16/2009	12/16/2009

### Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
No response necessary	Becky Harrington	12/07/2009	12/07/2009			
Pending Industry Response	Becky Harrington	12/04/2009	12/04/2009	Brian Marcks	12/04/2009	12/04/2009

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## Disposition

Disposition Date: 12/16/2009  
 Effective Date (New): 02/02/2010  
 Effective Date (Renewal): 02/02/2010  
 Status: Filed  
 Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Shelter Mutual Insurance Company	15.500%	14.900%	\$5,852,658	48,567	\$39,388,690	22.800%	0.000%

SERFF Tracking Number: SHEL-126401543 State: Arkansas  
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Schedule	Schedule Item	Schedule 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	Explanatory Memorandum	Filed	Yes
Supporting Document	Rate Indications/Supporting Exhibits	Filed	Yes
Supporting Document	Zone Definition Comparison	Filed	Yes
Rate	Manual Pages	Filed	Yes
Rate	Manual Page	Filed	Yes

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Product Name: HO  
Project Name/Number: Lammers/

## Objection Letter

Objection Letter Status No response necessary

Objection Letter Date 12/07/2009

Submitted Date 12/07/2009

Respond By Date

Dear Brian Marcks,

This filing is being held in abeyance pending Commissioner Bradford's review on 12/16/2009.

Please feel free to contact me if you have questions.

Sincerely,

Becky Harrington

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Product Name: HO  
Project Name/Number: Lammers/

## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 12/04/2009  
Submitted Date 12/04/2009

Respond By Date

Dear Brian Marcks,

This will acknowledge receipt of the captioned filing.

### Objection 1

- Manual Pages, GR-16, GR-18, GR-25, Z-1, Z-2, R-1 and R-2 (Rate)
- Explanatory Memorandum (Supporting Document)

Comment: Please provide additional documentation supporting the zone/zip code assignments for Saline, Pulaski, Garland, and Fulton Counties.

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 12/04/2009  
Submitted Date 12/04/2009

Dear Becky Harrington,

### Comments:

Reference is made to your note of today.

### Response 1

Comments: Attached is an exhibit showing our current and proposed zone definitions for Fulton, Garland, Pulaski and Saline counties. Because of computer system requirements, we needed to redefine counties that had city definitions or remainder of county definitions. Those counties will now be defined by zip codes instead. There are no intended zone changes.

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Company Tracking Number: 03M20309  
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Product Name: HO  
Project Name/Number: Lammers/

**Related Objection 1**

Applies To:

- Manual Pages, GR-16, GR-18, GR-25, Z-1, Z-2, R-1 and R-2 (Rate)
- Explanatory Memorandum (Supporting Document)

Comment:

Please provide additional documentation supporting the zone/zip code assignments for Saline, Pulaski, Garland, and Fulton Counties.

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: Zone Definition Comparison

Comment: Please see attachment.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

I hope this helps. Please let me know if you have questions.

Sincerely,

Brian Marcks, Sue Burlingame

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State: Arkansas  
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## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	File and Use
<b>Rate Change Type:</b>	Increase
<b>Overall Percentage of Last Rate Revision:</b>	8.900%
<b>Effective Date of Last Rate Revision:</b>	12/20/2008
<b>Filing Method of Last Filing:</b>	File and Use

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Shelter Mutual Insurance Company	15.500%	14.900%	\$5,852,658	48,567	\$39,388,690	22.800%	0.000%

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 Company Tracking Number: 03M20309  
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 Product Name: HO  
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## Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed 12/16/2009 Manual Pages		GR-16, GR-18, GR-25, Z-1, Z-2, R-1 and R-2	Replacement	AR HO GR, Z & R Pages.pdf
Filed 12/16/2009 Manual Page		LD-1	Withdrawn	

**11. PREMIUM INTERPOLATION**

Policies may be written for amounts of coverage not shown on the Amount of Insurance pages. To determine the appropriate factor, the Amount of Insurance figures shall be interpolated.

**Example: A premium is desired for a policy amount of \$80,000.**

Amounts	Factors	
\$100,000	1.336	.216 / 25 = .0086
<u>75,000</u>	<u>1.120</u>	
25,000 Difference	.216 Difference	

$$\begin{array}{r} .0086 \\ \times \quad 5 \text{ (Addnl. \$5,000 Coverage A)} \\ \hline .043 \end{array}$$

$$1.120 + .043 = 1.163 \text{ for } \$80,000$$

**A. Section I (Cont.)**

- 6. Building Additions and Alterations, Form 4 - Additional Coverages (B-352-B)**  
Rate per \$1,000

Policy Deductible

\$500

\$4.45

- 7. Building Property, Form 6, Coverage A - Rate per \$1,000**

Policy Deductible

\$500

\$4.45

- 8. Outdoor Antennas, Reception Dishes and Equipment Coverage (B-463-B)**

Policy Deductible	<u>\$500</u>
Rate per \$1,000	\$3.56

- 9. Personal Property (Form 3) - Rates per \$1,000**

Policy Deductible	<u>\$500</u>
Rate per \$1,000	\$1.42

**5. OFF PREMISES STRUCTURES (B-592-B)**

For an additional premium, we will cover other structures which are located away from the residence premises. The structures must be owned by the insured and used in connection with the residence premises.

We do not cover a structure:

- 1. being used as a dwelling;
- 2. capable of being used as a dwelling;
- 3. used to any extent for business purposes; or
- 4. rented or held for rental to any person not a tenant of the residence premises.

Form 3

Coverage applies to the limit provided under **Coverage B - Other Structures**. This coverage does not increase the limits for **Coverage B - Other Structures**

Policy Deductible	<u>\$500</u>
Premium Charge	\$22

Forms 4 and 6

Coverage applies subject to the perils applicable to **Coverage C - Personal Property**. Coverage is limited to the amount shown on the policy declaration for this endorsement. This limit applies to the total value of all Other Structures.

Policy Deductible	<u>\$500</u>
Base Amount (up to \$15,000 limit)	\$22
Each Add'l \$1,000 over \$15,000	\$2.40

## ZONES AND COUNTY CODES

As Zip code boundaries are changed by the United States Postal Service (USPS), a new Zip code may be created. This new Zip code may not yet be listed in our zone definitions. If this is the case, use the rating zone that corresponds to the Zip code that formerly applied to the risk.

<u>ZONE</u>	<u>COUNTY</u>	<u>CODE</u>	<u>ZONE</u>	<u>COUNTY</u>	<u>CODE</u>
24	ARKANSAS	001	20	HEMPSTEAD	057
29	ASHLEY	003	55	HOT SPRING	059
58	BAXTER	005	31	HOWARD	061
23	BENTON	007	75	INDEPENDENCE	063
36	BOONE	009	50	IZARD	065
29	BRADLEY	011	4	JACKSON	067
38	CALHOUN	013	38	JEFFERSON	069
87	CARROLL	015	53	JOHNSON	071
38	CHICOT	017	79	LAFAYETTE	073
24	CLARK	019	26	LAWRENCE	075
26	CLAY	021	26	LEE	077
49	CLEBURNE	023	21	LINCOLN	079
44	CLEVELAND	025	13	LITTLE RIVER	081
16	COLUMBIA	027	36	LOGAN	083
34	CONWAY	029	24	LONOKE	085
62	CRAIGHEAD	031	15	MADISON	087
35	CRAWFORD	033	15	MARION	089
24	CRITTENDEN	035	29	MILLER	091
4	CROSS	037	26	MISSISSIPPI	093
44	DALLAS	039	38	MONROE	095
44	DESHA	041	24	MONTGOMERY	097
12	DREW	043	95	NEVADA	099
51	FAULKNER	045	53	NEWTON	101
53	FRANKLIN	047	44	OUACHITA	103
	FULTON	049	77	PERRY	105
40	72513, 72515, 72520, 72531, 72538, 72539, 72542, 72554, 72576, 72578, 72583, 72587		41	PHILLIPS	107
28	72529		24	PIKE	109
	GARLAND	051	32	POINSETT	111
57	71901, 71913, 71933, 71949, 71956, 71964, 71968, 72087		29	POLK	113
48	71909		36	POPE	115
24	GRANT	053	44	PRAIRIE	117
45	GREENE	055			

## ZONES AND COUNTY CODES

<u>ZONE</u>	<u>COUNTY</u>	<u>CODE</u>	<u>ZONE</u>	<u>COUNTY</u>	<u>CODE</u>
	<b>PULASKI</b>	<b>119</b>			
91	72002, 72016, 72023, 72046, 72065, 72076, 72099, 72103, 72114, 72117, 72118, 72122, 72126, 72135, 72142, 72199, 72201, 72202, 72204, 72206, 72209, 72210,				
78	72113, 72116, 72120, 72205, 72207, 72211, 72212, 72223, 72227				
68	<b>RANDOLPH</b>	<b>121</b>			
4	<b>ST. FRANCIS</b>	<b>123</b>			
	<b>SALINE</b>	<b>125</b>			
24	72002, 72011, 72015, 72019, 72022, 72065, 72087, 72103, 72122, 72167, 72206, 72210				
48	71909				
51	<b>SCOTT</b>	<b>127</b>			
50	<b>SEARCY</b>	<b>129</b>			
53	<b>SEBASTIAN</b>	<b>131</b>			
16	<b>SEVIER</b>	<b>133</b>			
28	<b>SHARP</b>	<b>135</b>			
50	<b>STONE</b>	<b>137</b>			
29	<b>UNION</b>	<b>139</b>			
36	<b>VAN BUREN</b>	<b>141</b>			
88	<b>WASHINGTON</b>	<b>143</b>			
18	<b>WHITE</b>	<b>145</b>			
44	<b>WOODRUFF</b>	<b>147</b>			
28	<b>YELL</b>	<b>149</b>			

