

SERFF Tracking Number: ARKS-125998067 State: Arkansas  
 Filing Company: 22098 - GRAIN DEALERS MUTUAL INSURANCE COMPANY State Tracking Number: #51002314 \$100  
 Company Tracking Number:  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: Homeowners Tier Program  
 Project Name/Number: /

## Filing at a Glance

Company: 22098 - GRAIN DEALERS MUTUAL INSURANCE COMPANY  
 Product Name: Homeowners Tier Program SERFF Tr Num: ARKS-125998067 State: Arkansas  
 TOI: 04.0 Homeowners SERFF Status: Closed State Tr Num: #51002314 \$100  
 Sub-TOI: 04.0000 Homeowners Sub-TOI Co Tr Num: State Status: Fees verified and received  
 Combinations  
 Filing Type: Rate Co Status: Reviewer(s): Becky Harrington, Betty Montesi  
 Author: Disposition Date: 02/11/2009  
 Date Submitted: 01/20/2009 Disposition Status: Filed  
 Effective Date Requested (New): 03/01/2009 Effective Date (New): 03/01/2009  
 Effective Date Requested (Renewal): 03/01/2009 Effective Date (Renewal): 03/01/2009

State Filing Description:

## General Information

Project Name: Status of Filing in Domicile:  
 Project Number: Domicile Status Comments:  
 Reference Organization: Reference Number:  
 Reference Title: Advisory Org. Circular:  
 Filing Status Changed: 02/11/2009  
 State Status Changed: 01/21/2009 Deemer Date:  
 Corresponding Filing Tracking Number:  
 Filing Description:  
 Filing a new tier program and insurance scores. Base rates have been offset to achieve a revenue neutral effect.

## Company and Contact

### Filing Contact Information

SERFF Tracking Number: ARKS-125998067 State: Arkansas  
Filing Company: 22098 - GRAIN DEALERS MUTUAL State Tracking Number: #51002314 \$100  
INSURANCE COMPANY  
Company Tracking Number:  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: Homeowners Tier Program  
Project Name/Number: /

Pamela Holliday, State Filings Coordinator phollida@graindealers.com  
6201 Corporate Drive (800) 428-7081 [Phone]  
Indianapolis, IN 46278 (888) 436-1902[FAX]

**Filing Company Information**

22098 - GRAIN DEALERS MUTUAL CoCode: 22098 State of Domicile: Arkansas  
INSURANCE COMPANY  
No Address Group Code: Company Type:  
City, AR 99999 Group Name: State ID Number:  
(999) 999-9999 ext. [Phone] FEIN Number: 99-9999999  
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SERFF Tracking Number: ARKS-125998067

State: Arkansas

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INSURANCE COMPANY

State Tracking Number: #51002314 \$100

Company Tracking Number:

TOI: 04.0 Homeowners

Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations

Product Name: Homeowners Tier Program

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## Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

Per Company: No

SERFF Tracking Number: ARKS-125998067

State: Arkansas

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INSURANCE COMPANY

State Tracking Number: #51002314 \$100

Company Tracking Number:

TOI: 04.0 Homeowners

Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations

Product Name: Homeowners Tier Program

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	02/11/2009	02/11/2009

SERFF Tracking Number: ARKS-125998067 State: Arkansas  
 Filing Company: 22098 - GRAIN DEALERS MUTUAL INSURANCE COMPANY State Tracking Number: #51002314 \$100  
 Company Tracking Number:  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: Homeowners Tier Program  
 Project Name/Number: /

## Disposition

Disposition Date: 02/11/2009  
 Effective Date (New): 03/01/2009  
 Effective Date (Renewal): 03/01/2009  
 Status: Filed  
 Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
22098 - GRAIN DEALERS MUTUAL INSURANCE COMPANY	%	0.000%	\$	1,006	\$	%	%

SERFF Tracking Number: ARKS-125998067 State: Arkansas  
 Filing Company: 22098 - GRAIN DEALERS MUTUAL State Tracking Number: #51002314 \$100  
 INSURANCE COMPANY  
 Company Tracking Number:  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: Homeowners Tier Program  
 Project Name/Number: /

Item Type	Item Name	Item Status	Public Access
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)	Filed	Yes
Supporting Document	H-1 Homeowners Abstract	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	ARKS-125998067		Yes
Supporting Document	ARKS-125998067 Confidential		No

SERFF Tracking Number: ARKS-125998067 State: Arkansas  
 Filing Company: 22098 - GRAIN DEALERS MUTUAL INSURANCE COMPANY State Tracking Number: #51002314 \$100  
 Company Tracking Number:  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: Homeowners Tier Program  
 Project Name/Number: /

**Rate Information**

Rate data applies to filing.

**Filing Method:**

**Rate Change Type:**

Neutral

**Overall Percentage of Last Rate Revision:**

-13.000%

**Effective Date of Last Rate Revision:**

02/01/2008

**Filing Method of Last Filing:**

**Company Rate Information**

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
22098 - GRAIN DEALERS MUTUAL INSURANCE COMPANY	%	0.000%		1,006		%	%

SERFF Tracking Number: ARKS-125998067

State: Arkansas

Filing Company: 22098 - GRAIN DEALERS MUTUAL  
INSURANCE COMPANY

State Tracking Number: #51002314 \$100

Company Tracking Number:

TOI: 04.0 Homeowners

Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations

Product Name: Homeowners Tier Program

Project Name/Number: /

## Supporting Document Schedules

<b>Unsatisfied -Name:</b> Form RF-2 Loss Costs Only (not for workers' compensation)	<b>Review Status:</b> Filed	02/11/2009
<b>Comments:</b>		
<b>Unsatisfied -Name:</b> H-1 Homeowners Abstract	<b>Review Status:</b> Filed	02/11/2009
<b>Comments:</b>		
<b>Unsatisfied -Name:</b> HPCS-Homeowners Premium Comparison Survey	<b>Review Status:</b> Filed	02/11/2009
<b>Comments:</b>		
<b>Unsatisfied -Name:</b> NAIC loss cost data entry document	<b>Review Status:</b> Filed	02/11/2009
<b>Comments:</b>		
<b>Unsatisfied -Name:</b> Uniform Transmittal Document-Property & Casualty	<b>Review Status:</b> Filed	02/11/2009
<b>Comments:</b>		
<b>Satisfied -Name:</b> ARKS-125998067	<b>Review Status:</b>	02/11/2009
<b>Comments:</b>		
<b>Attachments:</b> ARKS-125998067.pdf ARKS-125998067-1.pdf ARKS-125998067-2.pdf		



ARKS-125998067 BH

# GRAIN DEALERS MUTUAL INSURANCE COMPANY

6201 CORPORATE DRIVE • INDIANAPOLIS, INDIANA 46278 • PHONE 317-388-4500 • FAX 317-295-9434  
WEBSITE: www.graindealers.com

January 13, 2009

Arkansas Insurance Department  
1200 West Third Street  
Little Rock, Arkansas 72201-1904

# 51002314  
100.00  
**FILED**  
FEB 11 2009  
PROPERTY AND CASUALTY  
ARKANSAS INSURANCE DEPT.

NAIC #082 22098  
Homeowners (Tier Program)

Attention: Property & Casualty Division

Dear Property & Casualty Division:

Grain Dealers Mutual Insurance Company, a member of the Insurance Services Office, hereby introduces an expanded homeowners insurance rating program in Arkansas. A detailed explanation is found in the attached actuarial explanatory memorandum.

