

SERFF Tracking Number: AOIC-126066608 State: Arkansas  
Filing Company: Auto-Owners Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: DWF-AR-01-03/10/2009-01  
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
Product Name: Arkansas Independent Dwelling Fire Program  
Project Name/Number: Rate and Rule Revision/DWF-AR-01-03/10/2009-01

## Filing at a Glance

Company: Auto-Owners Insurance Company

Product Name: Arkansas Independent Dwelling SERFF Tr Num: AOIC-126066608 State: Arkansas

Fire Program

TOI: 01.0 Property

SERFF Status: Closed

State Tr Num: EFT \$100

Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)

Co Tr Num: DWF-AR-01-03/10/2009-01

State Status: Fees verified and received

Filing Type: Rate/Rule

Co Status:

Reviewer(s): Becky Harrington, Betty Montesi

Authors: Amy Anton, Kristi McCleery

Disposition Date: 03/25/2009

Date Submitted: 03/10/2009

Disposition Status: Filed

Effective Date Requested (New): 03/30/2009

Effective Date (New): 04/16/2009

Effective Date Requested (Renewal): 05/05/2009

Effective Date (Renewal): 05/22/2009

State Filing Description:

## General Information

Project Name: Rate and Rule Revision

Status of Filing in Domicile: Not Filed

Project Number: DWF-AR-01-03/10/2009-01

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 03/25/2009

State Status Changed: 03/11/2009

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

We are submitting changes to our Dwelling Fire program. Please see the Explanatory Memorandum for further details.

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## Company and Contact

### Filing Contact Information

Cyndi Reed, Manager reed.cyndi@aoins.com  
 P.O. Box 30660 (517) 323-8818 [Phone]  
 Lansing, MI 48909-8160 (517) 323-8796[FAX]

### Filing Company Information

Auto-Owners Insurance Company CoCode: 18988 State of Domicile: Michigan  
 P.O. Box 30660 Group Code: 280 Company Type: PC  
 Lansing, MI 48909-8160 Group Name: Auto-Owners Ins State ID Number:  
 Group  
 (800) 346-0346 ext. [Phone] FEIN Number: 38-0315280  
 -----

## Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Auto-Owners Insurance Company	\$100.00	03/10/2009	26295822

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
	\$0.00	

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	03/25/2009	03/25/2009

### Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	03/11/2009	03/11/2009	Amy Anton	03/16/2009	03/24/2009

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Effective Date Change	Note To Reviewer	Amy Anton	03/24/2009	03/24/2009

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## Disposition

Disposition Date: 03/25/2009  
 Effective Date (New): 04/16/2009  
 Effective Date (Renewal): 05/22/2009  
 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):
Auto-Owners Insurance Company	37.300%	4.600%	\$32,599	1,251	\$713,341	15.700%	-5.600%

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp		Yes
Supporting Document	Explanatory Memorandum	Filed	Yes
Supporting Document	Companywide Dwelling Fire Indication	Filed	Yes
Supporting Document	Arkansas Dwelling Fire Indication	Filed	Yes
Rate	Eligibility	Filed	Yes
Rate	Definitions	Filed	Yes
Rate	Incidental Business Occupancies	Filed	Yes
Rate	Age of Construction Discount/Surcharge	Filed	Yes
Rate	Deductible Options	Filed	Yes
Rate	Multi-Policy Discount	Filed	Yes
Rate	Paid Loss Surcharge	Filed	Yes
Rate	Roof Discount/Surcharge	Filed	Yes
Rate	Seasonal Dwelling Discount	Filed	Yes
Rate	Solid Fuel Heating Appliances - Standard Program Only	Filed	Yes
Rate	Adjusted Value Endorsement	Filed	Yes
Rate	Building Materials	Filed	Yes
Rate	Business Personal Property on Premises	Filed	Yes
Rate	Condominium Owners Coverage - Coverage H	Filed	Yes
Rate	Condominium Owners Loss Assessment Coverage	Filed	Yes
Rate	Earthquake Coverage	Filed	Yes
Rate	Increased Cost Endorsement	Filed	Yes
Rate	Terrorism	Filed	Yes
Rate	Terrorism Coverage	Filed	Yes
Rate	Amount of Insurance Relativities (Auto-	Filed	Yes



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## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 03/11/2009  
Submitted Date 03/11/2009

Respond By Date

Dear Cyndi Reed,

This will acknowledge receipt of the captioned filing.