# Arkansas Homeowners Form 3 Masonry Base Rates

**\$60,000 Base, \$500 Deductible,  
\$100,000 Liability, \$1,000 Medical Payments**

Zones	1-3, 1Y-3Y		4-5, 4Y-5Y		6, 6Y		7,7Y,1N-5N		8, 8Y		6N, 7N		9, 8N		10		11	
	Masonry	curve	Masonry	curve	Masonry	curve	Masonry	curve	Masonry	curve	Masonry	curve	Masonry	curve	Masonry	curve	Masonry	curve
4	749	1	778	1	876	1	985	1	1355	1	1483	1	1483	1	1925	1	1925	1
12	641	1	674	1	758	1	850	1	1183	1	1282	1	1282	1	1685	1	1685	1
13	648	1	677	1	766	1	862	1	1196	1	1296	1	1296	1	1736	1	1736	1
15	563	1	585	1	659	1	736	1	1023	1	1115	1	1115	1	1494	1	1494	1
16	648	1	677	1	766	1	862	1	1196	1	1296	1	1296	1	1736	1	1736	1
18	705	1	734	1	828	1	933	1	1313	1	1432	1	1432	1	1880	1	1880	1
20	708	1	735	1	829	1	932	1	1281	1	1404	1	1404	1	1821	1	1821	1
21	723	1	753	1	850	1	957	1	1346	1	1469	1	1469	1	1928	1	1928	1
23	537	1	559	1	627	1	706	1	970	1	1058	1	1058	1	1439	1	1439	1
24	602	1	626	1	710	1	792	1	1121	1	1205	1	1205	1	1618	1	1618	1
26	708	1	735	1	829	1	932	1	1281	1	1404	1	1404	1	1821	1	1821	1
28	584	1	606	1	689	1	766	1	1060	1	1154	1	1154	1	1528	1	1528	1
29	708	1	735	1	829	1	932	1	1281	1	1404	1	1404	1	1821	1	1821	1
31	676	1	708	1	799	1	898	1	1248	1	1348	1	1348	1	1731	1	1731	1
32	812	1	866	1	979	1	1102	1	1511	1	1648	1	1648	1	2096	1	2096	1
34	676	1	708	1	799	1	898	1	1248	1	1348	1	1348	1	1731	1	1731	1
35	730	1	760	1	862	1	964	1	1340	1	1439	1	1439	1	1888	1	1888	1
36	612	1	635	1	720	1	809	1	1108	1	1206	1	1206	1	1617	1	1617	1
38	742	1	776	1	873	1	983	1	1359	1	1477	1	1477	1	1897	1	1897	1
40	578	1	605	1	682	1	767	1	1067	1	1153	1	1153	1	1479	1	1479	1
41	665	1	696	1	784	1	882	1	1227	1	1326	1	1326	1	1701	1	1701	1
44	675	1	703	1	793	1	894	1	1257	1	1371	1	1371	1	1799	1	1799	1
45	742	1	776	1	873	1	983	1	1359	1	1477	1	1477	1	1897	1	1897	1
48	575	1	596	1	677	1	753	1	1041	1	1134	1	1134	1	1501	1	1501	1
49	612	1	635	1	720	1	809	1	1108	1	1206	1	1206	1	1617	1	1617	1
50	651	1	685	1	771	1	864	1	1204	1	1304	1	1304	1	1714	1	1714	1
51	612	1	638	1	722	1	806	1	1141	1	1226	1	1226	1	1645	1	1645	1
53	656	1	682	1	773	1	865	1	1203	1	1291	1	1291	1	1694	1	1694	1
55	624	1	657	1	740	1	828	1	1153	1	1250	1	1250	1	1642	1	1642	1
57	575	1	596	1	677	1	753	1	1041	1	1134	1	1134	1	1501	1	1501	1
58	573	1	596	1	671	1	750	1	1040	1	1134	1	1134	1	1521	1	1521	1
62	624	1	657	1	740	1	828	1	1153	1	1250	1	1250	1	1642	1	1642	1
68	665	1	696	1	784	1	882	1	1227	1	1326	1	1326	1	1701	1	1701	1
75	612	1	638	1	722	1	806	1	1141	1	1226	1	1226	1	1645	1	1645	1
77	561	1	583	1	655	1	737	1	1013	1	1105	1	1105	1	1503	1	1503	1
78	624	1	653	1	737	1	828	1	1153	1	1244	1	1244	1	1597	1	1597	1
79	578	1	605	1	682	1	767	1	1067	1	1153	1	1153	1	1479	1	1479	1
87	588	1	611	1	687	1	769	1	1067	1	1163	1	1163	1	1560	1	1560	1
88	597	1	619	1	702	1	788	1	1080	1	1175	1	1175	1	1577	1	1577	1
91	674	1	702	1	796	1	890	1	1237	1	1328	1	1328	1	1743	1	1743	1
95	578	1	605	1	682	1	767	1	1067	1	1153	1	1153	1	1479	1	1479	1

FOR FORM 3 WITH RENOVATION COST B-639-B (REPAIR COST ON ROOF), MULTIPLY THE PREMIUM BY 1.20.

# Arkansas Homeowners Form 3 Frame Base Rates

**\$60,000 Base, \$500 Deductible,  
\$100,000 Liability, \$1,000 Medical Payments**

Zones	1-3, 1Y-3Y		4-5, 4Y-5Y		6, 6Y		7,7Y,1N-5N		8, 8Y		6N, 7N		9, 8N		10		11	
	Frame	curve	Frame	curve	Frame	curve	Frame	curve	Frame	curve	Frame	curve	Frame	curve	Frame	curve	Frame	curve
4	820	1	876	1	980	1	1091	1	1593	1	1743	1	1743	1	2225	1	2225	1
12	705	1	758	1	849	1	937	1	1391	1	1507	1	1507	1	1961	1	1961	1
13	709	1	766	1	850	1	949	1	1408	1	1525	1	1525	1	2006	1	2006	1
15	615	1	659	1	733	1	820	1	1204	1	1311	1	1311	1	1736	1	1736	1
16	709	1	766	1	850	1	949	1	1408	1	1525	1	1525	1	2006	1	2006	1
18	778	1	828	1	925	1	1031	1	1551	1	1671	1	1671	1	2148	1	2148	1
20	775	1	829	1	927	1	1032	1	1507	1	1649	1	1649	1	2104	1	2104	1
21	798	1	850	1	949	1	1058	1	1591	1	1714	1	1714	1	2203	1	2203	1
23	587	1	627	1	698	1	777	1	1145	1	1241	1	1241	1	1672	1	1672	1
24	660	1	710	1	788	1	883	1	1327	1	1410	1	1410	1	1883	1	1883	1
26	775	1	829	1	927	1	1032	1	1507	1	1649	1	1649	1	2104	1	2104	1
28	642	1	689	1	763	1	855	1	1247	1	1355	1	1355	1	1767	1	1767	1
29	775	1	829	1	927	1	1032	1	1507	1	1649	1	1649	1	2104	1	2104	1
31	744	1	799	1	889	1	999	1	1462	1	1587	1	1587	1	2029	1	2029	1
32	911	1	979	1	1087	1	1212	1	1775	1	1936	1	1936	1	2429	1	2429	1
34	744	1	799	1	889	1	999	1	1462	1	1587	1	1587	1	2029	1	2029	1
35	805	1	862	1	959	1	1074	1	1570	1	1700	1	1700	1	2193	1	2193	1
36	673	1	720	1	800	1	894	1	1304	1	1414	1	1414	1	1880	1	1880	1
38	816	1	873	1	975	1	1089	1	1587	1	1727	1	1727	1	2199	1	2199	1
40	635	1	682	1	760	1	854	1	1250	1	1357	1	1357	1	1734	1	1734	1
41	730	1	784	1	874	1	982	1	1437	1	1561	1	1561	1	1994	1	1994	1
44	745	1	793	1	885	1	987	1	1485	1	1599	1	1599	1	2056	1	2056	1
45	816	1	873	1	975	1	1089	1	1587	1	1727	1	1727	1	2199	1	2199	1
48	631	1	677	1	750	1	839	1	1226	1	1331	1	1331	1	1736	1	1736	1
49	673	1	720	1	800	1	894	1	1304	1	1414	1	1414	1	1880	1	1880	1
50	717	1	771	1	863	1	954	1	1415	1	1532	1	1532	1	1995	1	1995	1
51	672	1	722	1	802	1	899	1	1349	1	1434	1	1434	1	1916	1	1916	1
53	722	1	773	1	860	1	964	1	1409	1	1526	1	1526	1	1969	1	1969	1
55	687	1	740	1	827	1	914	1	1356	1	1469	1	1469	1	1913	1	1913	1
57	631	1	677	1	750	1	839	1	1226	1	1331	1	1331	1	1736	1	1736	1
58	625	1	671	1	746	1	834	1	1224	1	1333	1	1333	1	1767	1	1767	1
62	687	1	740	1	827	1	914	1	1356	1	1469	1	1469	1	1913	1	1913	1
68	730	1	784	1	874	1	982	1	1437	1	1561	1	1561	1	1994	1	1994	1
75	672	1	722	1	802	1	899	1	1349	1	1434	1	1434	1	1916	1	1916	1
77	612	1	655	1	729	1	812	1	1197	1	1297	1	1297	1	1746	1	1746	1
78	686	1	737	1	821	1	922	1	1349	1	1465	1	1465	1	1873	1	1873	1
79	635	1	682	1	760	1	854	1	1250	1	1357	1	1357	1	1734	1	1734	1
87	642	1	687	1	765	1	856	1	1256	1	1367	1	1367	1	1812	1	1812	1
88	657	1	702	1	779	1	871	1	1271	1	1378	1	1378	1	1833	1	1833	1
91	743	1	796	1	884	1	991	1	1448	1	1570	1	1570	1	2025	1	2025	1
95	635	1	682	1	760	1	854	1	1250	1	1357	1	1357	1	1734	1	1734	1

FOR FORM 3 WITH RENOVATION COST B-639-B (REPAIR COST ON ROOF), MULTIPLY THE PREMIUM BY 1.20.