With this filing, we are withdrawing our current Exception Page GDM-HO-1 (multi-policy discount). We are replacing GDM-HO-1 with our Insurance Score factors. Exception Pages GDM-HO-2 and GDM-HO-5 have revised credits. Exception Pages GDM-HO-3 and GDM-HO-4 remain unchanged.

Also, we are enclosing Rate Page HO-B-2 that shows the revised base rates. The base rates were multiplied by an offset factor in order for this change to be revenue neutral.

We wish to apply this new program to all policies written on or after March 1, 2009.

Enclosed is an extra copy of this filing, and a self-addressed, postage-paid envelope for your convenience in notifying us of your approval.

Respectfully,

Pamela L. Holliday  
State Filings Coordinator  
phollida@graindealers.com

PLH/po

Enc. Duplicate #1

**RECEIVED**  
JAN 20 2009  
PROPERTY AND CASUALTY DIVISION  
ARKANSAS INSURANCE DEPARTMENT

## Becky Harrington

---

**From:** Becky Harrington  
**Sent:** Wednesday, February 11, 2009 9:28 AM  
**To:** PHolliday@graindealers.com  
**Subject:** RE: Homeowners Tier Program

Pam,

The HPCS must be submitted in Excel spreadsheet format, not as a word document. Also, please verify the frame premium for all counties except Pulaski, protection class 3, \$80,000. Some have \$557, other have \$577.

Thanks,  
Becky

---

**From:** PHolliday@graindealers.com [mailto:PHolliday@graindealers.com]  
**Sent:** Wednesday, February 11, 2009 8:55 AM  
**To:** Becky Harrington  
**Subject:** Homeowners Tier Program

Becky,

Here are the response to your inquiries in your email dated January 21, 2009.

**1. Attached is required forms: RF-1, HPCS, and H-1.**

**2. Attached is Exhibit A and B which provides the credit scoring model along with the loss experience. The new rating factors for Insurance Score and the revised rerating factors for age of home, age of policy and multi-policy status were developed using the countrywide data of Grain Dealers as displayed on Exhibit A. The Arkansas data, displayed on Exhibit B, was fully included as part of the countrywide data. As such, we feel that the analysis has considered the experience of the Arkansas policyholders in equal proportions to Grain Dealers countrywide portfolio and as such complies with Arkansas Code Annotated § 23-67-209 and Rule/Regulation 23, Section 7.**

**3. Attached are expanded data files to include territory, amount of insurance, deductible and protection class information. This information provides data for our GLM multivariate model.**

**4. Attached is documentation supporting the 1.048 base rate adjustment factor.**

If you have any other questions, please let me know.

Respectfully,

2/11/2009

2

Pam Holliday  
State Filings Coordinator  
Grain Dealers Mutual Insurance Company

"Becky Harrington" <Becky.Harrington@arkansas.gov>

To <phollida@graindealers.com>

cc

01/21/2009 10:30 AM

Subject Grain Dealers Homeowner Tier Program - Arkansas

Please let me know if you are unable to open the attached.

Thanks,

Becky Harrington

Sr. Certified Rate/Form Analyst

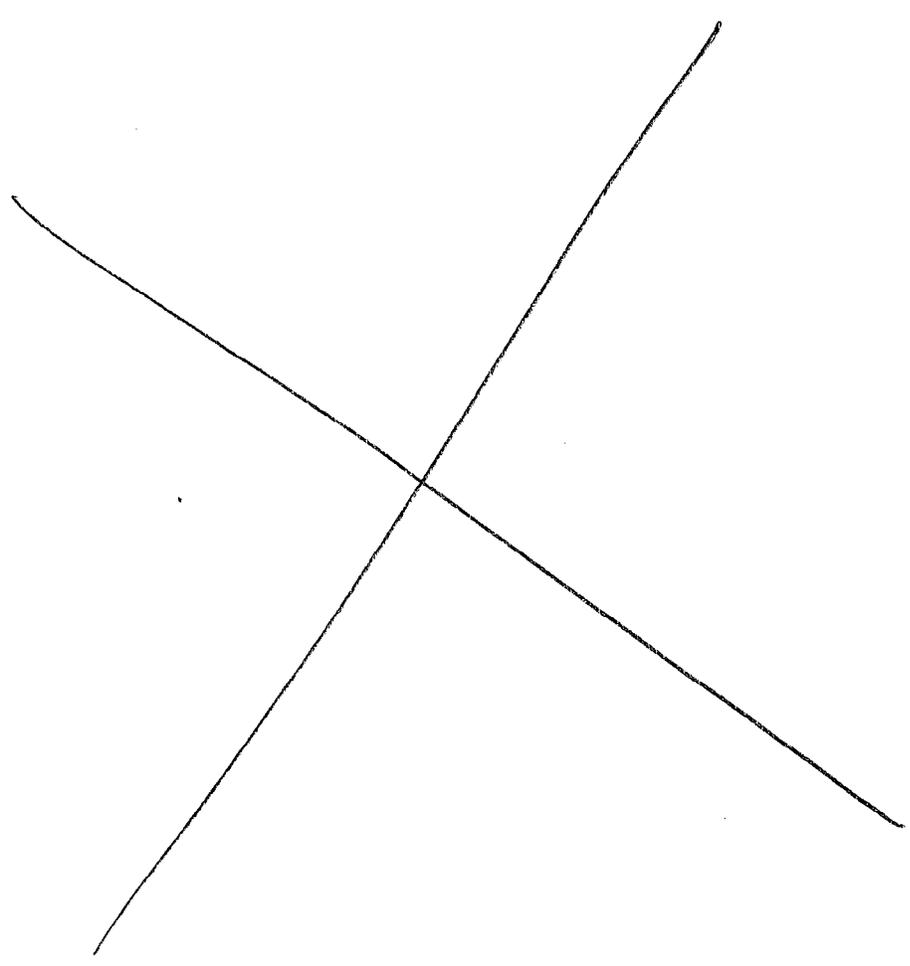
Property & Casualty Division

(501) 371-2804

(501) 371-2748 fax

E-mail: becky.harrington@arkansas.gov

<<Grain Dealers HO.pdf>>



## Becky Harrington

---

**From:** PHolliday@graindealers.com  
**Sent:** Wednesday, February 11, 2009 8:55 AM  
**To:** Becky Harrington  
**Subject:** Homeowners Tier Program  
**Attachments:** RF-1 (home).rtf; 0800231481fe-090206090001-0001.pdf; GDM\_Premium comp home.rtf; One Ways - CW.pdf; One Ways-AR.pdf; One Ways-AR (2-6).xls; One Ways - CW (2-6).xls; Calculation of Arkansas Homeowners Off Balance.doc; Grain Dealers HO.pdf

Becky,

Here are the response to your inquiries in your email dated January 21, 2009.

**1. Attached is required forms: RF-1, HPCS, and H-1.**

**2. Attached is Exhibit A and B which provides the credit scoring model along with the loss experience. The new rating factors for Insurance Score and the revised rerating factors for age of home, age of policy and multi-policy status were developed using the countrywide data of Grain Dealers as displayed on Exhibit A. The Arkansas data, displayed on Exhibit B, was fully included as part of the countrywide data. As such, we feel that the analysis has considered the experience of the Arkansas policyholders in equal proportions to Grain Dealers countrywide portfolio and as such complies with Arkansas Code Annotated § 23-67-209 and Rule/Regulation 23, Section 7.**

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If you have any other questions, please let me know.

Respectfully,

Pam Holliday  
State Filings Coordinator  
Grain Dealers Mutual Insurance Company

"Becky Harrington" <Becky.Harrington@arkansas.gov>

To <phollida@graindealers.com>

cc

01/21/2009 10:30 AM

2/11/2009

4

Please let me know if you are unable to open the attached.