### Objection 1

- Earthquake Coverage (Rate)

Comment: Identify the previous zone assignments for those counties shown in green. Provide the percentage change for all EQ rates.

### Objection 2

- Solid Fuel Heating Appliances - Standard Program Only (Rate)

Comment: Provide the previous wood/coal heating surcharge amount.

### Objection 3

- Base Rates (Rate)

Comment:

All request for rate changes submitted to the Department must include supporting data as required by Arkansas Code Annotated § 23-67-209 and Rule 23, Section 7.A.2. Provide justification supporting the base rate change.

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 03/16/2009  
Submitted Date 03/24/2009

SERFF Tracking Number: AOIC-126066608 State: Arkansas  
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Dear Becky Harrington,

**Comments:**

Please see the response below.

**Response 1**

Comments: Lee, Monroe, and Prairie counties were moved from Zone 4A to Zone 3. Arkansas, Lonoke, and Phillips counties were moved from Zone 4B to 4A. Desha, Jefferson, and Lincoln counties were moved from Zone 4 to Zone 4A.

Zone 2 rates were increased by 20%, Zone 3 rates were increased by 15% and Zones 4A, 4B, 4, and 5 were increased by 10%.

**Related Objection 1**

Applies To:

- Earthquake Coverage (Rate)

Comment:

Identify the previous zone assignments for those counties shown in green. Provide the percentage change for all EQ rates.

**Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Response 2**

Comments: The previous Wood/Coal Heating Surcharge was 17% of the building or contents base premium with a minimum of \$75 and a maximum of \$200.

**Related Objection 1**

Applies To:

- Solid Fuel Heating Appliances - Standard Program Only (Rate)

Comment:

Provide the previous wood/coal heating surcharge amount.

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**Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Response 3**

Comments: Please see the attached companywide and statewide rate level indications.

**Related Objection 1**

Applies To:

- Base Rates (Rate)

Comment:

All request for rate changes submitted to the Department must include supporting data as required by Arkansas Code Annotated § 23-67-209 and Rule 23, Section 7.A.2. Provide justification supporting the base rate change.

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: Companywide Dwelling Fire Indication

Comment: Because we have only been writing in Arkansas since 2005, please see the attached companywide indication to support our base rate change.

Satisfied -Name: Arkansas Dwelling Fire Indication

Comment: The attached statewide indication has also been provided for your reference.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Thank you.

Sincerely,

Amy Anton, Kristi McCleery

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**Note To Reviewer**

**Created By:**

Amy Anton on 03/24/2009 02:25 PM

**Last Edited By:**

Becky Harrington

**Submitted On:**

03/25/2009 07:51 AM

**Subject:**

Effective Date Change

**Comments:**

We request to change our new business effective date to 4/16/09 and our renewal business date to 5/22/09 due to the 20 day waiting period from the date of submission.

<i>SERFF Tracking Number:</i>	<i>AOIC-126066608</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Auto-Owners Insurance Company</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>DWF-AR-01-03/10/2009-01</i>		
<i>TOI:</i>	<i>01.0 Property</i>	<i>Sub-TOI:</i>	<i>01.0002 Personal Property (Fire and Allied Lines)</i>
<i>Product Name:</i>	<i>Arkansas Independent Dwelling Fire Program</i>		
<i>Project Name/Number:</i>	<i>Rate and Rule Revision/DWF-AR-01-03/10/2009-01</i>		

## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	File and Use
<b>Rate Change Type:</b>	Increase
<b>Overall Percentage of Last Rate Revision:</b>	1.800%
<b>Effective Date of Last Rate Revision:</b>	11/15/2007
<b>Filing Method of Last Filing:</b>	File and Use

## Company Rate Information

<b>Company Name:</b>	<b>Overall % Indicated Change:</b>	<b>Overall % Rate Impact:</b>	<b>Written Premium Change for this Program:</b>	<b># of Policy Holders Affected for this Program:</b>	<b>Premium:</b>	<b>Maximum % Change (where required):</b>	<b>Minimum % Change (where required):</b>
Auto-Owners Insurance Company	37.300%	4.600%	\$32,599	1,251	\$713,341	15.700%	-5.600%