SERFF Tracking Number: SHEL-126401543

State: Arkansas

Filing Company: Shelter Mutual Insurance Company

State Tracking Number: EFT \$100

Company Tracking Number: 03M20309

TOI: 04.0 Homeowners

Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations

Product Name: HO

Project Name/Number: Lammers/

## Supporting Document Schedules

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	H-1 Homeowners Abstract	Filed	12/16/2009
<b>Comments:</b>	Please see attachment.		
<b>Attachment:</b>	AR Form H1.pdf		
<b>Satisfied - Item:</b>	HPCS-Homeowners Premium Comparison Survey	Filed	12/16/2009
<b>Comments:</b>	Please see attachment.		
<b>Attachment:</b>	HO Survey FORM HPCS.xls		
<b>Satisfied - Item:</b>	NAIC loss cost data entry document	Filed	12/16/2009
<b>Comments:</b>	Please see attachment.		
<b>Attachment:</b>	AR HO RF1.pdf		
<b>Satisfied - Item:</b>	Explanatory Memorandum	Filed	12/16/2009
<b>Comments:</b>	Please see attachment.		
<b>Attachment:</b>	AR HO Explanatory Memo.pdf		

SERFF Tracking Number: SHEL-126401543 State: Arkansas  
Filing Company: Shelter Mutual Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: 03M20309  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: HO  
Project Name/Number: Lammers/

**Satisfied - Item:** Rate Indications/Supporting Exhibits  
**Item Status:** Filed  
**Status Date:** 12/16/2009

**Comments:**

Please see attachments.

**Attachments:**

AR HO Explanation of Exhibits.pdf  
Exhibits 1 thru 12.pdf

**Satisfied - Item:** Zone Definition Comparison  
**Item Status:** Filed  
**Status Date:** 12/16/2009

**Comments:**

Please see attachment.

**Attachment:**

Zone Comparison.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 Shelter Mutual Insurance Company  
 NAIC # (including group #) NAIC #23388, Group #123

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact.  
 Not Applicable
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.  
 Please see additional information attached.
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.  
 Please see additional information attached.
4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.  
 Please see additional information attached.

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

a. Fire Extinguisher	<u>0</u>	%
b. Burglar Alarm	<u>2</u>	%
c. Smoke Alarm	<u>2</u>	%
d. Insured who has both homeowners and auto with your company	<u>20</u>	%
e. Deadbolt Locks	<u>0</u>	%
f. Window or Door Locks	<u>0</u>	%
g. Other (specify)		%
Complete Home Burglar alarm	5	%
<u>Fire or Burglar alarm reporting to station.</u>	<u>5</u>	%

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.  
 No

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

Form	Premium Volume
HO-3	\$ 38,913,743
<u>HO-4 &amp; HO-6</u>	<u>474,947</u>

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? Rather than a surcharge, premiums in protection Classes 8Y, 6N-8N, 8, 9, 10 & 11 reflect the added exposure due to the use of solid fuel heating. Policyholders in these protection classes who have no type of solid fuel heating devices are given a credit of 15% (Form 3 Only).

If yes, state the surcharge See above.

Does the surcharge apply to conventional fire places? No

If yes, state the surcharge Not Applicable

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

\_\_\_\_\_  
Signature

Brian Marcks

Printed Name

Coordinator of Insurance Dept. Affairs

Title

573-214-4165

Telephone Number

bcmarcks@shelterinsurance.com

Email Address

The following are answers to questions two through four of Form H-1, Homeowners Abstract:

2. We have used cost estimators in Arkansas since 6/1/1979. We converted from the Boeckh cost estimator system to the Marshall & Swift cost estimator system on 3/1/2001. We now use the Boeckh/Marshall & Swift cost estimator system as Boeckh merged with Marshall & Swift.
3. For an HO-3 with the Expanded Restoration Cost endorsement, we require the amount of insurance to be at least 100% of restoration cost. For an HO-3 with Modified Renovation Cost endorsement attached, we require the amount of insurance to be at least 100% of market value. For an HO-3 without the Expanded Restoration Cost endorsement or the Modified Renovation Cost endorsement, we require the amount of insurance to be at least 100% of restoration cost.
4. We have a mandatory annual amount of insurance rollup for HO-3s, based on construction cost indices. Our policy size trending procedure accounts for the additional premium expected to be generated by our rollup programs.

NAIC Number: 23388  
 Company Name: Shelter Mutual Insurance  
 Contact Person: Brian Marcks  
 Telephone No.: 573-214-4165  
 Email Address: bmarcks@shelterinsurance.com  
 Effective Date: February 2, 2010

**Homeowners Premium Comparison Survey Form  
 FORM HPCS - 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	\$733.00	\$806.00	\$703.00	\$767.00	\$766.00	\$843.00	\$919.00	\$1,006.00	\$828.00	\$914.00	\$869.00	\$951.00	\$869.00	\$951.00	\$805.00	\$886.00	\$766.00	\$842.00
	\$120,000	\$1,041.00	\$1,145.00	\$999.00	\$1,089.00	\$1,088.00	\$1,197.00	\$1,306.00	\$1,429.00	\$1,177.00	\$1,299.00	\$1,234.00	\$1,351.00	\$1,234.00	\$1,351.00	\$1,143.00	\$1,258.00	\$1,088.00	\$1,196.00
	\$160,000	\$1,343.00	\$1,478.00	\$1,289.00	\$1,406.00	\$1,404.00	\$1,546.00	\$1,685.00	\$1,845.00	\$1,519.00	\$1,676.00	\$1,593.00	\$1,744.00	\$1,593.00	\$1,744.00	\$1,476.00	\$1,625.00	\$1,404.00	\$1,544.00
6	\$80,000	\$861.00	\$956.00	\$823.00	\$915.00	\$908.00	\$1,015.00	\$1,075.00	\$1,202.00	\$973.00	\$1,086.00	\$1,017.00	\$1,137.00	\$1,017.00	\$1,137.00	\$948.00	\$1,055.00	\$904.00	\$1,007.00
	\$120,000	\$1,224.00	\$1,358.00	\$1,170.00	\$1,300.00	\$1,290.00	\$1,441.00	\$1,527.00	\$1,708.00	\$1,382.00	\$1,543.00	\$1,445.00	\$1,616.00	\$1,445.00	\$1,616.00	\$1,347.00	\$1,499.00	\$1,285.00	\$1,431.00
	\$160,000	\$1,580.00	\$1,753.00	\$1,510.00	\$1,679.00	\$1,665.00	\$1,861.00	\$1,971.00	\$2,205.00	\$1,784.00	\$1,991.00	\$1,865.00	\$2,086.00	\$1,865.00	\$2,086.00	\$1,739.00	\$1,935.00	\$1,658.00	\$1,847.00
9	\$80,000	\$1,442.00	\$1,691.00	\$1,391.00	\$1,636.00	\$1,534.00	\$1,802.00	\$1,820.00	\$2,139.00	\$1,682.00	\$1,962.00	\$1,723.00	\$2,023.00	\$1,723.00	\$2,023.00	\$1,584.00	\$1,872.00	\$1,526.00	\$1,798.00
	\$120,000	\$2,048.00	\$2,402.00	\$1,977.00	\$2,323.00	\$2,179.00	\$2,560.00	\$2,585.00	\$3,038.00	\$2,390.00	\$2,787.00	\$2,447.00	\$2,874.00	\$2,447.00	\$2,874.00	\$2,250.00	\$2,660.00	\$2,168.00	\$2,553.00
	\$160,000	\$2,644.00	\$3,101.00	\$2,552.00	\$2,999.00	\$2,813.00	\$3,305.00	\$3,337.00	\$3,922.00	\$3,085.00	\$3,598.00	\$3,159.00	\$3,710.00	\$3,159.00	\$3,710.00	\$2,905.00	\$3,434.00	\$2,799.00	\$3,296.00

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	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00
	\$15,000	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00
	\$25,000	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00
6	\$5,000	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00
	\$15,000	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00
	\$25,000	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00
9	\$5,000	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00
	\$15,000	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00
	\$25,000	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00

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		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																		
	\$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	2	%	\$1,000 Deductible	38	%
			Other (specify)		
			See Manual Pages GR-8, 9 & 29.		%
			Maximum Credit Allowed	48	%

**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?  %

WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?	Zone	Brick	Frame
	Highest Risk	\$ 2.44	\$ 1.72
	Lowest Risk	\$ 0.80	\$ 0.49

**FORM RF-1 Rate Filing Abstract NAIC LOSS COST DATA ENTRY DOCUMENT**

<b>1.</b>	This filing transmittal is part of Company Tracking #	03M20309
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<b>2.</b>	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/Item Filing Number	N/A
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Company Name		Company NAIC Number	
<b>3.</b>	<b>A.</b> Shelter Mutual Insurance Company	<b>B.</b>	23388

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Business (i.e., Sub-type of Insurance)	
<b>4.</b>	<b>A.</b> Shelter Mutual Homeowners	<b>B.</b>	Homeowners

**5.**

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	FOR LOSS COSTS ONLY			
				(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Homeowners	15.5	14.9	63.4	N/A	N/A	N/A	N/A
<b>TOTAL OVERALL EFFECT</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
2004	43,491	+3.4	8/25/2004	28,404	14,807	52.1	55.0
2005	44,495	-0.4	04/20/2007	30,991	12,743	41.1	76.5
2006	46,281	+8.9	12/20/2008	33,058	19,021	57.5	58.8
2007	47,422	-0.1	07/12/2009	34,989	10,841	31.0	44.5
2008	48,484			36,804	53,689	145.9	101.3

**7.**

Expense Constants	Selected Provisions
A. Total Production Expense	18.1
B. General Expense	7.3
C. Taxes, Licenses & Fees	3.0
D. Underwriting Profit & Contingencies	8.2
E. Other (explain)	
<b>F. TOTAL</b>	<b>36.6</b>

- 8.** N/A Apply Loss Cost Factors to Future filings? (Y or N)
- 9.** +22.8 Estimated Maximum Rate Increase for any Insured (%) Territory (if applicable): 36
- 10.** N/A Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_

**SHELTER MUTUAL INSURANCE COMPANY  
ARKANSAS HOMEOWNERS  
EXPLANATORY MEMORANDUM**

**SUMMARY**

Base rates have been revised for form HO-3. Select counties have been further defined by zip code. The Premium Interpolation rule was revised. Editorial changes were made. **The overall change in revenue is 14.9% for \$5,852,658.**

**GENERAL RULE (GR) PAGES**

- GR-16 11. Premium Interpolation** – the method of interpolation has changed from interpolating premiums to interpolating the amount of insurance factor.
- GR-18 6. Building Additions and Alterations, Form 4- Additional Coverages** – The wording “This coverage is not provided in the unendorsed Form 4 policy,” was removed.
- GR-25 5. Off Premises Structures** – For forms 4 and 6 the following wording was removed from the manual, “The maximum limit that may be purchased shall not exceed \$15,000. If the total value of other structures off premises exceeds that amount, refer to the Home Office.” Rate for additional coverage above \$15,000 are now shown.

