

SERFF Tracking Number: SHEL-126401551 State: Arkansas
Filing Company: Shelter Mutual Insurance Company State Tracking Number: EFT \$100
Company Tracking Number: 03M27209
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
Product Name: MHO
Project Name/Number: Lammers/

Filing at a Glance

Company: Shelter Mutual Insurance Company

Product Name: MHO

TOI: 04.0 Homeowners

Sub-TOI: 04.0002 Mobile Homeowners

Filing Type: Rate/Rule

SERFF Tr Num: SHEL-126401551 State: Arkansas

SERFF Status: Closed-Filed

Co Tr Num: 03M27209

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 Mobile Homeowners base rates. Select counties have been further defined by zip code. The premium interpolation rule was revised. An editorial change has also been made. The overall effect of this filing is expected to be a revenue increase of 14.7% or \$321,420.

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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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

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	32418972

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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

SERFF Tracking Number: SHEL-126401551

State: Arkansas

Filing Company: Shelter Mutual Insurance Company

State Tracking Number: EFT \$100

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TOI: 04.0 Homeowners

Sub-TOI: 04.0002 Mobile Homeowners

Product Name: MHO

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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%	14.700%	\$321,420	4,474	\$2,184,937	16.000%	3.000%

SERFF Tracking Number: SHEL-126401551 State: Arkansas
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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp		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

SERFF Tracking Number: *SHEL-126401551* *State:* *Arkansas*
Filing Company: *Shelter Mutual Insurance Company* *State Tracking Number:* *EFT \$100*
Company Tracking Number: *03M27209*
TOI: *04.0 Homeowners* *Sub-TOI:* *04.0002 Mobile Homeowners*
Product Name: *MHO*
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: MHO
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-9, GR-11, Z-1, Z-2 and R-1 (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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Related Objection 1

Applies To:

- Manual Pages, GR-9, GR-11, Z-1, Z-2 and R-1 (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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 Sub-TOI: 04.0002 Mobile Homeowners

Rate Information

Rate data applies to filing.

Filing Method: File and Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 6.000%
Effective Date of Last Rate Revision: 12/20/2008
Filing Method of Last Filing: 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%	14.700%	\$321,420	4,474	\$2,184,937	16.000%	3.000%

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Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
Filed 12/16/2009	Manual Pages	GR-9, GR-11, Z- 1, Z-2 and R-1	Replacement	AR MHO Manual Pages 2010-02-02.pdf

4. PREMIUM ADJUSTMENTS (Cont.)

f. Claim Surcharge (Primary and Secondary Mobile Home)

A surcharge may apply to a policy based on the policyholder's claims experience. For new business, the surcharge will be determined by the type and number of paid claims **of more than \$250** occurring in the 3-year period immediately preceding the date of the application. For renewal business, the surcharge will be determined, at each renewal, by the type and number of paid claims **of more than \$250** occurring in the 3-year period ending 35 days prior to the renewal effective date.

In determining the surcharge, Earthquake, Flood, Medical Payment and Identity Fraud claims will be disregarded. Claims involving a land motor vehicle (not insured, owned or driven by the insured) colliding into the insured's dwelling will also be disregarded. Wind, Hail, Lightning, and Weight of Ice, Sleet, or Snow claims will be considered Weather claims. Per the table below, Weather claims are recorded but not surcharged. All other claims will be considered Non-Weather claims.

Number of Claims	Non-Weather				
	Weather	0	1	2	3
0	0%	15%	50%	85%	85%
1	0%	15%	50%	85%	85%
2	0%	15%	50%	85%	85%
3	0%	15%	50%	85%	85%
4+	0%	15%	50%	85%	85%

5. POLICY TERM

All premiums contained in this manual are for a 12 month term. However, 3 and 6 month policy terms are also available. The policy may then be continued for successive terms upon payment of the required premium to the company on or before the inception date of each successive term.