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## Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Filing Attachments
Filed	Eligibility	AOURZ188	Replacement	AOURZ135	AOURZ188.pdf
Filed	Definitions	AOURZ189	Replacement	AOURZ108	AOURZ189.pdf
Filed	Incidental Business Occupancies	AOURZ203	Replacement	AOURZ150	AOURZ203.pdf
Filed	Age of Construction Discount/Surcharge	AOURZ192	Replacement	AOURZ141	AOURZ192.pdf
Filed	Deductible Options	AOURZ206	Replacement	AOURZ137	AOURZ206.pdf
Filed	Multi-Policy Discount	AOURZ199	Replacement	AOURZ014	AOURZ199.pdf
Filed	Paid Loss Surcharge	AOURZ198	Replacement	AOURZ018	AOURZ198.pdf
Filed	Roof Discount/Surcharge	AOURZ200	New		AOURZ200.pdf
Filed	Seasonal Dwelling Discount	AOURZ194	Replacement	AOURZ143	AOURZ194.pdf
Filed	Solid Fuel Heating Appliances - Standard Program Only	AOURZ190	Replacement	AOURZ147	AOURZ190.pdf

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Filed	Adjusted Value Endorsement	AOURZ197	Replacement	AOURZ046	AOURZ197.pdf
Filed	Building Materials	AOURZ205	Replacement	AOURZ048	AOURZ205.pdf
Filed	Business Personal Property on Premises	AOURZ191	Replacement	AOURZ138	AOURZ191.pdf
Filed	Condominium Owners Coverage - Coverage H	AOURZ201	Replacement	AOURZ051	AOURZ201.pdf
Filed	Condominium Owners Loss Assessment Coverage	AOURZ195	Replacement	AOURZ136	AOURZ195.pdf
Filed	Earthquake Coverage	AOURZ196	Replacement	AOURZ139	AOURZ196.pdf
Filed	Increased Cost Endorsement	AOURZ193	Replacement	AOURZ056	AOURZ193.pdf
Filed	Terrorism	AOURZ154	Replacement	AOURZ003	AOURZ154.pdf
Filed	Terrorism Coverage	AOURZ204	Replacement	AOURZ002	AOURZ204.pdf
Filed	Amount of Insurance Relativities (Auto-Owners Premier)	AOARZ013	Replacement	AOARZ009	AOARZ013.pdf
Filed	Amount of Insurance Relativities (Auto-	AOARZ014	Replacement	AOARZ008	AOARZ014.pdf

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*Product Name:* Arkansas Independent Dwelling Fire Program  
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Owners)

*SERFF Tracking Number:* AOIC-126066608      *State:* Arkansas  
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Filed	Base Rates	AOARZ015	Replacement	AOARZ012	AOARZ015.pdf
Filed	Protection Class Relativities (Auto- Owners Premier)	AOARZ016	Replacement	AOARZ004	AOARZ016.pdf
Filed	Protection Class Relativities (Auto- Owners)	AOARZ017	Replacement	AOARZ003	AOARZ017.pdf
Filed	Rating Procedure	AOARZ018	Replacement	AOARZ010	AOARZ018.pdf
Filed	Premium Rounding Rule	AOURZ038	Withdrawn		
Filed	Age of Roof Discount	AOURZ140	Withdrawn		
Filed	Roofing Materials Discount	AOURZ144	Withdrawn		

**Standard Program**

The Standard Dwelling Fire program is designed to insure maintained properties not eligible for Homeowners, Mobile Homeowners or the Premier Dwelling Fire programs because of occupancy or other aspects of the exposure. It is also used for Builders Risk policies. Basic Form with an actual cash value settlement option or Special Form with either an actual cash value or replacement cost loss settlement may be selected. The program is not designed for substandard properties.

**Premier Program**

The Premier Dwelling Fire program is a preferred program designed for above average 1-2 family rental dwellings. Coverage is written on the Special Form and loss settlement for buildings is on a replacement cost basis.

[Age of Construction](#)  
[Heating System](#)  
[Market Value](#)  
[Minimum Amounts of Insurance](#)  
[Occupancy](#)

[Photograph Requirement](#)  
[Previous Insurance History](#)  
[Protection Class](#)  
[Ineligible Characteristics](#)

**AGE OF CONSTRUCTION****Premier Program****Standard Program**

Homes must be constructed within the past 30 years. Homes must be constructed within the past 50 years if a named insured is age 55 or older.