**ZONES AND COUNTY CODES**

**Z-1, Z-2** Fulton, Garland, Pulaski and Saline counties are now being defined by zip code.

**BASE RATES**

**R-1, R-2** Form HO-3 Base Rates were revised.

**LIMITED DISTRIBUTION (LD PAGE)**

- LD-1 Off Premises Structures Increased Limits – Forms 4 and 6** - Due to the changes noted above on GR-25, Off Premises Structures, this page is no longer needed and is being **withdrawn**.
- \$1,000,000 Limits of Liability** - This information is now displayed on the GR Pages.

**SHELTER MUTUAL INSURANCE COMPANY  
ARKANSAS HOMEOWNERS  
EXPLANATION OF STATISTICAL EXHIBITS**

In accordance with Arkansas Regulation 23, Section 6.B., the following exhibits supplement this filing:

RF-1	Rate Filing Abstract
H-1	Homeowners Abstract
HPCS	Comparison of Homeowners Insurance Cost
Exhibit 1	Investment Income Calculation - Homeowners Multiple Peril
Exhibit 2	Underwriting Expenses and Expected Loss Ratio
Exhibit 3	Revenue Summation
Exhibit 4	Credibility
Exhibit 5	Loss Trending
Exhibit 6	Current Rate Levels
Exhibit 7	Policy Size Trending
Exhibit 8	Excess Wind and Hail Losses
Exhibit 9	Accident Year Losses and Claims Count
Exhibit 10	Unallocated Loss Adjustment Expense Factor
Exhibit 11	Arkansas Indicated Statewide Change
Exhibit 12	Revenue Change by Zone

**Exhibit RF-1** displays the Arkansas Rate Filing Abstract (Form RF-1).

**Exhibit H-1** displays the Arkansas Homeowners Abstract (Form H-1).

**Exhibit HPCS** gives a comparison of Homeowners Insurance Cost (Form HPCS).

**Exhibit 1** displays the calculation of the estimate of investment income on net unearned premiums and loss reserves.

**Exhibit 2** displays underwriting expenses for Homeowners Multiple Peril and contains the development of Expected Loss Ratio.

**Exhibit 3** summarizes the expected revenue effect of Homeowners coverages.

**Exhibit 4** displays a credibility table based on a total number of exposure units.

**Exhibit 5** displays the calculation of loss trend factors separately for frequency and severity.

For the purpose of this calculation, a revision effective date of January 1, 2010 was used.

**Exhibit 6** shows the factors necessary to adjust earned premium for rate changes to current.

**Exhibit 7** displays the calculation of policy size trend factors.

For the purpose of this calculation, a revision effective date of January 1, 2010 was used. From our estimate of annual growth in amount of insurance, we project an average size curve factor to one year past the assumed effective date. The premium trend factor is then the change in average size curve factor from the midpoint of each experience year to the projected date. Forms 3 and forms 4 and 6 are then averaged using earned exposures as weights.

**Exhibit 8** displays the calculation of excess wind and hail loss loading and smoothing.

**Exhibit 9** displays the development of ultimate accident year incurred loss and allocated loss adjustment expense and ultimate accident year claim count.

**Exhibit 10** displays the development of the unallocated loss adjustment expense factor.

**Exhibit 11** contains the calculation of the Arkansas Statewide Indicated Change based on the following information:

Line 1 contains the recorded earned premiums without adjustment.

Line 2 contains factors necessary to adjust premiums for all rate changes during the experience period as noted in Exhibit 6.

Line 3 contains factors necessary to adjust premiums to reflect anticipated increases in the amounts of insurance purchased as developed in Exhibit 7.

Line 4 is the adjusted earned premium.

Line 5 displays fiscal accident year incurred losses and allocated loss adjustment expenses as developed in Exhibit 9.

Line 6 displays excess wind and hail loss adjustment amount as developed in Exhibit 8.

Line 7 shows incurred losses adjusted for excess Wind/Hail losses.

Line 8 displays the factors necessary to adjust losses to reflect anticipated changes in loss costs as developed in Exhibit 5.

Line 9 displays the Unallocated Loss Adjustment Expense Factor as developed in Exhibit 10.

Line 10 represents the adjusted incurred losses and loss adjustment expenses.

Line 11 shows the formula loss ratios for each year.

Line 12 displays the weights assigned to each year of the experience period.

Line 13 is the five-year weighted loss ratio.

Line 14 is the credibility for the experience period based on the table in Exhibit 4.

Line 15 shows the expected loss ratio, labeled "Available for Losses and Loss Adjustment Expense" in Exhibit 2, page 2.

Line 16 shows the trended expected loss ratio.

Line 17 shows the credibility weighted loss ratio with the complement of credibility given to trended expected loss ratio.

Line 18 displays the provision for variable expenses. It is the sum of commission and brokerage expenses, taxes, licenses, and fees, and profit and contingencies from Exhibit 2, page 2.

Line 19 displays the provision for fixed expenses. It is the sum of other acquisition expense and general expense from Exhibit 2, page 2.

Line 20 displays the factor selected to trend fixed expenses. It is based on the trend in the All Items component of the Consumer Price Index.

Line 21 displays the trended provision for fixed expenses. It is line 19 times line 20 raised to the Y power, where Y is the number of years from one year past the last significant rate change to one year past the expected effective date.

Line 22 shows the statewide indicated change with provisions for both variable and fixed expenses.

**Exhibit 12** displays revenue change by zone.

Shelter Mutual Insurance Company

Arkansas

Homeowners Multiple Peril

Calculation of Investment Income Credit on Policyholder Funds

A. Unearned Premium Reserve		
(1) Direct Earned Premium for Calendar Year 2008		\$ 42,762,634
(2) Mean Unearned Premium Reserve: (1.) x 0.469		\$ 20,055,675
(3) Deductions for Prepaid Expenses:		
a. Brokerage and Commission	13.6%	
b. 50% of Other Acquisition Expense	2.3%	
c. 50% of General Expense	3.7%	
d. Taxes, Licenses and Fees	3.0%	
e. Total		22.6%
(4) Net Unearned Premium Subject to Investment: (2.) x (1 - (3.))		\$ 15,523,092
B. Loss Reserves		
1. Direct Earned Premium for Calendar Year 2008		\$ 42,762,634
2. Expected Incurred Loss and Loss Adjustment: (1.) x 0.716		\$ 30,618,046
3. Expected Mean Loss Reserve: (2.) x 0.362		\$ 11,083,733
C. Net Subject to Investment: A.4 + B.3		\$ 26,606,825
D. Average Rate of Return		0.0493
E. Investment Earnings on Net Subject to Investment: C x D		\$ 1,311,716
F. Average Rate of Return as a Percent of Direct Premium Earned: E / A.1		3.1%
G. Average Rate of Return as a Percent of Direct Premium Earned After Federal Income Tax: F x 0.738		2.3%

Please refer to the attached explanatory memorandum for details by line

Explanatory Memorandum re Investment Income - Arkansas - Homeowners Multiple Peril

Line A.1 - Direct earned premium as shown on page 14 for the State of Arkansas, Homeowners Multiple Peril, for Calendar Year 2008.

Line A.2 - The mean unearned premium reserve is determined by multiplying the direct earned premium in Line A.1 by the mean unearned premium ratio developed below.

1. Direct Earned Premium for Calendar Year 2008	\$ 42,762,634
2. Unearned Premium Reserve as of 12/31/2007	\$ 19,730,116
3. Unearned Premium Reserve as of 12/31/2008	\$ 20,339,085
4. Mean Unearned Premium Reserve: ((2.) + (3.)) / 2	\$ 20,034,600
5. Mean Unearned Premium Ratio: (4.) / (1.)	0.469

Line A.3 - Production and half of other company expenses are incurred with the initial writing and processing of insurance policies, exclusive of claim adjustment expenses. As these expenses are in effect prepaid, the funds will not be available to invest on behalf of the policyholder. The deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedures as shown.

Line B.2 - The expected loss and loss adjustment ratio reflects expense provisions used in this filing with no provision for profit.

Line B.3 - The expected mean loss reserve is determined by multiplying the expected incurred loss in Line B.2 by the mean loss and loss adjustment reserve ratio as shown below.

1. Incurred Losses for Calendar Year 2007	\$ 13,510,759
2. Incurred Losses for Calendar Year 2008	\$ 62,267,385
3. Loss Reserves as of 12/31/2006	\$ 7,966,252
4. Loss Reserves as of 12/31/2007	\$ 7,160,424
5. Loss Reserves as of 12/31/2008	\$ 13,129,524
6. Mean Loss Reserve 2007	\$ 7,563,338
7. Mean Loss Reserve 2008	\$ 10,144,974
8. 2007 Ratio: (6.) / (1.)	0.560
9. 2008 Ratio: (7.) / (2.)	0.163
10. Mean Ratio: ((8.) + (9.)) / 2	0.362

Explanatory Memorandum re Investment Income - Continued

Line D - The rate of return is the ratio of Net Income Earned and Net Realized Capital Gains/Losses to Mean Cash and Invested Assets. Due to the inherent variability of Capital Gains/Losses, we have used the most recent ten years of data. All data shown below is from the annual statement

1. Cash and Invested Assets 2006	\$	2,065,958,870
2. Cash and Invested Assets 2007	\$	2,323,262,763
3. Cash and Invested Assets 2008	\$	2,173,279,805
4. Net Investment Income Earned 2007	\$	89,685,586
5. Net Investment Income Earned 2008	\$	71,699,115
6. Mean Cash and Invested Assets 2007: (2. + 3.) / 2	\$	2,194,610,817
7. Mean Cash and Invested Assets 2008: (2. + 3.) / 2	\$	2,248,271,284
8. Mean Rate of Return: (4. + 5.) / (6. + 7.)		0.0363
9. Mean Cash and Invested Assets 1999 - 2008	\$	17,259,183,421
10. Net Realized Capital Gains/Losses 1999 - 2008	\$	223,854,229
11. Mean Rate of Return: 10. / 9.		0.0130
12. Total Rate of Return: 8. + 11.		0.0493

Line G - The average rate of Federal Income Tax was determined by applying the expected average tax rate for Net Investment Income and the expected tax rate applicable to Net Realized Capital Gains/Losses to the rates of return calculated in Line D.