Thanks,

Becky Harrington

Sr. Certified Rate/Form Analyst

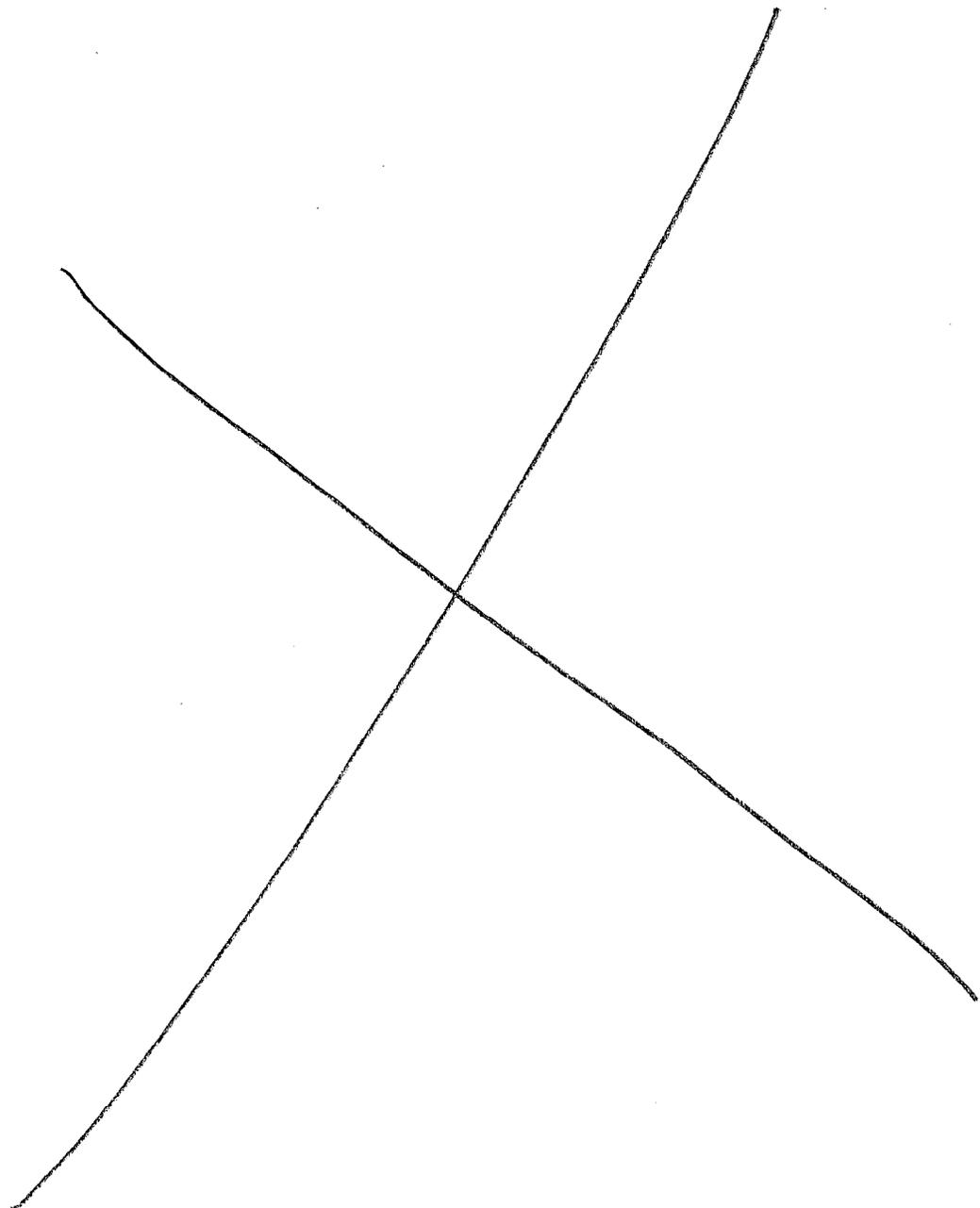
Property & Casualty Division

(501) 371-2804

(501) 371-2748 fax

E-mail: [becky.harrington@arkansas.gov](mailto:becky.harrington@arkansas.gov)

<<Grain Dealers HO.pdf>>



### Calculation of Arkansas Homeowners Off-Balance Factor

From Grain Dealers' in-force portfolio as of September 2008, each policy was rated using the current rating plan and with the proposed new and revised rating factors for insurance score, age of home, age of policy and mutlipolicy discount. The current rates would generate annual premium of \$948,179 while the revised plan would generate annual premium of \$904,868. In order to maintain the premium level, the base rate will be increased by  $948,179 / 904,868 = 1.048$  or 4.8%.

From the balanced statewide effect, we expect the following distribution of rate change impacts across the Arkansas homeowners portfolio:

<b>Percent Change</b>	<b>Policies In-Force</b>	<b>Percent of Total Policies</b>
-30% - -25%	2	0.2%
-25% - -20%	23	2.0%
-20% - -15%	71	6.1%
-15% - -10%	156	13.4%
-10% - -5%	145	12.5%
-5% - 0%	60	5.2%
0% - 5%	336	28.9%
5% - 10%	276	23.8%
10% - 15%	43	3.7%
15% - 20%	16	1.4%
20% - 25%	18	1.6%
25% - 30%	9	0.8%
30% - 35%	5	0.4%
35% - 40%	1	0.1%

NAIC Number: 22098  
 Company Name: Grain Dealers Mutual  
 Contact Person: Pamela Holliday  
 Telephone No.: 800.428.7081 ext 4515  
 Email Address: pholliday@graindealers.com  
 Effective Date: 39873

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

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

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

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$500.00	\$557.00	\$500.00	\$557.00	\$500.00	\$557.00	\$500.00	\$557.00	\$500.00	\$557.00	\$500.00	\$557.00	\$500.00	\$557.00	\$500.00	\$557.00	\$399.00	\$445.00
	\$120,000	\$596.00	\$664.00	\$596.00	\$664.00	\$596.00	\$664.00	\$596.00	\$664.00	\$596.00	\$664.00	\$596.00	\$664.00	\$596.00	\$664.00	\$596.00	\$664.00	\$476.00	\$531.00
	\$160,000	\$745.00	\$831.00	\$745.00	\$831.00	\$745.00	\$831.00	\$745.00	\$831.00	\$745.00	\$831.00	\$745.00	\$831.00	\$745.00	\$831.00	\$745.00	\$831.00	\$595.00	\$664.00
6	\$80,000	\$517.00	\$575.00	\$517.00	\$575.00	\$517.00	\$575.00	\$517.00	\$575.00	\$517.00	\$575.00	\$517.00	\$575.00	\$517.00	\$575.00	\$517.00	\$575.00	\$413.00	\$459.00
	\$120,000	\$618.00	\$686.00	\$618.00	\$686.00	\$618.00	\$686.00	\$618.00	\$686.00	\$618.00	\$686.00	\$618.00	\$686.00	\$618.00	\$686.00	\$618.00	\$686.00	\$493.00	\$548.00
	\$160,000	\$772.00	\$858.00	\$772.00	\$858.00	\$772.00	\$858.00	\$772.00	\$858.00	\$772.00	\$858.00	\$772.00	\$858.00	\$772.00	\$858.00	\$772.00	\$858.00	\$617.00	\$685.00
9	\$80,000	\$859.00	\$1,089.00	\$859.00	\$1,089.00	\$859.00	\$1,089.00	\$859.00	\$1,089.00	\$859.00	\$1,089.00	\$859.00	\$1,089.00	\$859.00	\$1,089.00	\$859.00	\$1,089.00	\$686.00	\$872.00
	\$120,000	\$1,023.00	\$1,298.00	\$1,023.00	\$1,298.00	\$1,023.00	\$1,298.00	\$1,023.00	\$1,298.00	\$1,023.00	\$1,298.00	\$1,023.00	\$1,298.00	\$1,023.00	\$1,298.00	\$1,023.00	\$1,298.00	\$818.00	\$1,039.00
	\$160,000	\$1,278.00	\$1,620.00	\$1,278.00	\$1,620.00	\$1,278.00	\$1,620.00	\$1,278.00	\$1,620.00	\$1,278.00	\$1,620.00	\$1,278.00	\$1,620.00	\$1,278.00	\$1,620.00	\$1,278.00	\$1,620.00	\$1,022.00	\$1,297.00