**HEATING SYSTEM****Premier Program****Standard Program**

No solid fuel heating appliances or furnace add-ons.

Solid fuel heating considered. Do not bind unless submitted with a photo of the appliance and a completed survey.

Primary dwellings without an operational heating system which delivers heat directly to all finished areas are not eligible.

**MARKET VALUE****Premier Program****Standard Program**

50% or more of replacement cost.

All considered.

**MINIMUM AMOUNTS OF INSURANCE****Premier Program****Standard Program**

Special Form - \$100,000.

[Primary and Secondary Dwellings](#)  
Coverage A – Dwellings Only:  
Basic Form – \$40,000.  
Special Form – \$50,000.

Coverage A – Mobile Homes;  
 Coverage H – Condominiums;  
 and Other Structures Only Coverage:  
 Basic Form – \$4,000.  
 Special Form – \$8,000.  
 Contents Only – \$4,000.

Seasonal Dwellings  
 Coverage A – Dwellings Only;  
 Basic Form - \$10,000  
 Special Form - \$10,000

100% of replacement cost.

100% of actual cash value.

## OCCUPANCY

### Premier Program

### Standard Program

1 to 2 family non-owner occupied dwellings.

1-4 family buildings used exclusively for dwelling purposes (except for certain incidental occupancies) and containing not more than 5 roomers and/or boarders.

Dwellings under construction are not eligible.

All considered.

Mobile homes are not eligible.

**One family** trailer homes or mobile homes used for dwelling purposes at a fixed location. Mobile homes with fireplaces and/or solid fuel heating appliances installed by the manufacturer of the home or designed for and installed to mobile home specifications are eligible, if located in an approved mobile home park. (See definition of approved park.)

Non-owner occupied townhouses and row houses with not more than 2 families in each fire division.

Townhouses and row houses with not more than 4 families in each fire division.

Condominium-units are not eligible.

All considered.

Household contents and personal property only when located in a dwelling also insured under the policy.

May write contents only.

Non-owner occupied - seasonal dwellings are eligible. A seasonal dwelling is described as a dwelling occupied on a seasonal basis for less than a total of 180 days during any one year.

Owner and non-owner occupied seasonal dwellings are eligible.

Garages and other outbuildings when the dwelling is also insured under the policy.

Garages and other outbuildings may be written separately.

Property situated on a farm is eligible for coverage under this program if it is a non-owner occupied dwelling. Liability coverage is not available.

Same as Premier Program.

Vacant dwellings are not eligible.

DO NOT BIND coverage on vacant dwellings.

DO NOT BIND coverage on dwellings and buildings undergoing significant renovation.

Same as Premier Program.

## PHOTOGRAPH REQUIREMENT

### Premier Program

### Standard Program

Photograph(s) of primary location dwellings are mandatory on all new business and/or changed locations. Photographs must be received within 21 days of the date on which the corresponding application was processed or interfaced. Same as Premier.

## PREVIOUS INSURANCE HISTORY

### Premier Program

### Standard Program

Applicants or renewals with 2 or more non-weather\* related paid losses in the past 36 months are not eligible. All considered.

\*Weather losses include damage caused by wind, hail, lightning or the weight of ice and snow.

## PROTECTION CLASS

### Premier Program

### Standard Program

All considered.

All considered.

## INELIGIBLE CHARACTERISTICS:

### Premier Program

### Standard Program

Property with any of the following conditions:

Same as Premier Program.

1. Adjacent adverse physical hazards.
2. Broken, sagging or unsupported steps or stairs.
3. Gutters, downspouts or chimneys poorly maintained.
4. Unrepaired prior damage.
5. Outdated or worn electrical system.
6. Deteriorating firebox or chimney.
7. Poor plumbing i.e., leaking or exposed to freezing.
8. Poor inside maintenance such as accumulation of trash or careless storage of flammable liquids.
9. Poor outside maintenance such as:
  - a. Roofing sections missing.
  - b. Siding loose or missing.
  - c. Broken windows.
  - d. Accumulation of trash.
  - e. Grounds poorly kept (i.e., long grass, weeds, fences in poor condition).
10. Garages and other outbuildings used to any extent for business purposes.
11. Other conditions which may render the risk ineligible in the Company's opinion.