<u>Term</u>	<u>Factor</u>	<u>Term Premium</u>
6 mo.	.50	\$10
3 mo.	.25	\$10

8. 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	
.0086		
x 5 (Addnl. \$5,000 Coverage A)		
<u>.043</u>		1.120 + .043 = 1.163 for \$80,000

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>
	PULASKI	119
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	RANDOLPH	121
4	ST. FRANCIS	123
	SALINE	125
24	72002, 72011, 72015, 72019, 72022, 72065, 72087, 72103, 72122, 72167, 72206, 72210	
48	71909	
51	SCOTT	127
50	SEARCY	129
53	SEBASTIAN	131
16	SEVIER	133
28	SHARP	135
50	STONE	137
29	UNION	139
36	VAN BUREN	141
88	WASHINGTON	143
18	WHITE	145
44	WOODRUFF	147
28	YELL	149

Arkansas Mobile Homeowners Base Rates

**\$15,000 Base, \$500 Deductible,
\$100,000 Liability, \$1,000 Medical Payments**

Zones	1-7,1Y-7Y,1N-5N		8,8Y,6N,7N		8N, 9-11	
	curve		curve		curve	
4	407	1	478	1	790	1
12	407	1	478	1	790	1
13	407	1	478	1	790	1
15	407	1	478	1	790	1
16	407	1	478	1	790	1
18	407	1	478	1	790	1
20	407	1	478	1	790	1
21	407	1	478	1	790	1
23	407	1	478	1	790	1
24	407	1	478	1	790	1
26	407	1	478	1	790	1
28	407	1	478	1	790	1
29	407	1	478	1	790	1
31	407	1	478	1	790	1
32	407	1	478	1	790	1
34	407	1	478	1	790	1
35	407	1	478	1	790	1
36	407	1	478	1	790	1
38	407	1	478	1	790	1
40	407	1	478	1	790	1
41	407	1	478	1	790	1
44	407	1	478	1	790	1
45	407	1	478	1	790	1
48	407	1	478	1	790	1
49	407	1	478	1	790	1
50	407	1	478	1	790	1
51	407	1	478	1	790	1
53	407	1	478	1	790	1
55	407	1	478	1	790	1
57	407	1	478	1	790	1
58	407	1	478	1	790	1
62	407	1	478	1	790	1
68	407	1	478	1	790	1
75	407	1	478	1	790	1
77	407	1	478	1	790	1
78	407	1	478	1	790	1
79	407	1	478	1	790	1
87	407	1	478	1	790	1
88	407	1	478	1	790	1
91	407	1	478	1	790	1
95	407	1	478	1	790	1

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Supporting Document Schedules

	Item Status:	Status Date:
<p>Satisfied - Item: NAIC loss cost data entry document</p> <p>Comments: Please see attachment.</p> <p>Attachment: AR MHO RF1.pdf</p>	Filed	12/16/2009

	Item Status:	Status Date:
<p>Satisfied - Item: Explanatory Memorandum</p> <p>Comments: Please see attachment.</p> <p>Attachment: AR MHO Explanatory Memo.pdf</p>	Filed	12/16/2009

	Item Status:	Status Date:
<p>Satisfied - Item: Rate Indications/Supporting Exhibits</p> <p>Comments: Please see attachments.</p> <p>Attachments: MHO Explanation of Exhibits.pdf Exhibits 1-12.pdf</p>	Filed	12/16/2009

	Item Status:	Status Date:
<p>Satisfied - Item: Zone Definition Comparison</p> <p>Comments: Please see attachment.</p> <p>Attachment: Zone Comparison.pdf</p>	Filed	12/16/2009

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

1.	This filing transmittal is part of Company Tracking #	03M27209
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2.	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	
3.	A. Shelter Mutual Insurance Company	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)	
4.	A. Shelter Mutual Homeowners	B.	Mobile Homeowners

(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
Mobile Homeowners	15.5	14.7	63.4	N/A	N/A	N/A	N/A
TOTAL OVERALL EFFECT							

6. 5 Year History Rate Change History							
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2004	4,902	-9.8	9/24/2004	2,932	659	22.5	27.9
2005	4,736	6.0	12/20/2008	2,588	495	19.1	39.3
2006	4,655			2,443	798	32.7	30.5
2007	4,587			2,371	502	21.2	27.7
2008	4,481			2,314	1,487	64.3	49.9

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)	
F. TOTAL	36.6

- 8.** N/A Apply Loss Cost Factors to Future filings? (Y or N)
- 9.** +16.0 Estimated Maximum Rate Increase for any Insured (%) Territory (if applicable): 87
- 10.** N/A Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

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

Base rates have been revised. Select counties have been further defined by zip code. The Premium Interpolation rule was revised. An editorial change was also made. **The overall change in revenue is 14.7% for \$321,420.**

GENERAL RULE (GR) PAGES

GR-9 **4.f. Claim Surcharge** – The note has been removed as it is no longer applicable.