**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	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
	\$15,000	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
	\$25,000	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
6	\$5,000	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
	\$15,000	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
	\$25,000	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
9	\$5,000	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
	\$15,000	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$151.00
	\$25,000	\$186.00	\$230.00	\$186.00	\$230.00	\$186.00	\$230.00	\$186.00	\$230.00	\$186.00	\$230.00	\$186.00	\$230.00	\$186.00	\$230.00	\$186.00	\$230.00	\$192.00	\$237.00

**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	<input type="text" value="0"/>	%	Deadbolt Lock	<input type="text" value=""/>	%
Burglar Alarm	<input type="text" value="2.5"/>	%	Window Locks	<input type="text" value=""/>	%
Smoke Alarm	<input type="text" value="2.5"/>	%	\$1,000 Deductible	<input type="text" value=""/>	%
			Other (specify)	<input type="text" value=""/>	%
			Maximum Credit Allowed	<input type="text" value=""/>	%

**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 or no)

WHAT IS YOUR PERCENTAGE DEDUCTIBLE?  %

WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?	Zone	Brick	Frame
	Highest Risk	\$ <input type="text" value="2.23"/>	\$ <input type="text" value="1.05"/>
	Lowest Risk	\$ <input type="text" value="1.22"/>	\$ <input type="text" value="0.45"/>



**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 Grain Dealers Mutual Insurance Company

NAIC No. 22098 GROUP No. 082

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact.  
The Company requests the agent or the field representative to obtain information on new business. A cost estimator is then used to determine adequate values.

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.  
January 1984 - the impact is minor at this time.

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.  
A dwelling must be insured at 80% of its replacement value, which is generally based on the MSB cost estimator. The agent completes an appraisal and submits a picture with each new risk.

4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.  
An Inflation Guard form is available through ISO, but it would be very unusual for the Company to use it.

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

- |   |                |
|---|----------------|
| a. Fire Extinguisher  | <u>0</u> %     |
| b. Burglar Alarm  | <u>2-5</u> %   |
| c. Smoke Alarm  | <u>2-5</u> %   |
| d. Insured who has both homeowners and auto with your company | <u>10</u> %    |
| e. Deadbolt Locks   | <u>0</u> %     |
| f. Window or Door Locks                                       | <u>0</u> %     |
| g. Other (Specify)  | <u>    </u> %  |
| <u>Continuous Policyholder</u>                                | <u>10-15</u> % |
| <u>New Home</u>   | <u>5-25</u> %  |

6. Are there any areas in the State of Arkansas in which your company will not write homeowners insurance?  
Yes

If so, state areas and explain reason for not writing We will not usually write homes located beyond 5 miles of responding fire department. These risks are felt to have greater exposures than are normally contemplated in the ISO rate structure.

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

<u>FORM</u>	<u>PREMIUM VOLUME</u>
Form 3	958711
Forms 4 & 6	10151

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

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

Pamela L. Holliday  
Signature

Pamela L. Holliday  
Printed Name

State Filings Coordinator  
Title

800.428.7081 ext 4515  
Telephone Number

phollida@graindealers.com  
Email Address

9

# Arkansas Insurance Department

Mike Beebe  
Governor



Jay Bradford  
Commissioner

January 21, 2009

Ms. Pamela L. Holliday  
State Filings Coordinator  
Grain Dealers Mutual Insurance Company  
6201 Corporate Drive  
Indianapolis, Indiana 46278

RE: Grain Dealers Mutual Insurance Company - 22098  
Homeowners Tier Program

Dear Ms. Holliday:

This will acknowledge the receipt of the captioned rate filing.

Please provide the following forms required by Rule/Regulation 23: Form RF-1; HPCS (must be provided electronically via e-mail in Excel format); and H-1.

Pursuant to Arkansas Code Annotated § 23-67-409, the credit scoring model along with the loss experience justifying its use must be filed.

Provide the GLM multivariate model and statistical data that supports the indications. Explain how this new approach complies with Arkansas Code Annotated § 23-67-209 and Rule/Regulation 23, Section 7.

Provide documentation supporting the 1.048 base rate adjustment factor.

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.

Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Becky Harrington".

Becky Harrington  
Certified Analyst  
Property & Casualty Division  
(501) 371-2804

## Becky Harrington

---

**From:** Becky Harrington  
**Sent:** Wednesday, January 21, 2009 9:31 AM  
**To:** phollida@graindealers.com  
**Subject:** Grain Dealers Homeowner Tier Program - Arkansas

**Attachments:** Grain Dealers HO.pdf

Please let me know if you are unable to open the attached.

Thanks,

Becky Harrington

Sr. Certified Rate/Form Analyst

Property & Casualty Division

(501) 371-2804

(501) 371-2748 fax

E-mail: [becky.harrington@arkansas.gov](mailto:becky.harrington@arkansas.gov)



Grain Dealers  
HO.pdf (59 KB)



17. Reference Organization # & Title	
18. Company's Date of Filing	January 5, 2009
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

**Property & Casualty Transmittal Document—**

20. This filing transmittal is part of Company Tracking #	N/A
---	-----

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

We are filings our own Tier Plan for Arkansas Homeowners. For a detailed explanation, please see our Actuarial Explanatory Memorandum.

22. Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
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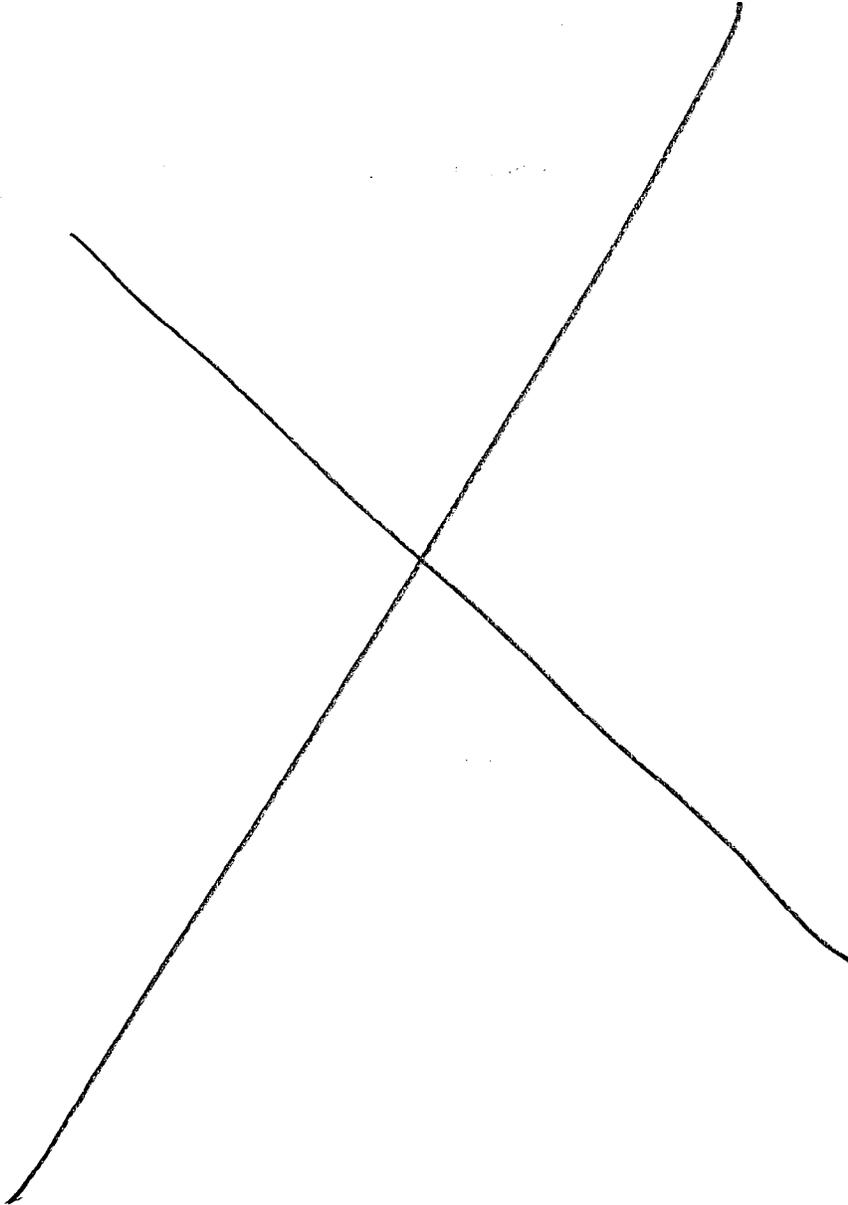
Check #:  
Amount:

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

13

Effective March 1, 2007

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



## RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>	N/A
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<b>2.</b>	<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	N/A
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Rate Increase     
  Rate Decrease     
  Rate Neutral (0%)

<b>3.</b>	<b>Filing Method (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	prior approval
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<b>4a.</b>	<b>Rate Change by Company (As Proposed)</b>						
Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
Grain Dealers	See ISO	N/A	0	1006	0	N/A	N/A

<b>4b.</b>	<b>Rate Change by Company (As Accepted) For State Use Only</b>						
Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)

### Overall Rate Information (Complete for Multiple Company Filings only)

		COMPANY USE	STATE USE
<b>5a.</b>	<b>Overall percentage rate indication (when applicable)</b>	See ISO	
<b>5b.</b>	<b>Overall percentage rate impact for this filing</b>	N/A	
<b>5c.</b>	<b>Effect of Rate Filing – Written premium change for this program</b>	\$0	
<b>5d.</b>	<b>Effect of Rate Filing – Number of policyholders affected</b>	1006	

<b>6.</b>	Overall percentage of last rate revision	-13%
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<b>7.</b>	Effective Date of last rate revision	2/1/08
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<b>8.</b>	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	Prior approval
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9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	GDM-HO-1	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input checked="" type="checkbox"/> Withdrawn	
02	GDM-HO-2 and GDM-HO-5	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

# ACTUARIAL EXPLANATORY MEMORANDUM

## Grain Dealers Mutual Arkansas Homeowners

### Introduction

Grain Dealers Mutual (Grain Dealers) is submitting this filing to introduce an expanded homeowners insurance rating program in Arkansas. Through this expanded rating plan, developed analyzing the experience of the Grain Dealers homeowners customers, we will be able to remain competitive and profitable in the homeowners marketplace. The overall base rate level has been adjusted resulting in no overall revenue change from the current Grain Dealers homeowners rating plan. This new expanded rating plan will apply to existing customers and new policies.

The expanded homeowners rating plan was developed using Generalized Linear Modeling on Grain Dealers and external data. As a result, the rating factors being used do not overlap with each other, creating a more accurate class plan. This process is different from the old ratemaking approach taken by Grain Dealers, which was based on ISO analysis and some internal experience analysis for additional rating factor inclusion. This new approach will help ensure that Grain Dealers rates are not inadequate or excessive.

Below, we describe in more detail the development of the rating plan and the adjustment of the overall base rates.

## **Development of the Expanded Rating Plan**

Pinnacle Actuarial Resources, Inc. has been retained by Grain Dealers Group to perform an analysis of the Arkansas homeowners insurance business and to provide a recommendation of an expanded homeowners rating plan reflective of the Grain Dealers experience and also competitive in the Arkansas homeowners marketplace. This section provides a summary of the data analysis performed, the rating factor changes that are being made along with support for the rating factor changes. Pinnacle performed a multivariate data analysis using Grain Dealers Arkansas homeowners experience from 2002 – 2007.

The indicated class plan factors have been generated using Generalized Linear Modeling (GLM). GLM is a multivariate modeling technique which incorporates all of the rating factors into one model for the purposes of generating indications. The expansion variable factor indications referred to within this filing are multi-variate indications based on GLM. GLM's and other multi-variate techniques are now being used by a number of insurance companies for the purposes of rating insurance, as it produces a more accurate picture of the true indications.

Given the desire of Grain Dealers to maintain their current underlying ISO based homeowners rating structure, we produced the GLM's to include all of the current ISO and Grain Dealers rating plan factors along with some new expansionary rating variables. It was from this set of GLM indications that the new and revised rating factor selections were made. In the case of the current rating variables in the ISO homeowners plan, we constrained the GLM rating plan factors to those currently in use by Grain Dealers in their Arkansas rating plan. In introduction of new expansion rating variables, we also considered competitors plans in making selections.

## New or Revised Rating Factors

### Insurance Score

The insurance score values used in the analysis were developed using the ChoicePoint Attract Homeowners model. The integral part of this insurance score model is incorporating credit score. For purposes of our analysis, we relied upon credit scores provided by ChoicePoint, an external vendor. The data was analyzed in bands of insurance score due to credibility concerns. The insurance score bands are grouped as follows:

- Below 500
- 501 to 575
- 576 to 625
- 626 – 675
- 676 – 750
- 751 – 850
- Over 850
- No Hit
- No Score

The indicated and proposed Insurance Score rating factors for homeowners are displayed on Exhibit 1.

### Age of Home Rating

In order to more appropriately reflect the loss experience of newer constructed homes, the current age of home credits are being revised to include twelve price points rather than the current six price points. In general, the new credits will be greater than the current credits at the same age and will continue beyond the current elimination point of six years to an elimination point of 11 years.

The indicated and proposed Age of Home Rating factors for homeowners are displayed on Exhibit 2.

Age of Policy Rating

In order to more appropriately reflect the improved experience from policies with increasing tenure with Grain Dealers, the current age of policy credits are being revised to include nine price points rather than the current two price points.

The indicated and proposed Age of Policy Rating factors for homeowners are displayed on Exhibit 3.

Multi-policy Credit

Based upon the GLM analysis, the multi-policy credit is not supported by the loss experience of Grain Dealers when all of the other factors are taken into consideration. This credit will be eliminated in the new rating plan.

The indicated and proposed multi-policy credits for homeowners are displayed on Exhibit 4.

**Base Rate Adjustments**

The statewide homeowners base rate has been adjusted to retain the current overall premium levels after the introduction of the new rating variable and the revised rating factors.