Auto-Owners

**DWELLING FIRE  
GENERAL RULES**

Arkansas

Masonry (M)	A dwelling with at least 67% of its exterior walls constructed of brick, concrete, concrete block, adobe, tile, or other masonry materials is classified as masonry.
Masonry Veneer (Rate as Masonry)	A dwelling with at least 67% of its walls constructed of combustible construction veneered with masonry materials is classified as masonry veneer.
Cement Fiber Board Siding (CS)	A dwelling with at least 67% of its exterior walls constructed of combustible construction covered with cement fiber materials is classified as cement fiber.
Fire Resistive (Rate as Masonry)	A dwelling with walls, floor, and roof constructed entirely of masonry or fire resistive materials with a Fire Resistance rating of not less than one hour is classified as fire resistive. Fire resistive is considered wind resistive.
Frame (F)	A dwelling with exterior walls of combustible construction, including walls with metal, stucco, or metal lath and plaster on combustible supports is classified as frame.
Aluminum (Rate as Frame)	A dwelling with exterior walls of combustible construction covered with metal or vinyl types of siding.
Mixed Construction	A dwelling shall be classified as frame construction when the wall area of frame construction exceeds 33% of the total wall area.
Semi Wind Resistive	Exterior walls constructed of masonry materials and floors and roof of metal or other non-combustible materials.

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**INCIDENTAL BUSINESS OCCUPANCIES**

Policies written with Personal Liability Protection may be extended to provide liability coverage for the following incidental **business** occupancies when operated by the owner/occupant of the dwelling:

1. Business or professional office, private school or studio, such as music or photography.
2. Barber shops, beauty parlors, dressmakers, shoe repair shops, telephone exchange and other small service shops with not more than two persons working at any one time.

Refer to the {{AR DF Business Property on Premises}} rule for coverage on property used in conjunction with permitted incidental business occupancies.

The following charges apply:

<b>Limit of Liability:</b>	<b>\$25,000</b>	<b>\$50,000</b>	<b>\$100,000</b>	<b>\$300,000</b>	<b>\$500,000</b>	<b>\$1,000,000</b>
<b>Charge:</b>	\$8	\$9	\$10	\$12	\$14	\$25

"Incidental Business Occupancy" and a description of the business appear on the policy Declarations and Form {{15034 (AR)}} is attached.

Auto-Owners	<b>DWELLING FIRE PREMIUM ADJUSTMENTS</b>	Arkansas
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## AGE OF CONSTRUCTION DISCOUNT/SURCHARGE

### Premier and Standard Programs:

Dwellings constructed within the past 19 years are eligible for an Age of Construction Discount. Dwellings constructed 21 or more years ago will have an Age of Construction Surcharge.

<u>Age of Dwelling</u>	<u>Discount/Surcharge</u>
New	-20%
1 year old	-19%
2 years old	-18%
3	-17%
4	-16%
5	-15%
6	-14%
7	-13%
8	-12%
9	-11%
10	-10%
11	-9%
12	-8%
13	-7%
14	-6%
15	-5%
16	-4%
17	-3%
18	-2%
19	-1%
20	0%
21-30	+1%
31-40	+1%
41-50	+2%
51+	+3%

Age = Policy term year minus year of construction of the dwelling.

This discount is not applicable to Builders Risk policies, mobile homes or vacant dwellings.

“Age of Construction Discount Applies” or “Age of Construction Surcharge Applies” appears on the policy Declarations.

<b>Auto-Owners</b>	<b>DWELLING FIRE PREMIUM ADJUSTMENTS</b>	<b>Arkansas</b>
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**DEDUCTIBLE OPTIONS**

<b>Deductible</b>	All non-hail resistive roofs over 10 years old	All hail resistive roofs and all other roof types 10 years old or less	Contents Only and Condominium Policies
\$250 Flat	N/A	N/A	+6%
\$250 All Other Perils/ \$500 Wind/Hail	N/A	+2%	N/A
\$250 All Other Perils/ \$1000 Wind/Hail	+1%	+1%	N/A
\$500 Flat	Base	Base	Base
\$500 All Other Perils/ \$1000 Wind/Hail	-4%	-4%	N/A
\$500 All Other Perils/ \$2000 Wind/Hail	-5%	-5%	N/A
\$1000 Flat	-7%	-7%	-7%
\$1000 All Other Perils/ \$2000 Wind/Hail	-10%	-10%	N/A
\$2500 Flat	-11%	-11%	-11%
\$5000 Flat	-14%	-14%	-14%

The rates and relativities are based upon the use of a \$500 flat deductible to all perils. The deductible does not apply to Additional Living Expense or **Loss of Rents**.