GR-11 **8. Premium Interpolation** – the method of interpolation has changed from interpolating premiums to interpolating the amount of insurance factor.

ZONES AND COUNTY CODES

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

BASE RATES

R-1 Base Rates were revised.

**SHELTER MUTUAL INSURANCE COMPANY
ARKANSAS MOBILE 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
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
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 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 Mobile 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.

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 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 developed accident year incurred losses and allocated loss adjustment expenses as developed in Exhibit 9.

Line 6 displays excess wind and hail losses 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 Factor as developed in Exhibit 10.

Line 10 represents the adjusted incurred losses and loss adjustment expenses. It is the product of lines 7, 8 and 9.

Line 11 shows the formula loss ratios for each year. It is line 10 divided by line 4

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

Line 13 is the five-year weighted loss ratio. It is calculated by multiplying line 11 by line 12 for each year and then summing the results.

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

Exhibit 1

Arkansas

Page 1

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

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

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	0.0130	0.350
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	<u>Net Income Earned (1)</u>			Tax Rate	Federal Tax
	<u>2007</u>	<u>2008</u>	<u>Total</u>		
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	<u>\$ 89,685,586</u>	<u>\$ 71,699,115</u>	<u>\$ 161,384,701</u>	0.231	<u>\$ 37,227,048</u>

(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

Exhibit 2

Page 1

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

Exhibit 2

Page 2

Arkansas

Homeowners Multiple Peril

Calculation of Expected Loss Ratio

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):	8.2%	(IX)=(VII)/[1-(VIII)]

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

	Current Premium	Proposed Change	
		%	\$
MHO	2,184,937	14.7	321,420
Supplemental		0.0	0
Total Revenue Change	2,184,937	14.7	321,420

SHELTER MUTUAL INSURANCE COMPANY
MOBILE 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
Mobilehomeowners
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	3,568,212	986	3,619	3,439		
3/2007	3,651,239	1,023	3,569	3,353		
6/2007	3,209,767	1,000	3,210	3,269		
9/2007	3,372,795	995	3,390	3,187		
12/2007	3,067,396	1,030	2,978	3,107		
3/2008	2,732,285	1,010	2,705	3,029		
6/2008	2,971,829	1,066	2,788	2,953		2,735
9/2008	2,688,957	1,046	2,571	2,879		2,749
12/2008	3,138,279	1,058	2,966	2,807		2,763
3/2009	2,884,741	1,049	2,750	2,736		2,778
6/2009	2,946,522	1,077	2,736	2,668		2,792
9/2009	3,232,844	1,143	2,828	2,601		2,807
Annual Percentage Change				-9.66%	2.11%	
				r^2	0.639	0.043

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	986	20,945	4.71	4.73		
3/2007	1,023	20,863	4.90	4.78		
6/2007	1,000	20,777	4.81	4.83		
9/2007	995	20,743	4.80	4.87		
12/2007	1,030	20,730	4.97	4.92		
3/2008	1,010	20,719	4.87	4.97		
6/2008	1,066	20,729	5.14	5.02		4.73
9/2008	1,046	20,746	5.04	5.07		4.78
12/2008	1,058	20,759	5.10	5.13		4.83
3/2009	1,049	20,791	5.05	5.18		4.87
6/2009	1,077	20,832	5.17	5.23		4.92
9/2009	1,143	20,878	5.47	5.28		4.97
Annual Percentage Change				4.14%	3.97%	
				r^2	0.782	0.445