	<u>Rate of Return</u>	<u>Federal Tax Rate</u>
Net Investment Income Earned	0.0363	0.231 (A)
Net Realized Capital Gains/Losses	<u>0.0130</u>	<u>0.350</u>
Total	0.0493	0.262

(A) The expected average rate of Federal Income Tax on Net Investment Income was determined by applying the expected 2009 tax rates to the distribution of investment income earned for the years 2007 and 2008. The calculations are shown below:

Type of Investment	Net Income Earned (1)			Tax Rate	Federal Tax
	2007	2008	Total		
Bonds (Taxable)	\$ 30,437,464	\$ 26,833,882	\$ 57,271,346	0.350	\$ 20,044,971
Bonds (Tax Exempt)	\$ 26,516,804	\$ 29,608,627	\$ 56,125,431	0.053	\$ 2,974,648
Stocks	\$ 10,852,003	\$ 7,636,174	\$ 18,488,177	0.210	\$ 3,882,517
Short Term	\$ 3,453,930	\$ 1,507,273	\$ 4,961,203	0.350	\$ 1,736,421
Real Estate	\$ 2,122,960	\$ 2,528,822	\$ 4,651,782	0.350	\$ 1,628,124
Other Investments	\$ 16,302,425	\$ 3,584,337	\$ 19,886,762	0.350	\$ 6,960,367
Total	\$ 89,685,586	\$ 71,699,115	\$ 161,384,701	0.231	\$ 37,227,048

(1) Investment deductions have been allocated to the appropriate type in the following manner:  
Real Estate - Income Earned less depreciation (Page 6, Line 12), Real Estate Expenses and Taxes (Page 11, Lines 19 and 20, Column 3).  
All Other - Investment Expenses less Real Estate Expenses and Taxes prorated by income earned to total income earned less Real Estate Income.

Shelter Mutual Insurance Company

Companywide

Homeowners Multiple Peril

Development of Expense Ratios

Note: 000 s omitted.	2006	2007	2008	Total
1.) Direct Commission and Brokerage	\$ 35,354	\$ 36,560	\$ 33,763	\$ 105,677
2.) Direct Written Premium	246,988	262,761	264,549	774,298
Ratio: 1 / 2	14.3%	13.9%	12.8%	13.6%
3.) Other Acquisition Expense	\$ 10,105	\$ 11,988	\$ 12,507	\$ 34,600
4.) Direct Earned Premium	244,634	255,155	264,194	763,983
Ratio: 3 / 4	4.1%	4.7%	4.7%	4.5%
5.) General Expense	\$ 16,951	\$ 20,163	\$ 18,626	\$ 55,741
6.) Direct Earned Premium	244,634	255,155	264,194	763,983
Ratio: 5 / 6	6.9%	7.9%	7.1%	7.3%
7.) Taxes, Licenses and Fees	\$ 5,508	\$ 5,878	\$ 5,555	\$ 16,941
8.) Direct Written Premium	246,988	262,761	264,549	774,298
Ratio: 7 / 8	2.2%	2.2%	2.1%	2.2%
9.) Direct Loss Adjustment Expense	\$ 20,324	\$ 18,918	\$ 20,895	\$ 60,137
10.) Direct Losses Incurred	182,910	124,006	272,569	579,485
Ratio: 9 / 10	11.1%	15.3%	7.7%	10.4%

Source: Insurance Expense Exhibit.

**Shelter Mutual Insurance Company**

**Arkansas**

**Homeowners Multiple Peril**

Calculation of Expected Loss Ratio

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Commission and Brokerage (a)	13.6%
Other Acquisition Expense (a)	4.5%
General Expense (a)	7.3%
Arkansas Taxes, Licenses and Fees (b)	3.0%
Profit and Contingencies (c)	8.2%
	<hr/>
Sub-total	36.6%
Available for Losses and Loss Adjustment Expense	63.4%

(a) From attached Companywide Expense Ratios

(b) 2008 Premium Tax ratio in Arkansas

(c) From attached Determination of Underwriting Profit & Contingencies Provision

**Shelter Mutual Insurance Company  
Arkansas  
Homeowners Multiple Peril  
Determination of Underwriting Profit & Contingencies Provision**

Target Total Return on Surplus (after federal income tax):	12.0%	(I)
Expected Investment Income on Surplus (% of surplus, after federal income tax, including realized capital gains):	3.6%	(II)
Expected Net Income (% of surplus, after federal income tax):	8.4%	(III)=(I)-(II)
Target Premium to Surplus Ratio:	1.00	(IV)
Expected Net Income (% of earned premium, after federal income tax):	8.4%	(V)=(III)/(IV)
Expected Investment Income on Unearned Premium Reserves and Loss & LAE Reserves (% of earned premium, after federal income tax, including realized capital gains):	2.3%	(VI)
Underwriting Profit Provision (% of earned premium, after federal income tax):	6.1%	(VII)=(V)-(VI)
Expected Federal Income Tax Rate:	26.2%	(VIII)
Underwriting Profit Provision (% of earned premium, before federal income tax):	<b>8.2%</b>	(IX)=(VII)/[1-(VIII)]

**Shelter Mutual Insurance Company  
Arkansas Homeowners  
Revenue Summation**

	Current Premium	Proposed Change	
		%	\$
HO-3	<u>38,913,743</u>	<u>15.0</u>	<u>5,852,658</u>
Sub-Total	38,913,743	15.0	5,852,658
HO-4	407,524	0.0	0
HO-6	<u>67,423</u>	<u>0.0</u>	<u>0</u>
Sub-Total	474,947	0.0	0
Total, Forms 3 thru 6	39,388,690	14.9	5,852,658
Supplemental		0.0	0
Total Revenue Change	39,388,690	<b>14.9</b>	<b>5,852,658</b>

SHELTER MUTUAL INSURANCE COMPANY  
 HOMEOWNERS  
 Credibility Table  
 Based on 20,000 Exposure Units

<u>Lower Limit</u>	<u>Upper Limit</u>	<u>Credibility Factor</u>
0	12	0.00
13	112	0.05
113	312	0.10
313	612	0.15
613	1,012	0.20
1,013	1,512	0.25
1,513	2,112	0.30
2,113	2,812	0.35
2,813	3,612	0.40
3,613	4,512	0.45
4,513	5,512	0.50
5,513	6,612	0.55
6,613	7,812	0.60
7,813	9,112	0.65
9,113	10,512	0.70
10,513	12,012	0.75
12,013	13,612	0.80
13,613	15,312	0.85
15,313	17,112	0.90
17,113	19,012	0.95
19,013	20,000 +	1.00

**Assumptions:**

1. 10% claim frequency distribution with claims following a Poisson distribution.
2. Using the normal approximation with a 90% probability that the sample mean is within 3.5% of the true mean.
3. Partial credibility is based on the square root rule rounded to the nearest 5%.

**Shelter Mutual Insurance Company  
Arkansas  
Homeowners  
Development of Combined Trend and Projection Factor**

Severity Trends - Shelter Mutual Companywide						
Fiscal Acc Year	Ultimate Non-Wind Loss and LAE	Ultimate Non-Wind Claims	Ultimate Severity	Curve of Best Fit		
				12 Point	6 Point	
12/2006	54,664,440	11,329	4,825	4,588		
3/2007	57,095,655	11,712	4,875	4,650		
6/2007	59,496,656	12,100	4,917	4,714		
9/2007	56,969,750	11,914	4,782	4,779		
12/2007	55,184,510	11,891	4,641	4,844		
3/2008	57,471,785	12,404	4,633	4,910		
6/2008	58,798,816	13,154	4,470	4,978		4.497
9/2008	63,243,921	13,805	4,581	5,046		4.735
12/2008	72,257,717	14,353	5,034	5,115		4.986
3/2009	78,319,975	14,277	5,486	5,185		5.250
6/2009	82,505,606	14,260	5,786	5,256		5.528
9/2009	77,474,899	14,138	5,480	5,328		5.820
Annual Percentage Change				5.59%		22.91%
r^2				0.364		0.840

Frequency Trends - Shelter Mutual Companywide						
Fiscal Acc Year	Ultimate Non-Wind Claims	Earned Exposures	Frequency X 100	Curve of Best Fit		
				12 Point	6 Point	
12/2006	11,329	249,327	4.54	4.55		
3/2007	11,712	250,176	4.68	4.64		
6/2007	12,100	250,975	4.82	4.73		
9/2007	11,914	251,833	4.73	4.82		
12/2007	11,891	252,785	4.70	4.92		
3/2008	12,404	253,738	4.89	5.01		
6/2008	13,154	254,761	5.16	5.11		4.55
9/2008	13,805	255,901	5.39	5.21		4.64
12/2008	14,353	257,196	5.58	5.31		4.73
3/2009	14,277	258,561	5.52	5.42		4.82
6/2009	14,260	260,009	5.48	5.52		4.92
9/2009	14,138	261,619	5.40	5.63		5.01
Annual Percentage Change				8.06%		7.97%
r^2				0.854		0.269

Severity Trends - Shelter Mutual Arkansas						
Fiscal Acc Year	Ultimate Non-Wind Loss and LAE	Ultimate Non-Wind Claims	Ultimate Severity	Curve of Best Fit		
				12 Point	6 Point	
12/2006	8,999,516	2,189	4,111	3,511		
3/2007	8,606,275	2,216	3,884	3,601		
6/2007	8,300,547	2,213	3,751	3,693		
9/2007	7,073,279	2,174	3,254	3,788		
12/2007	7,707,356	2,218	3,475	3,885		
3/2008	9,143,240	2,372	3,855	3,984		
6/2008	10,172,864	2,570	3,958	4,086		3.804
9/2008	10,141,769	2,654	3,821	4,190		4,027
12/2008	11,441,012	2,730	4,191	4,297		4,263
3/2009	12,408,528	2,715	4,570	4,407		4,513
6/2009	13,947,439	2,813	4,958	4,520		4,778
9/2009	14,347,638	2,893	4,959	4,635		5,058
Annual Percentage Change				10.62%		25.60%
r^2				0.498		0.897