## MULTI-POLICY DISCOUNT

The Multi-Policy and Dwelling/Life Multi-Policy Discounts are applicable to policies under either the Basic or Special Form.

The discounts are not applicable to:

- Builders' Risk policies,
- Vacant dwellings,
- Policies issued in the name of a corporation.

The discounts may be applied to new business, renewals or mid-term to eligible policies with concurrent or nonconcurrent policy anniversaries.

When all supporting policies are canceled, the Dwelling Fire policy is eligible for the Multi-Policy and/or Dwelling/Life Discount until the next policy anniversary except when cancellation is for underwriting reasons. When cancellation is for underwriting reasons, the discount will be removed from the Dwelling Fire policy by endorsement effective on the date of cancellation.

### Multi-Policy Discount

A dwelling policy covering owner occupied dwellings, non-owner occupied dwellings, owner occupied seasonal residences and other buildings will be eligible for a Multi-Policy discount when the named insured of the Dwelling policy also has any **one** of the following Auto-Owners policies related:

1. Automobile\*
2. Homeowners
3. Mobile Homeowners

Policies written in the name of a partnership are eligible if one of the named insured has any of the above policies written in any Auto-Owners Group Company.

Apply a 5% discount to the dwelling and applicable contents.

\*An Automobile policy is any policy that insures your private passenger automobile, including an Automobile policy or Garage Liability (Division 1) policy issued to your business if you own the business.

"Multi-Policy Discount" appears on the policy Declarations.

### Dwelling/Life Multi-Policy Discount

A dwelling policy covering owner occupied dwellings, non-owner occupied dwellings, owner occupied seasonal residences and other buildings will be eligible for a Multi-Policy discount when the named insured of the Dwelling policy also has any **one** of the following Auto-Owners policies related:

1. Life Policy
2. Annuity Policy with a cash value of \$2,000 or greater
3. Disability Income Policy with a monthly benefit of \$1,000 or greater
4. Long Term Care policy

Apply a 5% discount to the dwelling and applicable contents.

"Dwelling/Life Multi-Policy Discount" appears on the policy Declarations.

Auto-Owners	<b>DWELLING FIRE PREMIUM ADJUSTMENTS</b>	Arkansas
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**PAID LOSS SURCHARGE\***

A Paid Loss Surcharge will be applied to policies demonstrating a loss frequency exposure according to the chart below. All losses for which an amount was paid, relating to current or previous residences will be considered. The surcharge will be applied to all locations on the policy. If there are two locations on a policy, a factor of .5 will be applied to the indicated surcharge. If there are three or more locations, a factor of .33 will be applied to the surcharge.

Note: Policies may be non-renewed if the loss exposure is determined to be greater than the indicated surcharge can address.

Number of paid losses within 3 years	Continuously** insured for 3 or more years with an Auto-Owners Group Company and the sum of all paid claims exceeds \$3000.		Continuously** insured less than 3 years with an Auto-Owners Group company and the sum of all paid claims exceeds \$1000.	
	If Multi-Policy and 65 or over	If Not Both	If Multi-Policy and 65 or over	If Not Both
2	10%	20%	20%	30%
3	30	50	50	80
4 or more	50	80	80	150

\*For the application of this rule, weather losses will not be considered. Weather losses shall include only direct damage caused by wind, hail or lightning, or the weight of ice and snow. **Losses directly attributable to an event identified as catastrophic by the Property Claim Service (PCS) will not be considered.**

\*\*Continuously insured means either this policy or this policy in combination with a previous policy rewritten to this policy has been in effect for 3 years.

"Paid Loss Surcharge Applies" prints on the policy Declarations page.