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	536,684	232	2,313	2,746		
3/2007	781,819	269	2,906	2,745		
6/2007	844,495	264	3,199	2,744		
9/2007	887,370	267	3,323	2,743		
12/2007	838,407	268	3,128	2,741		
3/2008	561,192	261	2,150	2,740		
6/2008	599,729	265	2,263	2,739		2,406
9/2008	582,507	254	2,293	2,738		2,513
12/2008	896,869	286	3,136	2,737		2,625
3/2009	876,127	288	3,042	2,736		2,741
6/2009	835,905	313	2,671	2,735		2,863
9/2009	926,359	329	2,816	2,734		2,990
Annual Percentage Change				-0.15%	18.98%	
				r^2	0.000	0.344

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	232	4,656	4.98	5.25		
3/2007	269	4,627	5.81	5.38		
6/2007	264	4,601	5.74	5.52		
9/2007	267	4,585	5.82	5.66		
12/2007	268	4,568	5.87	5.80		
3/2008	261	4,547	5.74	5.95		
6/2008	265	4,529	5.85	6.10		5.63
9/2008	254	4,509	5.63	6.26		5.93
12/2008	286	4,492	6.37	6.41		6.25
3/2009	288	4,475	6.44	6.58		6.59
6/2009	313	4,459	7.02	6.75		6.95
9/2009	329	4,449	7.39	6.92		7.32
Annual Percentage Change				10.54%	23.44%	
				r^2	0.740	0.901

Severity Trends - Fast Track Arkansas - Homeowners						
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 - Homeowners						
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
Mobile 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	1.0117
September 30, 2006	1.0600
September 30, 2007	1.0600
September 30, 2008	1.0600
September 30, 2009	1.0386

Rate Change History (Percent Changes)

<u>Effective Date</u>	<u>% Changes</u>
December 20, 2008	6.0 %
September 24, 2004	-9.8 %

Shelter Mutual Insurance Company
Mobile Homeowners
Arkansas

Premium Adjustment for Increases in Amount of Insurance Purchased

Experience Year	Mobile Homeowners										
	All Policies Present Mid-Year		Policies Persisting to Subsequent Year								Cumulative Premium Trend Factor (9) = (1 + (8)) * Prior (9)
	Policy Count (1)	Average Amount of Insurance (2)	Policy Count (3)	Average Amount of Insurance in Current Year (4)	Average Amount of Insurance in Subsequent Year (5)	Average Size Curve Factor in Current Year (6)	Average Size Curve Factor in Subsequent Year (7)	Percentage Change in Premium In Year Due to Inflation in Coverage Amounts (8) = (7)/(6) - 1			
2005	5,079	31,072	4,428	31,344	31,499	1.763	1.769	0.3%	1.025		
2006	4,975	31,701	4,350	31,855	32,087	1.782	1.791	0.5%	1.021		
2007	4,826	32,681	4,284	32,946	33,111	1.824	1.831	0.4%	1.016		
2008	4,755	33,647	4,217	34,018	34,287	1.865	1.875	0.5%	1.013		
2009*	4,652	34,690	4,281	34,915	35,039	1.899	1.903	0.2%	1.008		
Projected**								0.8%			

* 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 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.

Shelter Mutual Insurance Company
Mobilehomeowners
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	1,079,770	77,564	7%	8%	(6,248)	83,811	59,573	
09/30/1992	1,083,211	91,710	8%	8%	0	91,710	59,763	
09/30/1993	1,153,681	48,143	4%	8%	(41,406)	89,548	63,651	
09/30/1994	1,271,865	68,712	5%	8%	(30,010)	98,722	70,172	
09/30/1995	1,356,937	79,835	6%	8%	(25,490)	105,325	74,865	
09/30/1996	1,505,267	473,465	31%	31%	0	473,465	83,049	
09/30/1997	1,699,798	961,426	57%	34%	389,395	572,031	93,782	
09/30/1998	1,952,532	207,651	11%	11%	0	207,651	107,726	
09/30/1999	2,214,306	646,921	29%	29%	0	646,921	122,168	
09/30/2000	2,446,917	576,843	24%	24%	0	576,843	135,002	
09/30/2001	2,585,507	1,162,839	45%	34%	292,742	870,097	142,649	
09/30/2002	2,854,090	426,778	15%	15%	0	426,778	157,467	
09/30/2003	3,102,607	371,015	12%	12%	0	371,015	171,178	
09/30/2004	3,003,858	179,909	6%	8%	(53,250)	233,159	165,730	
09/30/2005	2,663,417	294,607	11%	11%	0	294,607	146,947	146,947
09/30/2006	2,468,897	885,146	36%	34%	54,291	830,854	136,215	81,924
09/30/2007	2,383,499	198,798	8%	8%	0	198,798	131,503	131,503
09/30/2008	2,326,589	2,001,472	86%	34%	1,218,508	782,964	128,363	(1,090,145)
09/30/2009	2,330,898	1,164,287	50%	34%	379,873	784,414	128,601	(251,272)
Total	39,483,647				2,178,406		2,178,406	(981,042)