The following displays the development of the revised base rate in Arkansas:

**Arkansas Homeowners Base Rates, HO 00 03, Territory 30**

Current Base Rate	\$625
Base Rate Adjustment Factor	1.048
Revised Base Rate	\$655

**Arkansas Homeowners Base Rates, HO 00 03, Territory 31**

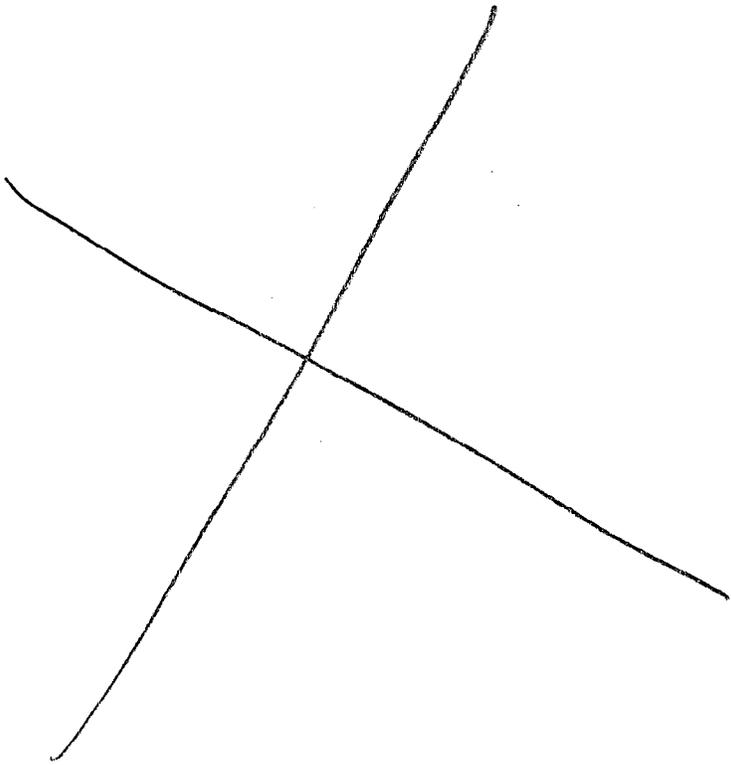
Current Base Rate	\$521
Base Rate Adjustment Factor	1.048
Revised Base Rate	\$546

**Arkansas Homeowners Base Rates, HO 00 03, Territory 32**

Current Base Rate	\$1,019
Base Rate Adjustment Factor	1.048
Revised Base Rate	\$1,068

**Arkansas Homeowners Base Rates, HO 00 03, Territory 33**

Current Base Rate	\$650
Base Rate Adjustment Factor	1.048
Revised Base Rate	\$681



**Arkansas Homeowners Base Rates, HO 00 04, Territory 30**

Current Base Rate	\$179
Base Rate Adjustment Factor	1.048
Revised Base Rate	\$188

**Arkansas Homeowners Base Rates, HO 00 04, Territory 31**

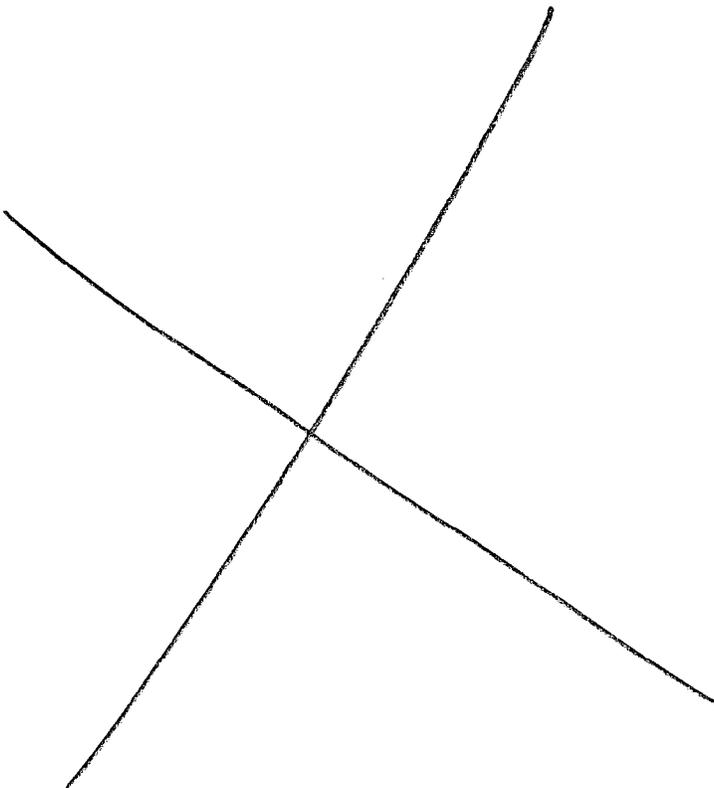
Current Base Rate	\$129
Base Rate Adjustment Factor	1.048
Revised Base Rate	\$135

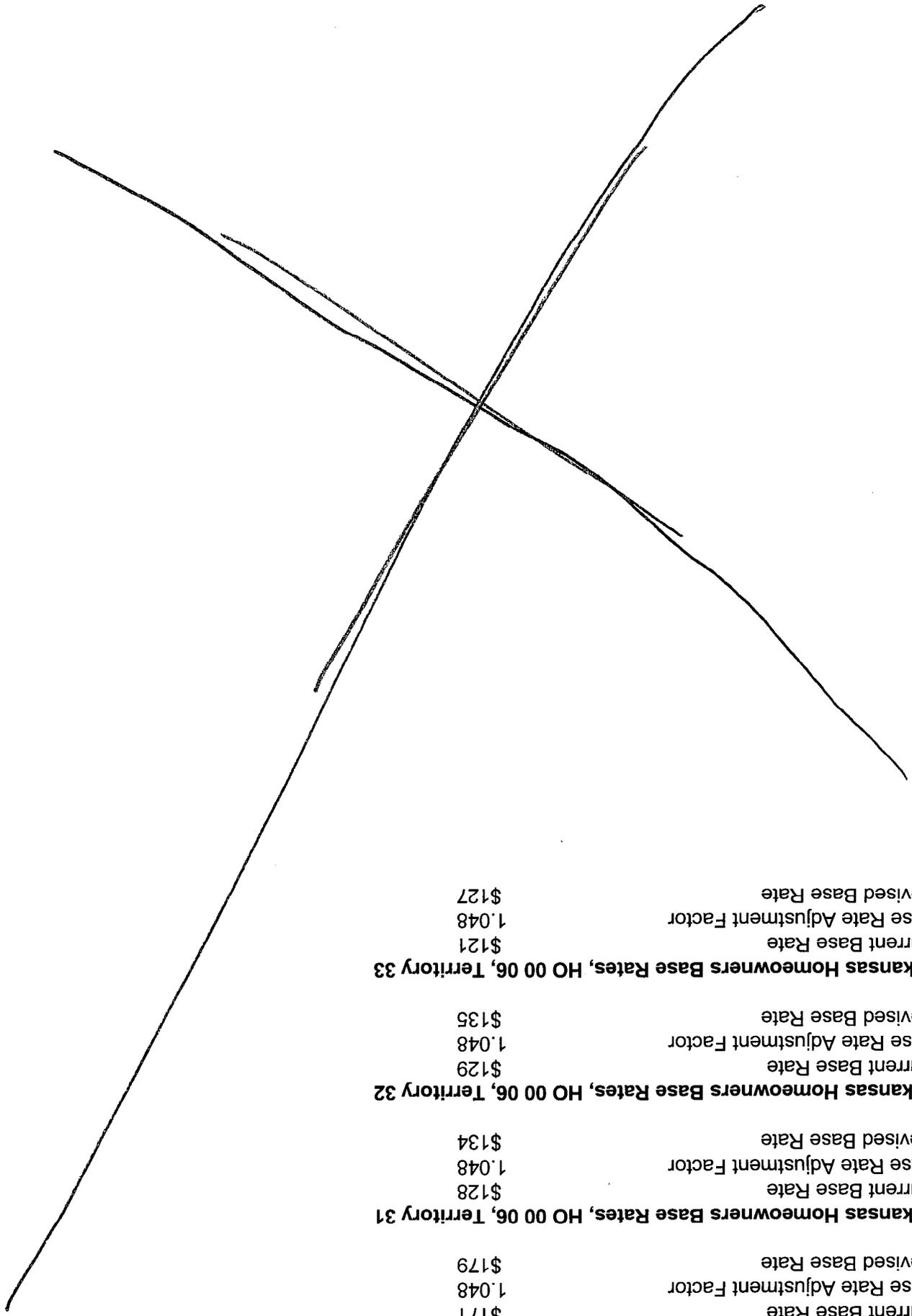
**Arkansas Homeowners Base Rates, HO 00 04, Territory 32**