Frequency Trends - Shelter Mutual Arkansas						
Fiscal Acc Year	Ultimate Non-Wind Claims	Earned Exposures	Frequency X 100	Curve of Best Fit		
				12 Point	6 Point	
12/2006	2,189	42,447	5.16	4.94		
3/2007	2,216	42,689	5.19	5.06		
6/2007	2,213	42,955	5.15	5.18		
9/2007	2,174	43,234	5.03	5.30		
12/2007	2,218	43,489	5.10	5.43		
3/2008	2,372	43,745	5.42	5.56		
6/2008	2,570	44,003	5.84	5.69		5.87
9/2008	2,654	44,257	6.00	5.82		5.96
12/2008	2,730	44,525	6.13	5.96		6.06
3/2009	2,715	44,783	6.06	6.11		6.16
6/2009	2,813	44,999	6.25	6.25		6.26
9/2009	2,893	45,202	6.40	6.40		6.36
Annual Percentage Change				9.97%		6.71%
r^2				0.866		0.904

Severity Trends - Fast Track Arkansas						
Fiscal Acc Year	Non-Catastrophe Incurred Loss and LAE	Non-Catastrophe Paid Claims	Severity	Curve of Best Fit		
				12 Point	6 Point	
9/2006	127,057,516	16,952	7,495	6,924		
12/2006	123,933,133	16,809	7,373	7,122		
3/2007	117,655,879	17,242	6,824	7,325		
6/2007	124,347,739	16,650	7,468	7,534		
9/2007	121,667,813	16,332	7,450	7,749		
12/2007	128,046,071	16,549	7,737	7,970		
3/2008	134,423,990	16,786	8,008	8,198		8.079
6/2008	149,875,025	18,192	8,239	8,432		8,378
9/2008	170,429,450	19,385	8,792	8,672		8,688
12/2008	184,574,858	19,669	9,384	8,920		9,009
3/2009	193,109,433	20,797	9,285	9,175		9,342
6/2009	198,041,142	20,879	9,485	9,436		9,687
Annual Percentage Change				11.91%		15.62%
r^2				0.856		0.897

Frequency Trends - Fast Track Arkansas						
Fiscal Acc Year	Non-Catastrophe Paid Claims	Earned Exposures	Frequency X 100	Curve of Best Fit		
				12 Point	6 Point	
9/2006	16,952	309,227	5.48	5.11		
12/2006	16,809	313,075	5.37	5.18		
3/2007	17,242	316,676	5.44	5.25		
6/2007	16,650	320,052	5.20	5.32		
9/2007	16,332	323,367	5.05	5.39		
12/2007	16,549	326,688	5.07	5.46		
3/2008	16,786	329,915	5.09	5.53		5.22
6/2008	18,192	332,888	5.46	5.60		5.42
9/2008	19,385	335,702	5.77	5.67		5.62
12/2008	19,669	337,603	5.83	5.75		5.83
3/2009	20,797	338,827	6.14	5.82		6.05
6/2009	20,879	340,060	6.14	5.90		6.28
Annual Percentage Change				5.36%		15.87%
r^2				0.446		0.920

Trend Factor					
Fiscal Acc Year	Midpoint of Experience Period	Number of Years to 9/30/2009	Selected Severity 4.25%	Selected Frequency 0.00%	Combined Trend Factor
9/30/2005	4/01/2005	4.5000	1.2060	1.0000	1.2060
9/30/2006	4/01/2006	3.5000	1.1568	1.0000	1.1568
9/30/2007	4/01/2007	2.5000	1.1097	1.0000	1.1097
9/30/2008	4/01/2008	1.5000	1.0644	1.0000	1.0644
9/30/2009	4/01/2009	0.5000	1.0210	1.0000	1.0210

Projection Factor				
Years from 9/30/2009 to 1/01/2011	Selected Severity 4.25%	Selected Frequency 0.00%	Combined Projection Factor	Combined Trend and Projection Factor
1.2548	1.0536	1.0000	1.0536	1.2706
1.2548	1.0536	1.0000	1.0536	1.2188
1.2548	1.0536	1.0000	1.0536	1.1692
1.2548	1.0536	1.0000	1.0536	1.1215
1.2548	1.0536	1.0000	1.0536	1.0757

**Shelter Mutual Insurance Company  
Homeowners  
Arkansas**

***Current Rate Level Factors as of September 30, 2009***

The parallelogram method adjusted for exposure changes was used to develop the current rate level factors shown below.

<u>Fiscal Year Ending</u>	<u>Factors</u>
September 30, 2005	1.1069
September 30, 2006	1.0910
September 30, 2007	1.0910
September 30, 2008	1.0910
September 30, 2009	1.0584

***Rate Change History (Percent Changes)***

<u>Effective Date</u>	<u>% Changes</u>
December 20, 2008	9.1 %
September 24, 2004	3.4 %

Shelter Mutual Insurance Company  
Homeowners Forms 3,4,6  
Arkansas

Premium Adjustment for Increases in Amount of Insurance Purchased

<b>Form 3</b>										
Experience Year	All Policies Present Mid-Year		Policies Persisting to Subsequent Year							
	Policy Count	Average Amount of Insurance	Policy Count	Average Amount of Insurance in Current Year	Average Amount of Insurance in Subsequent Year	Average Size Curve Factor in Current Year	Average Size Curve Factor in Subsequent Year	Percentage Change in Premium In Year Due to Inflation in Coverage Amounts	Cumulative Premium Trend Factor	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (7)/(6) - 1	(9) = (1 + (8)) * Prior (9)	
2005	42,163	112,575	37,656	113,159	122,574	1.635	1.742	6.6%	1.349	
2006	43,500	126,184	39,654	126,595	134,887	1.788	1.882	5.3%	1.266	
2007	44,446	137,055	40,684	137,400	148,717	1.910	2.037	6.6%	1.203	
2008	45,423	149,646	41,946	150,015	155,427	2.051	2.111	2.9%	1.128	
2009*	46,352	156,035	43,717	156,292	161,424	2.121	2.178	2.7%	1.096	
Projected**								9.6%		

<b>Forms 4,6</b>										
Experience Year	All Policies Present Mid-Year		Policies Persisting to Subsequent Year							
	Policy Count	Average Amount of Insurance	Policy Count	Average Amount of Insurance in Current Year	Average Amount of Insurance in Subsequent Year	Average Size Curve Factor in Current Year	Average Size Curve Factor in Subsequent Year	Percentage Change in Premium In Year Due to Inflation in Coverage Amounts	Cumulative Premium Trend Factor	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (7)/(6) - 1	(9) = (1 + (8)) * Prior (9)	
2005	3,281	27,740	2,158	26,702	27,218	1.651	1.663	0.7%	1.039	
2006	3,299	29,334	2,246	27,975		1.678	1.689	0.7%	1.032	
2007	3,445	31,042	2,366	29,688	30,127	1.711	1.726	0.8%	1.025	
2008	3,615	32,018	2,616	30,600	30,899	1.741	1.752	0.6%	1.017	
2009*	3,910	32,505	3,068	31,606	31,798	1.776	1.779	0.2%	1.011	
Projected**								1.1%		

<b>Combined</b>	
Premium Trend Factor	(10)
	1.346
	1.263
	1.201
	1.127
	1.095

\* 2007 Data compare December exposures to corresponding June exposures for semi-annual growth rate as 2007 data not yet realized.

\*\* Projection period is from midpoint of latest experience year (fiscal year ending 9/30/2009) to one year past effective date (1/1/2010), which is 1.755 years. Projection is based on simple average of annual growth rates in amount of insurance during prior years of experience period.

**Notes:**

The calculation of Trend in Amount of Insurance is restricted to observed changes in specific policies for which amount of insurance data is available for the following experience field. The adjustment for a trend in amount of insurance seeks to restate past premium levels at the expected amount of insurance at current valuations for those past exposures. The changing composition of this book of business due to steady growth prevents the use of simple averages in each experience field, which would be skewed significantly by differences between existing book and new policies being added to book.

- (1) Total number of policies present in June of experience period.
- (2) Average Coverage A amount for Form 3 policies; average Coverage C amount for Form 4 & 6 policies as of June of experience period.
- (3) Number of policies present in June of experience period for which renewal data found during June of following experience period.
- (4) Average principle coverage amount for policies for which renewal data is available; number of policies and average amount indicate this should be a fully representative sample.
- (5) Average principle coverage amount for renewed policies.
- (6) Average of approximate size curve factor attached to each policy according to experience period amount of insurance. Current rather than historical size curves used, but should approximate past rating well.
- (7) Average of approximate size curve factor attached to each policy according to amount of insurance observed in subsequent experience period.
- (8) Overall average percentage change in size curve factors used in premium determination.
- (9) Cumulative factor to project amount of insurance premium increases from past level to mid-point of experience projection period. See notes above regarding use of most recent trend data to extrapolate into the near future.
- (10) Average Premium Trend Factor from Form 3 and Forms 4,6 weighted by premium distribution shown below.