*Normal Range:

25th Percentile of (3) 8%
75th Percentile of (3) 34%

**Wind Load: Total (5) / Total (1) = 5.5%

(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
MobileHomeowners
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	4,489,533	5,026,892	5,058,858	5,108,981	5,116,954	5,118,896	5,235,526	5,235,140	5,235,387	5,234,220
9/30/2001	6,067,799	6,892,853	6,929,554	6,948,488	6,945,875	6,945,918	6,945,057	6,955,099	6,955,099	
9/30/2002	5,818,326	6,265,668	6,485,137	6,523,730	6,565,166	6,566,886	6,566,886	6,566,886		
9/30/2003	6,847,600	7,587,554	7,603,902	7,624,357	7,647,313	7,700,354	7,700,354			
9/30/2004	4,611,385	5,060,773	5,183,301	5,241,759	5,239,887	5,242,791				
9/30/2005	3,537,912	7,457,169	7,561,794	7,564,561	7,589,196					
9/30/2006	6,520,425	7,143,476	7,450,747	7,472,847						
9/30/2007	4,074,717	4,638,419	4,700,728							
9/30/2008	8,439,982	9,608,247								
9/30/2009	7,549,041									

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	1,681,579	1,755,400	1,758,558	1,759,496	1,759,886	1,760,318	1,861,041	1,861,041	1,861,041	1,861,041
9/30/2001	2,497,003	2,554,746	2,556,851	2,557,479	2,557,479	2,557,479	2,557,479	2,557,479	2,557,479	2,567,171
9/30/2002	1,627,695	1,671,275	1,671,614	1,700,011	1,701,285	1,701,285	1,701,285	1,701,285	1,701,285	
9/30/2003	1,005,369	1,129,407	1,129,407	1,132,984	1,157,875	1,157,875	1,157,875			
9/30/2004	686,544	801,415	869,861	873,985	848,086	848,086				
9/30/2005	710,571	952,215	949,177	948,637						
9/30/2006	1,537,102	1,567,612	1,573,907	1,573,706						
9/30/2007	1,022,910	1,077,811	1,083,249							
9/30/2008	2,445,646	2,579,577								
9/30/2009	1,955,048									

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	5,139,109	5,273,560	5,203,926	5,247,249	5,255,222	5,241,164	5,242,026	5,241,640	5,241,887	5,240,720
9/30/2001	6,938,905	6,940,251	6,961,354	6,980,288	6,951,675	6,945,918	6,945,057	6,955,099	6,955,099	
9/30/2002	6,535,139	6,445,037	6,559,637	6,576,230	6,565,166	6,566,886	6,566,886			
9/30/2003	7,950,903	7,776,684	7,710,574	7,725,030	7,722,985	7,700,354	7,700,354			
9/30/2004	5,390,363	5,281,133	5,288,165	5,261,759	5,254,887	5,242,791				
9/30/2005	8,708,489	7,837,510	7,637,410	7,609,561	7,604,196					
9/30/2006	7,904,868	7,567,804	7,523,747	7,532,847						
9/30/2007	4,930,710	4,709,240	4,846,815							
9/30/2008	11,207,684	9,643,615								
9/30/2009	8,862,679									