Current Base Rate	\$139
Base Rate Adjustment Factor	1.048
Revised Base Rate	\$146

**Arkansas Homeowners Base Rates, HO 00 04, Territory 33**

Current Base Rate	\$125
Base Rate Adjustment Factor	1.048
Revised Base Rate	\$131



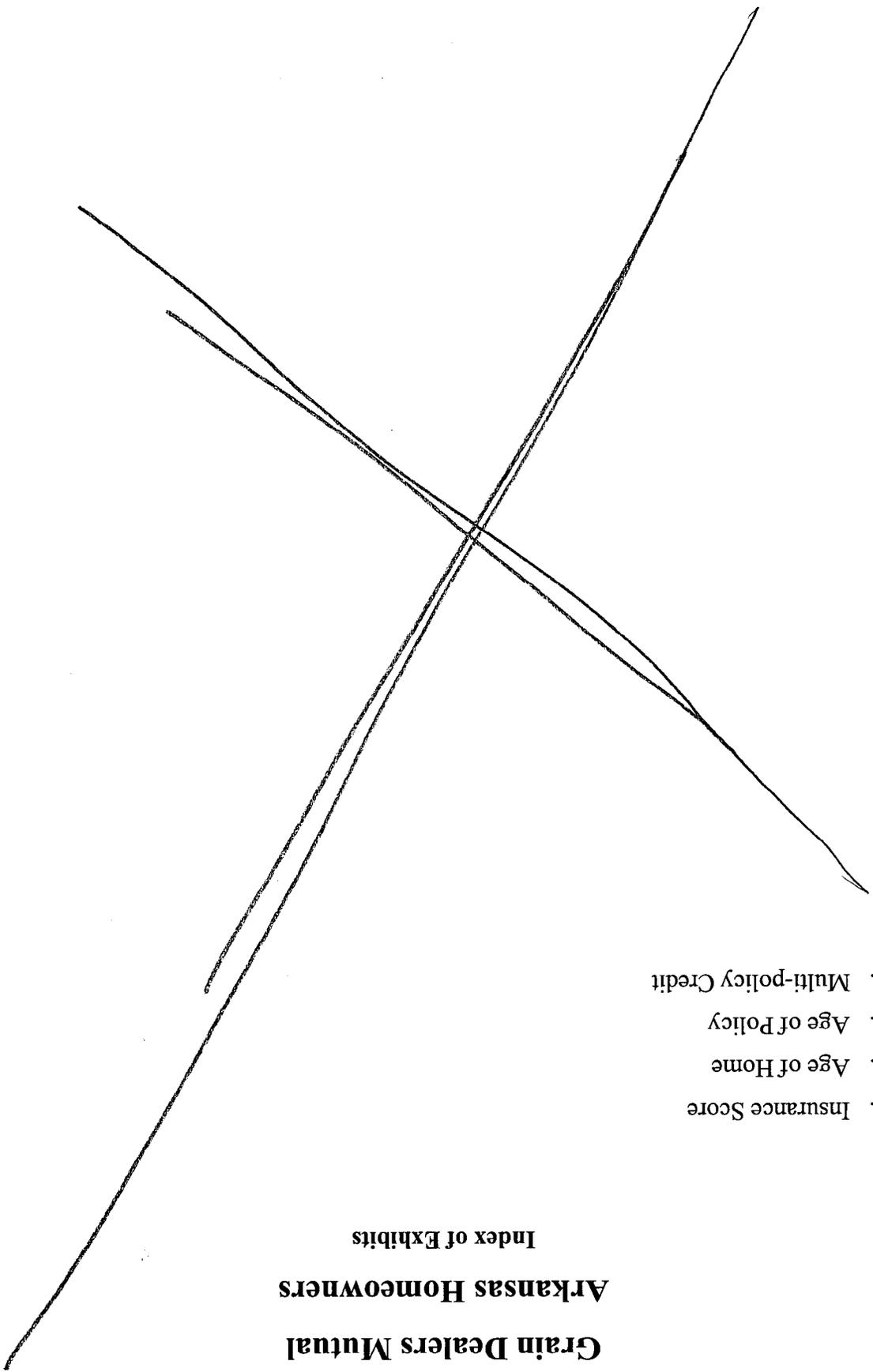


Arkansas Homeowners Base Rates, HO 00 06, Territory 30  
 Current Base Rate \$171  
 Base Rate Adjustment Factor 1.048  
 Revised Base Rate \$179

Arkansas Homeowners Base Rates, HO 00 06, Territory 31  
 Current Base Rate \$128  
 Base Rate Adjustment Factor 1.048  
 Revised Base Rate \$134

Arkansas Homeowners Base Rates, HO 00 06, Territory 32  
 Current Base Rate \$129  
 Base Rate Adjustment Factor 1.048  
 Revised Base Rate \$135

Arkansas Homeowners Base Rates, HO 00 06, Territory 33  
 Current Base Rate \$121  
 Base Rate Adjustment Factor 1.048  
 Revised Base Rate \$127



**Grain Dealers Mutual  
Arkansas Homeowners  
Index of Exhibits**

- 1. Insurance Score
- 2. Age of Home
- 3. Age of Policy
- 4. Multi-policy Credit

**Grain Dealers Mutual Insurance Company**  
**Homeowners Rating Plan**

<b>Insurance Score</b>
------------------------

	Current Factor	Indicated Factor	Proposed Factor
Missing	1.00	1.188	1.00
0	1.00	0.499	1.00
1-500	1.00	2.646	1.25
501 to 575	1.00	1.083	1.04
576 to 625	1.00	1.000	1.00
626 to 675	1.00	0.724	0.88
676 to 750	1.00	0.661	0.83
751 to 850	1.00	0.529	0.78
Above 850	1.00	0.416	0.73

**Grain Dealers Mutual Insurance Company**  
**Homeowners Rating Plan**

<b>Age of Home</b>
--------------------

	Current Factor	Indicated Factor	Proposed Factor
Current Year	0.75	0.349	0.73
1	0.80	0.349	0.76
2	0.80	0.349	0.78
3	0.85	0.349	0.81
4	0.90	0.435	0.85
5	0.95	0.435	0.89
6	1.00	0.435	0.93
7	1.00	0.727	0.94
8	1.00	0.727	0.95
9	1.00	0.727	0.97
10	1.00	0.727	0.99
11+	1.00	1.000	1.00