	<b>Form 3</b>	<b>Forms 4,6</b>	<b>Combined</b>
% Distribution of Current Premium	99%	1%	100%

Shelter Mutual Insurance Company  
Homeowners  
Arkansas  
Development of Excess Wind and Hail Loss Loading

Fiscal Accident Year Ending	Earned Premium (1)	Wind Incurred Loss (2)	Wind Loss Ratio (3)	*Normal Wind Loss Ratio (4)	Excess Wind Incurred Loss (5)	**Adjusted Wind Incurred Loss (6)	Re-Distributed Excess Wind Incurred Loss Adjustment (7)	Net Wind Incurred Loss Adjustment (8)
09/30/1991	11,097,820	1,271,946	11%	13%	(183,626)	1,455,572	1,066,357	
09/30/1992	11,107,272	2,035,399	18%	18%	0	2,035,399	1,067,265	
09/30/1993	10,670,825	707,543	7%	13%	(692,024)	1,399,568	1,025,328	
09/30/1994	10,587,855	1,751,755	17%	17%	0	1,751,755	1,017,356	
09/30/1995	10,983,283	1,211,923	11%	13%	(228,626)	1,440,549	1,055,351	
09/30/1996	11,591,072	12,285,144	106%	45%	7,093,168	5,191,976	1,113,752	
09/30/1997	12,434,241	5,030,964	40%	40%	0	5,030,964	1,194,770	
09/30/1998	13,902,674	2,111,398	15%	15%	0	2,111,398	1,335,867	
09/30/1999	15,293,571	8,993,836	59%	45%	2,143,404	6,850,432	1,469,514	
09/30/2000	16,286,266	4,360,918	27%	27%	0	4,360,918	1,564,900	
09/30/2001	17,212,870	8,455,859	49%	45%	745,717	7,710,142	1,653,934	
09/30/2002	19,587,201	4,715,713	24%	24%	0	4,715,713	1,882,077	
09/30/2003	23,808,237	4,594,475	19%	19%	0	4,594,475	2,287,664	
09/30/2004	26,973,040	3,984,038	15%	15%	0	3,984,038	2,591,760	
09/30/2005	29,457,046	2,845,766	10%	13%	(1,017,771)	3,863,537	2,830,441	3,848,212
09/30/2006	31,684,377	12,144,319	38%	38%	0	12,144,319	3,044,459	3,044,459
09/30/2007	33,490,348	2,731,559	8%	13%	(1,660,980)	4,392,539	3,217,989	4,878,969
09/30/2008	35,393,762	42,937,242	121%	45%	27,083,354	15,853,888	3,400,883	(23,682,471)
09/30/2009	37,766,092	20,082,408	53%	45%	3,165,884	16,916,523	3,628,833	462,949
<b>Total</b>	<b>379,327,852</b>				<b>36,448,500</b>		<b>36,448,500</b>	<b>(11,447,882)</b>

\*Normal Range:

25th Percentile of (3) 13%  
75th Percentile of (3) 45%

\*\*Wind Load: Total (5) / Total (1) = 9.6%

(3) = (2) / (1).

(4) = (3) capped at max and min specified by "Normal Range".

(5) = [(3) - (4)] x (1); the amount of wind loss outside the "Normal Range" to be removed (added) across all years.

(6) = (2) - (5); the smoothed ratio of wind losses to earned premium.

(7) = Wind Load x (1); the amount of excess wind losses to be loaded back into Total Losses.

(8) = (7) - (5); Net Wind Losses to be added (removed) by Fiscal Accident Year.

**Shelter Mutual Insurance Company  
Homeowners All Forms  
Projected Ultimate Loss and Allocated Loss Adjustment Expense**

**Companywide Paid Loss & Paid ALAE**

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2000	52,235,252	61,461,562	62,532,132	63,992,754	64,412,770	64,583,400	64,678,047	64,743,006	64,768,901	64,798,524
9/30/2001	88,830,183	108,343,708	112,127,427	113,420,898	114,096,989	114,238,135	114,295,307	114,331,301	114,423,510	
9/30/2002	88,854,006	106,291,517	108,138,908	108,839,825	109,713,592	109,870,199	109,961,765	109,951,755		
9/30/2003	106,287,272	125,488,947	127,105,393	127,896,799	128,413,590	128,883,681	128,969,187			
9/30/2004	76,031,660	94,208,212	96,280,975	96,995,946	97,294,478	97,489,661				
9/30/2005	61,910,409	128,689,027	133,176,086	134,887,103	135,441,754					
9/30/2006	126,153,869	156,442,766	160,458,951	161,380,729						
9/30/2007	70,283,761	87,417,296	90,304,454							
9/30/2008	151,269,504	197,788,255								
9/30/2009	157,486,734									

**Arkansas Paid Loss & Paid ALAE**

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2000	10,096,940	11,681,958	11,608,062	11,981,191	11,987,791	12,009,328	12,021,797	12,021,333	12,021,912	12,020,982
9/30/2001	16,568,033	18,936,517	19,348,556	19,416,130	19,431,854	19,439,515	19,439,840	19,439,840	19,439,840	
9/30/2002	12,137,781	14,499,505	14,581,622	14,688,303	14,764,563	14,850,841	14,854,476	14,856,036		
9/30/2003	12,317,014	14,140,050	14,326,484	14,386,167	14,317,863	14,371,382	14,377,547			
9/30/2004	11,461,102	14,282,254	14,397,859	14,527,983	14,639,323	14,643,043				
9/30/2005	9,855,609	12,414,109	13,013,391	13,020,168	13,031,427					
9/30/2006	16,365,659	20,683,853	21,402,863	21,460,361						
9/30/2007	7,690,211	9,761,366	9,936,404							
9/30/2008	42,795,881	51,912,382								
9/30/2009	29,602,991									

**Companywide Reported Loss & Paid ALAE**

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2000	60,544,112	63,153,629	64,069,823	65,213,363	64,949,431	64,938,631	64,815,897	64,860,506	64,845,238	64,830,024
9/30/2001	104,258,918	111,638,701	114,243,414	114,551,868	114,429,437	114,480,284	114,417,609	114,436,603	114,490,092	
9/30/2002	107,814,819	110,066,776	109,926,955	109,636,703	110,049,801	110,156,321	110,077,616	109,988,955		
9/30/2003	139,938,540	128,023,867	128,487,841	128,589,904	128,801,894	129,039,201	129,094,140			
9/30/2004	105,092,001	97,183,811	97,266,791	97,565,139	97,536,091	97,650,787				
9/30/2005	146,313,390	146,604,824	135,316,189	136,587,226	136,454,627					
9/30/2006	202,136,792	161,397,486	161,589,664	161,886,405						
9/30/2007	105,874,747	91,596,498	92,343,025							
9/30/2008	251,614,391	204,628,951								
9/30/2009	229,138,039									

**Arkansas Reported Loss & Paid ALAE**

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2000	11,619,228	11,850,976	11,767,944	12,100,314	12,098,795	12,121,049	12,022,797	12,022,333	12,022,912	12,020,982
9/30/2001	18,731,273	19,098,485	19,526,135	19,548,288	19,451,509	19,462,235	19,455,560	19,455,560	19,439,840	
9/30/2002	14,934,344	15,242,834	14,842,339	14,688,303	14,769,954	14,850,841	14,861,576	14,856,036		
9/30/2003	15,786,906	14,345,205	14,412,323	14,390,528	14,317,863	14,371,382	14,392,547			
9/30/2004	16,113,897	14,571,438	14,450,883	14,552,806	14,668,523	14,666,843				
9/30/2005	15,540,065	12,821,422	13,019,316	13,089,598	13,086,647					
9/30/2006	29,354,332	21,566,153	21,471,326	21,508,761						
9/30/2007	12,576,820	10,029,436	10,033,854							
9/30/2008	65,602,021	52,715,143								
9/30/2009	41,885,441									

**Companywide Claims with Payment**

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2000	31,214	33,291	33,459	33,536	33,555	33,567	33,572	33,573	33,577	33,577
9/30/2001	48,489	51,577	51,862	51,940	51,966	51,984	51,992	51,995	51,999	
9/30/2002	41,884	43,551	43,624	43,661	43,685	43,692	43,696	43,700		
9/30/2003	37,997	39,723	39,823	39,868	39,894	39,911	39,919			
9/30/2004	28,157	29,580	29,658	29,696	29,719	29,728				
9/30/2005	31,595	37,783	37,939	37,983	37,996					
9/30/2006	41,043	44,057	44,398	44,516						
9/30/2007	27,167	28,821	28,954							
9/30/2008	58,211	63,003								
9/30/2009	56,991									

**Arkansas Claims with Payment**

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2000	6,103	6,412	6,433	6,443	6,449	6,452	6,453	6,454	6,455	6,455
9/30/2001	12,933	13,329	13,353	13,362	13,367	13,372	13,375	13,375	13,377	
9/30/2002	6,191	6,380	6,390	6,398	6,406	6,407	6,408	6,409		
9/30/2003	5,534	5,782	5,805	5,814	5,822	5,822	5,824			
9/30/2004	4,723	4,927	4,933	4,936	4,939	4,939				
9/30/2005	3,674	3,907	3,916	3,921	3,924					
9/30/2006	6,662	6,947	6,988	6,997						
9/30/2007	3,399	3,540	3,551							
9/30/2008	14,529	15,209								
9/30/2009	13,927									

**Companywide Selected Incurred Loss & ALAE**

Fiscal Accident Year (1)	Non-Wind Losses						Wind		Total	
	Cumulative Reported Losses (2)	Ultimate Development Factors (3)	Estimated Incurred Loss/ALAE (4) = (2) x (3)	Cumulative Paid Losses (5)	Ultimate Development Factors (6)	Estimated Incurred Loss/ALAE (7) = (5) x (6)	Selected Incurred Loss/ALAE (8)	Estimated Incurred Claim Count (10)	Selected Incurred Loss/ALAE (11) = (8) + (9)	
9/30/2000	42,761,845	1.0000	42,761,845	42,725,095	1.0000	42,725,095	42,761,845	22,068,179	33,577	62,841,317
9/30/2001	59,408,740	1.0000	59,408,740	59,342,158	1.0000	59,342,158	59,408,740	55,081,352	51,999	112,043,230
9/30/2002	67,351,111	1.0000	67,351,111	67,313,911	1.0000	67,313,911	67,351,111	42,637,844	43,700	107,101,436
9/30/2003	56,843,838	1.0000	56,843,838	56,750,885	1.0000	56,750,885	56,843,838	72,250,303	39,919	127,047,209
9/30/2004	57,834,626	0.9987	57,761,803	57,673,499	1.0011	57,734,957	57,761,803	39,824,101	29,732	97,585,904
9/30/2005	54,464,343	1.0000	54,464,125	53,507,710	1.0045	53,748,032	54,464,126	82,063,824	38,016	136,527,950
9/30/2006	55,030,968	1.0012	55,095,524	54,578,845	1.0129	55,281,331	55,095,523	107,026,353	44,564	162,121,876
9/30/2007	58,473,584	1.0011	58,537,398	56,491,734	1.0238	57,837,459	58,537,398	34,011,562	29,023	92,548,960
9/30/2008	64,931,949	1.0020	65,062,568	60,999,865	1.0571	64,481,091	65,062,568	140,629,472	63,419	205,692,040
9/30/2009	90,258,894	0.8880	80,147,767	59,244,017	1.3827	81,916,396	80,147,766	118,766,922	62,393	198,914,688
5-yr Total			313,307,382			313,264,308	313,307,381	482,498,133	237,415	795,805,514
10-yr Total			597,434,719			597,131,315	597,434,718	714,359,912		1,302,424,610