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	1,869,135	1,860,100	1,859,558	1,860,496	1,860,886	1,861,318	1,861,041	1,861,041	1,861,041	1,861,041
9/30/2001	2,574,825	2,554,746	2,556,851	2,557,479	2,557,479	2,557,479	2,557,479	2,557,479	2,557,479	2,567,171
9/30/2002	1,679,140	1,695,775	1,692,614	1,700,011	1,701,285	1,701,285	1,701,285	1,701,285	1,701,285	
9/30/2003	1,173,051	1,142,907	1,142,907	1,172,984	1,172,875	1,157,875	1,157,875			
9/30/2004	914,694	884,275	878,225	873,985	848,086	848,086				
9/30/2005	999,886	952,215	949,177	963,637	963,637					
9/30/2006	1,726,398	1,568,612	1,573,907	1,573,706						
9/30/2007	1,107,877	1,086,211	1,083,249							
9/30/2008	2,850,210	2,579,577								
9/30/2009	2,223,657									

Companywide Claims with Payment

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2000	2,617	2,753	2,760	2,762	2,762	2,763	2,763	2,763	2,764	2,764
9/30/2001	4,274	4,419	4,434	4,435	4,435	4,435	4,435	4,436	4,436	
9/30/2002	3,141	3,270	3,275	3,276	3,278	3,278	3,278	3,278		
9/30/2003	3,317	3,439	3,446	3,449	3,449	3,450	3,450			
9/30/2004	2,259	2,335	2,337	2,338	2,339	2,339				
9/30/2005	2,617	3,161	3,164	3,169	3,170					
9/30/2006	2,810	2,915	2,925	2,927						
9/30/2007	1,969	2,039	2,047							
9/30/2008	4,344	4,603								
9/30/2009	4,400									

Arkansas Claims with Payment

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2000	912	962	964	966	966	966	966	966	967	967
9/30/2001	1,902	1,945	1,947	1,948	1,948	1,948	1,948	1,949	1,949	
9/30/2002	805	839	840	841	841	841	841	841		
9/30/2003	743	767	769	771	771	771	771	771		
9/30/2004	504	524	524	524	524	524				
9/30/2005	447	471	471	472	472					
9/30/2006	611	619	621	621						
9/30/2007	341	355	355							
9/30/2008	1,027	1,053								
9/30/2009	1,136									

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	3,913,209	1.0000	3,913,209	3,906,709	1.0000	3,906,709	3,913,209	1,327,511	2,764	5,240,720
9/30/2001	4,377,396	1.0000	4,377,396	4,377,396	1.0000	4,377,396	4,377,396	4,436	6,955,099	
9/30/2002	4,544,048	1.0000	4,544,048	4,544,048	1.0000	4,544,048	4,544,048	2,022,838	3,278	6,566,886
9/30/2003	3,584,482	1.0000	3,584,482	3,584,482	1.0000	3,584,482	3,584,482	4,115,872	3,450	7,700,354
9/30/2004	3,671,421	1.0000	3,671,421	3,671,421	1.0000	3,671,421	3,671,421	1,571,370	2,339	5,242,791
9/30/2005	3,099,029	0.9973	3,090,661	3,084,029	1.0029	3,092,973	3,090,661	4,505,167	3,170	7,595,828
9/30/2006	3,484,402	0.9943	3,464,569	3,424,402	1.0071	3,448,757	3,464,569	4,049,255	2,927	7,513,824
9/30/2007	3,390,408	0.9948	3,372,795	3,244,321	1.0145	3,291,247	3,372,795	1,457,719	2,049	4,830,514
9/30/2008	2,662,004	1.0101	2,688,957	2,654,542	1.0377	2,754,606	2,688,957	6,957,847	4,616	9,646,804
9/30/2009	3,422,929	0.9445	3,232,844	2,434,686	1.2380	3,014,070	3,232,844	5,402,261	4,673	8,635,105
5-yr Total			15,849,827			15,601,652	15,849,826	22,372,249	17,435	38,222,075
10-yr Total			35,940,383			35,685,708	35,940,382	33,987,543		69,927,925