**Grain Dealers Mutual Insurance Company  
Homeowners Rating Plan**

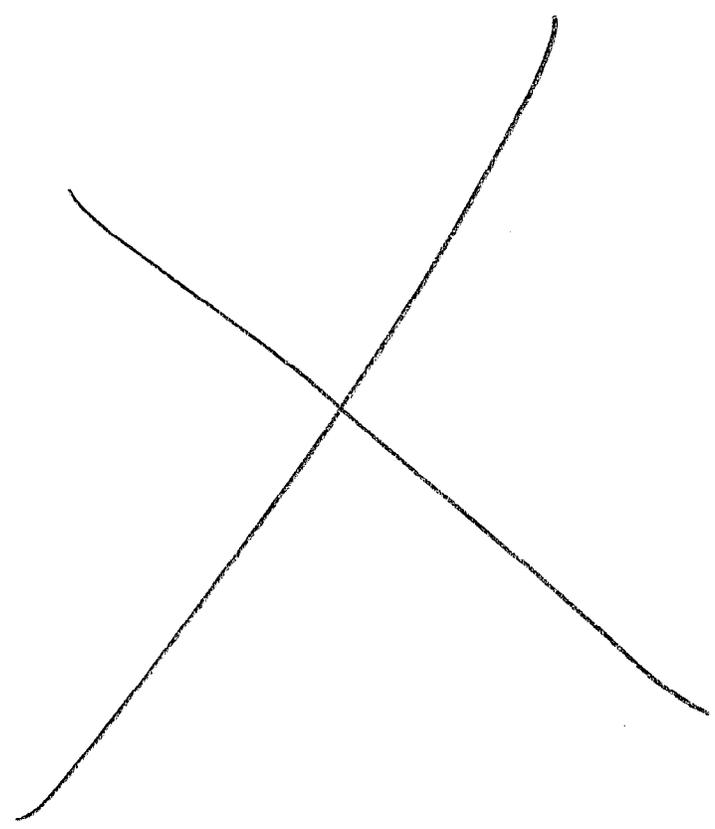
<b>Age of Policy</b>
----------------------

	Current Factor	Indicated Factor	Proposed Factor
Current Year	1.00	1.000	1.00
1	1.00	1.000	1.00
2	1.00	1.000	1.00
3	0.90	1.000	0.94
4	0.90	0.976	0.93
5	0.90	0.976	0.93
6	0.85	0.976	0.87
7	0.85	0.881	0.87
8	0.85	0.881	0.86
9	0.85	0.881	0.85
10	0.85	0.853	0.84
11	0.85	0.853	0.83
12	0.85	0.853	0.83
13	0.85	0.760	0.83
14	0.85	0.760	0.83
15	0.85	0.760	0.83
16+	0.85	0.760	0.83

# Grain Dealers Mutual Insurance Company Homeowners Rating Plan

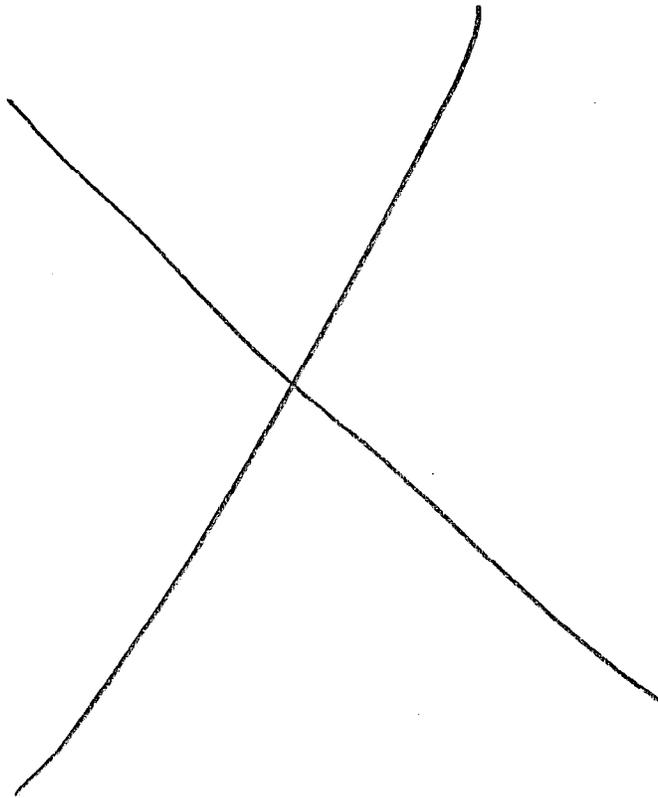
## Multi-policy Credit

	Current Factor	Indicated Factor	Proposed Factor
<b>Single Policy</b>	1.00	1.000	1.00
<b>Multi Policy</b>	0.90	0.991	1.00



HOMEOWNERS POLICY PROGRAM MANUAL  
BASE CLASS PREMIUM PAGES

TERRITORY	HO 00 03	HO 00 04	HO 00 06
30	655	188	179
31	546	135	134
32	1068	146	135
33	681	131	127





**GRAIN DEALERS MUTUAL INS. CO.**

P.O. BOX 1747, INDIANAPOLIS, IN 46206

**HOMEOWNERS POLICY MANUAL**

**ARKANSAS  
COMPANY EXCEPTION PAGE**

**Additional Rule:**

**Insurance Score**

The following factors will be applied to the Homeowners premium depending on the Insurance Scores:

Missing	1.00
0	1.00
1-500	1.25
501 to 575	1.04
576 to 625	1.00
626 to 675	0.88
676 to 750	0.83
751 to 850	0.78
Above 850	0.73



**GRAIN DEALERS MUTUAL INS. CO.**

P.O. BOX 1747, INDIANAPOLIS, IN 46206

**HOMEOWNERS POLICY MANUAL**

**ARKANSAS  
COMPANY EXCEPTION PAGE**

**Additional Rule:**

**NEW HOME CREDITS (Form HO 00 03)**

The following credits will be given for the newer homes:

- Homes which are less than 1 year old = 27% Credit
- Homes which are 1 year old = 24% Credit
- Homes which are 2 years old = 22% Credit
- Homes which are 3 years old = 19% Credit
- Homes which are 4 years old = 15% Credit
- Homes which are 5 years old = 11% Credit
- Homes which are 6 years old = 7% Credit
- Homes which are 7 years old = 6% Credit
- Homes which are 8 years old = 5% Credit
- Homes which are 9 years old = 3% Credit
- Homes which are 10 years old = 1% Credit
- Homes over 11 years old = 0% Credit

These credits will apply to the Company Base Premium for the applicable policy deductible.



**GRAIN DEALERS MUTUAL INS. CO.**  
 P.O. BOX 1747, INDIANAPOLIS, IN 46206

**HOMEOWNERS POLICY MANUAL**

**ARKANSAS  
 COMPANY EXCEPTION PAGE**

**CONTINUOUS POLICYHOLDER DISCOUNT PROGRAM**

The total Homeowners premium after all other discounts will be discounted according to the schedule shown below. The amount of the discount depends upon the number of consecutive years, ending with the current renewal date, the policyholder or spouse has had a Grain Dealers Mutual Insurance Company Homeowners covering their primary dwelling or contents.

Consecutive Years Insured With Grain Dealers Mutual <u>Insurance Company</u>	<u>Subtract</u>
0-2	0%
3	6%
4-5	7%
6-7	13%
8	14%
9	15%
10	16%
11+	17%

	Example		
	(1)	(2)	(3)
(A) Original Homeowners Policy Effective Date	2001	1996	2003
(B) Homeowners Effective Date being billed:	2005	2005	2005
(C) (B-A)	4	9	2
(D) Amount of Credit	7 %	15 %	0 %

Not subject to Freedom of Information Act, confidential information pursuant to A.C.A. §23-67-409(b).