**Arkansas Selected Incurred Loss & ALAE**

Fiscal Accident Year (1)	Non-Wind Losses						Wind		Total	
	Cumulative Reported Losses (2)	Ultimate Development Factors (3)	Estimated Incurred Loss/ALAE (4) = (2) x (3)	Cumulative Paid Losses (5)	Ultimate Development Factors (6)	Estimated Incurred Loss/ALAE (7) = (5) x (6)	Selected Incurred Loss/ALAE (8)	Estimated Incurred Claim Count (10)	Selected Incurred Loss/ALAE (11) = (8) + (9)	
9/30/2000	7,660,064	1.0000	7,660,064	7,660,064	1.0000	7,660,064	7,660,063	4,360,919	6,455	12,020,982
9/30/2001	10,983,981	1.0000	10,983,981	10,983,981	1.0000	10,983,981	10,983,981	8,455,859	13,377	19,439,840
9/30/2002	10,140,323	1.0000	10,140,323	10,140,323	1.0000	10,140,323	10,140,323	4,715,714	6,409	14,856,037
9/30/2003	9,798,072	1.0000	9,798,072	9,783,072	1.0000	9,783,072	9,798,072	4,594,474	5,824	14,392,546
9/30/2004	10,682,008	0.9990	10,671,489	10,658,208	1.0004	10,662,406	10,671,489	3,986,825	4,939	14,658,314
9/30/2005	10,242,299	1.0014	10,256,339	10,187,079	1.0036	10,224,057	10,256,339	2,847,754	3,925	13,104,093
9/30/2006	9,397,146	1.0009	9,405,291	9,348,746	1.0061	9,405,749	9,405,291	12,152,819	7,005	21,558,110
9/30/2007	7,318,878	1.0014	7,328,953	7,221,428	1.0126	7,312,561	7,328,953	2,733,470	3,558	10,062,423
9/30/2008	10,367,902	0.9972	10,339,263	9,859,011	1.0423	10,275,557	10,339,263	43,061,004	15,311	53,400,267
9/30/2009	17,118,737	0.8630	14,772,954	11,164,446	1.3561	15,140,294	14,772,954	20,391,664	14,671	35,164,618
5-yr Total			52,102,799			52,358,217	52,102,800	81,186,711	44,470	133,289,511
10-yr Total			101,356,727</							

## Shelter Mutual Insurance Company Homeowners Companywide

### Development of Unallocated Loss Adjustment Expense Factor

	2006	2007	2008	Total
Note: Amounts in 000's				
1. Direct Loss and Defense/Cost Containment Expense Incurred	\$185,890	\$126,642	\$274,387	\$586,919
2. Direct Adjusting and Other Expense Incurred (ULAE)	\$17,344	\$16,282	\$19,077	\$52,703
3. Ratio of Direct ULAE Incurred to Direct Loss and Defense Incurred	9.3%	12.9%	7.0%	<b>9.0%</b>

Source: Insurance Expense Exhibit.

## Shelter Mutual Insurance Company

## Arkansas

## Homeowners Indicated Rate Level Change

	Fiscal Year Ending 9/30/2005	Fiscal Year Ending 9/30/2006	Fiscal Year Ending 9/30/2007	Fiscal Year Ending 9/30/2008	Fiscal Year Ending 9/30/2009
1. Earned Premium	\$29,457,046	\$31,684,377	\$33,490,348	\$35,393,762	\$37,766,092
2. Current Rate Level Factor	1.1069	1.0910	1.0910	1.0910	1.0584
3. Effect of Trend in Amount of Insurance	1.3457	1.2632	1.2007	1.1265	1.0948
4. Trended Premium at Current Rates [(1) x (2) x (3)]	<b>\$43,879,080</b>	<b>\$43,666,599</b>	<b>\$43,870,388</b>	<b>\$43,500,271</b>	<b>\$43,761,024</b>
5. Incurred Loss and Allocated Loss Adjustment Expense	\$13,104,093	\$21,558,111	\$10,062,423	\$53,400,267	\$35,164,618
6. Wind/Hail Loss Adjustment	\$3,848,212	\$3,044,459	\$4,878,969	-\$23,682,471	\$462,949
7. Losses Adjusted for Wind/Hail Losses [(5) + (6)]	\$16,952,305	\$24,602,569	\$14,941,392	\$29,717,795	\$35,627,567
8. Factor to Trend and Project Losses to 1/1/2011	1.2706	1.2188	1.1692	1.1215	1.0757
9. Unallocated Loss Adjustment Expense Factor	1.0898	1.0898	1.0898	1.0898	1.0898
10. Trended Loss and Loss Adjustment Expense [(7) x (8) x (9)]	<b>\$23,473,769</b>	<b>\$32,678,201</b>	<b>\$19,038,165</b>	<b>\$36,321,275</b>	<b>\$41,765,968</b>
11. Formula Loss Ratio [(10) / (4)]	53.5%	74.8%	43.4%	83.5%	95.4%
12. Experience Year Weight	10%	15%	20%	25%	30%
13. Weighted Formula Loss Ratio [sum the products of (11) & (12)]			<b>74.8%</b>		
14. Credibility - Based on 20,000 Earned House Years			100.0%		
15. Expected Loss Ratio			63.4%		
16. Trended Expected Loss Ratio [(15) X (20) ^ 1]			65.0%		
17. Credibility Weighted Formula Loss Ratio [(13) X (14) + (16) X (1 - (14))]			74.8%		
18. Current Provision for Variable Expenses of Commissions, Taxes and Profit			24.8%		
19. Current Provision for Fixed Expenses of General and Other Acquisition Expense			11.8%		
20. Factor to Trend Fixed Costs			1.025		
21. Trended Fixed Costs [(19) X (20) ^ 1]			12.1%		
22. Indicated Rate Level Change with Provision for Fixed and Variable Expenses [(17) + (21)] / [1.000 - (18)] - 1.000					<b>15.5%</b>

Line 14 -- Partial Credibility is based on the square root rule rounded to the nearest five percent.

Lines 16 & 21 -- Projecting of fixed expenses is done from one year past the effective date of the last rate change (12/20/2008) to one year past the expected effective date (01/01/2010), limited to one year.

**Shelter Mutual Insurance Company  
Revenue Change by Zone  
Arkansas Homeowners**

Zone	Annual Policy Premium	Total % Change	Total \$ Change
4	778,037	12.9%	100,260
12	224,292	19.8%	44,466
13	146,035	17.0%	24,770
15	496,733	16.9%	83,874
16	725,869	16.9%	122,534
18	1,703,346	18.9%	321,808
20	159,387	6.9%	10,946
21	96,765	21.8%	21,066
23	2,934,790	13.8%	405,810
24	3,890,906	16.8%	655,076
26	573,422	6.8%	39,207
28	616,267	18.4%	113,598
29	1,256,044	6.9%	86,653
31	413,494	19.0%	78,521
32	303,750	9.0%	27,449
34	217,052	18.6%	40,344
35	1,600,899	19.1%	305,162
36	1,843,564	21.9%	402,851
38	1,173,344	16.8%	197,553
40	139,554	2.0%	2,748
41	55,709	16.8%	9,386
44	745,042	13.8%	102,724
45	350,011	16.8%	58,654
48	40,871	16.7%	6,815
49	651,930	22.0%	143,182
50	642,471	22.0%	141,548
51	1,307,499	18.8%	245,878
53	3,182,463	7.0%	221,566
55	239,666	16.8%	40,182
57	474,565	16.2%	76,989
58	948,534	18.9%	178,933
62	1,681,247	16.9%	283,603
68	164,739	16.7%	27,548
75	359,904	19.0%	68,353
77	214,894	18.9%	40,567
78	3,652,109	9.7%	352,922
79	78,514	1.9%	1,520
87	726,457	21.5%	156,509
88	2,011,575	18.6%	373,682
91	2,361,892	9.9%	233,405
95	205,047	1.9%	3,996
<b>Grand Total</b>	<b>39,388,690</b>	<b>14.9%</b>	<b>5,852,658</b>

# Arkansas

## Homeowners, Farmowners Platinum Shield and Mobile Homeowners

### Current and Proposed Zone Comparison

Current			Proposed		
<u>Zone</u>	<u>County</u>	<u>Code</u>	<u>Zone</u>	<u>County</u>	<u>Code</u>
40	*FULTON * Excluding City of Cherokee Village	49	40	FULTON 72513, 72515, 72520, 72531, 72538, 72539, 72542, 72554, 72576, 72578, 72583, 72587	49
			28	72529	
57	*GARLAND *Excluding zone 48	51	57	GARLAND 71901, 71913, 71933, 71949, 71956, 71964, 71968, 72087	51
			48	71909	
91	*PULASKI *Excluding zone 78	119	91	PULASKI 72002, 72016, 72023, 72046, 72065, 72076, 72099, 72103, 72114, 72117, 72118, 72122, 72126, 72135, 72142, 72199, 72201, 72202, 72204, 72206, 72209, 72210	119
78	PULASKI ZIP CODES Includes Zip Codes 72113, 72116, 72120, 72205, 72207, 72211, 72212, 72223 and 72227	119	78	72113, 72116, 72120, 72205, 72207, 72211, 72212, 72223, 72227	
24	*SALINE *Excluding Zone 48	125	24	SALINE 72002, 72011, 72015, 72019, 72022, 72065, 72087, 72103, 72122, 72167, 72206, 72210	125
48	* HOT SPRING VILLAGE *Saline and Garland Counties	125	48	71909	