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	1,284,198	1.0000	1,284,198	1,284,198	1.0000	1,284,198	1,284,198	576,843	967	1,861,041
9/30/2001	1,404,332	1.0000	1,404,332	1,404,332	1.0000	1,404,332	1,404,332	1,162,839	1,949	2,567,171
9/30/2002	1,274,506	1.0000	1,274,506	1,274,506	1.0000	1,274,506	1,274,506	426,778	841	1,701,284
9/30/2003	786,860	1.0000	786,860	786,860	1.0000	786,860	786,860	371,015	771	1,157,875
9/30/2004	668,177	1.0000	668,177	668,177	1.0000	668,177	668,177	179,909	524	848,086
9/30/2005	669,031	1.0000	669,031	654,031	1.0000	654,031	669,031	294,607	472	963,638
9/30/2006	688,560	0.9999	688,491	688,560	0.9999	688,491	688,491	885,146	621	1,573,637
9/30/2007	884,452	1.0033	887,370	884,452	1.0033	887,370	887,370	198,798	356	1,086,168
9/30/2008	578,106	1.0076	582,507	578,106	1.0076	582,507	582,507	2,001,472	1,054	2,583,979
9/30/2009	971,736	0.9533	926,359	801,900	1.1551	926,298	926,359	1,164,287	1,169	2,090,646
5-yr Total			3,753,758			3,738,697	3,753,758	4,544,310	3,672	8,298,068
10-yr Total			9,171,832			9,156,770	9,171,831	7,261,694		16,433,525

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%	9.0%

Source: Insurance Expense Exhibit.

Shelter Mutual Insurance Company

Arkansas

Mobile 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	\$2,663,417	\$2,468,897	\$2,383,499	\$2,326,589	\$2,330,898
2. Current Rate Level Factor	1.0117	1.0600	1.0600	1.0600	1.0386
3. Effect of Trend in Amount of Insurance	1.0247	1.0212	1.0165	1.0128	1.0076
4. Trended Premium at Current Rates [(1) x (2) x (3)]	\$2,761,069	\$2,672,579	\$2,568,084	\$2,497,652	\$2,439,454
5. Incurred Loss and Allocated Loss Adjustment Expense	\$963,638	\$1,573,637	\$1,086,168	\$2,583,979	\$2,090,646
6. Wind/Hail Loss Adjustment	146,947	81,924	131,503	-1,090,145	-251,272
7. Losses Adjusted for Wind/Hail Losses [(5) + (6)]	\$1,110,585	\$1,655,561	\$1,217,671	\$1,493,834	\$1,839,374
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)]	\$1,537,821	\$2,198,987	\$1,551,544	\$1,825,774	\$2,156,287
11. Formula Loss Ratio [(10) / (4)]	55.7%	82.3%	60.4%	73.1%	88.4%
12. Experience Year Weight	10%	15%	20%	25%	30%
13. Weighted Formula Loss Ratio [sum of products of (11) & (12)]			74.8%		
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			<u>15.5%</u>		

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 Mobile Homeowners

Zone	Annual Policy Premium	Total % Change	Total \$ Change
4	67,436	9,942	14.7%
12	29,267	4,339	14.8%
13	14,247	2,132	15.0%
15	27,724	4,063	14.7%
16	57,607	8,552	14.8%
18	55,283	8,085	14.6%
20	11,483	1,659	14.4%
21	38,808	5,856	15.1%
23	61,655	9,113	14.8%
24	433,339	63,943	14.8%
26	52,831	7,849	14.9%
28	30,041	4,430	14.7%
29	151,874	22,230	14.6%
31	30,176	4,203	13.9%
32	26,068	3,721	14.3%
34	11,140	1,643	14.7%
35	50,645	7,552	14.9%
36	54,556	8,048	14.8%
38	131,383	19,500	14.8%
40	12,143	1,743	14.4%
41	27,091	4,061	15.0%
44	91,412	13,649	14.9%
45	32,125	4,643	14.5%
48	254	36	14.3%
49	50,403	7,472	14.8%
50	38,381	5,625	14.7%
51	53,591	7,764	14.5%
53	56,871	8,308	14.6%
55	33,467	4,937	14.8%
57	32,128	4,788	14.9%
58	80,004	11,550	14.4%
62	64,629	9,307	14.4%
68	3,624	529	14.6%
75	32,073	4,611	14.4%
77	9,580	1,414	14.8%
78	13,248	1,967	14.8%
79	7,337	1,116	15.2%
87	27,074	4,054	15.0%
88	49,688	7,281	14.7%
91	125,216	18,420	14.7%
95	9,038	1,286	14.2%
Grand Total	2,184,937	321,420	14.7%

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	