<b>Auto-Owners Home-Owners</b>	<b>DWELLING FIRE PREMIUM ADJUSTMENTS</b>	<b>Arkansas</b>
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## ROOF DISCOUNT/SURCHARGE

Dwellings are eligible for a discount or surcharge, dependant upon the age and type of roofing material, as follows:

Roofing Material					
Age of Roof	Tile	Concrete	Hail Resistive	Wood	Other
<b>New</b>	-16%	-16%	-16%	+10%	-6%
<b>1</b>	-15	-15	-15	+10	-5
<b>2</b>	-15	-15	-15	+10	-5
<b>3</b>	-14	-14	-14	+10	-4
<b>4</b>	-14	-14	-14	+10	-4
<b>5</b>	-13	-13	-13	+10	-3
<b>6</b>	-13	-13	-13	+10	-3
<b>7</b>	-12	-12	-12	+10	-2
<b>8</b>	-12	-12	-12	+10	-2
<b>9</b>	-11	-11	-11	+10	-1
<b>10</b>	-10	-10	-10	+10	0
<b>11</b>	-10	-10	-9	+10	0
<b>12</b>	-10	-10	-8	+10	0
<b>13</b>	-10	-10	-7	+10	0
<b>14</b>	-10	-10	-6	+10	0
<b>15+</b>	-10	-10	-5	+10	0

Age = Policy term year minus year roof construction was completed.

The Roof Discount/Surcharge does not apply to Builders' Risk, vacant dwellings or mobile homes.

“Roof Surcharge” appears on the policy Declarations for all wood roofs. For roofing materials other than wood, “Roof Discount” appears on the policy Declarations.

**SEASONAL DWELLING DISCOUNT**

Dwellings occupied less than 180 days during the calendar year are eligible for a 5% Seasonal Dwelling Discount for insured's age 54 and under, and a 10% Seasonal Dwelling Discount for insured's age 55 and older.

The Seasonal Dwelling Discount does not apply to vacant dwellings or Builders' Risk policies.

"Seasonal Dwelling Discount" appears on the policy Declarations.

**SOLID FUEL HEATING APPLIANCES – Standard Program Only****A Wood/Coal Heating Surcharge will be applied to:**

1. Each dwelling, building or mobile home containing a solid fuel heating appliance.
2. Tenant and condominium policies (contents only) when the dwelling, building or mobile home in which the contents are located contains a solid fuel heating appliance.

Solid fuel heating appliance means any appliance burning solid fuels such as wood or coal stoves, central or add-on furnaces or boilers, cook stoves and freestanding fireplaces.

The charge does not apply to built-in fireplaces or fireplace inserts.

Apply a \$125 surcharge.

"Wood/Coal Heating Surcharge" appears on the policy Declarations.

**A Corn/Pellet Heating Surcharge will be applied to:**

1. Each dwelling, building or mobile home containing a solid fuel heating appliance.
2. Tenant and condominium policies (contents only) when the dwelling, building or mobile home in which the contents are located contains a solid fuel heating appliance.

Corn/Pellet heating appliances include units burning pelletized fuel, biomass, or agricultural products such as shelled corn, wheat or wood pellets. All corn/pellet appliances are subject to underwriting approval.

Apply a \$50 surcharge if the appliance is within the primary dwelling to the building or contents.

No charge will apply if the appliance is located outside the building or in an outbuilding.

"Corn/Pellet Heating Surcharge" appears on the policy Declarations.

NOTE: Buildings containing solid fuel heating appliances are not eligible for the Premier program. Refer to {{AR DF Eligibility}}.

Auto-Owners

**DWELLING FIRE  
ADDITIONAL COVERAGES – PROPERTY**

Arkansas

**ADJUSTED VALUE ENDORSEMENT**

This endorsement will maintain insurance to value on dwellings by increasing Coverage A at each policy renewal using factors to account for the increases in regional building costs.

The endorsement is automatically included on policies written in the Premier program, policies written with Functional Replacement Cost and is offered as an option in the Standard program to policies issued under the Special Form and written to at least 80% of the dwelling's actual replacement cost.

This endorsement is not allowed on mobile homes.

No charge applies.

"Adjusted Value" appears on the policy Declarations and Form {{15022 (AR)}} is attached.

**BUILDING MATERIALS****Available only on Builders' Risk policies**

A Builders' Risk policy may be endorsed to provide transit and theft coverage to building materials and equipment that will become part of the structure. Building materials and equipment are covered while in transit, after arrival on the premises, while waiting for and during installation and until completely installed and accepted by the purchaser or the policyholder's interest in it ceases.

Coverage includes collision or upset of a transporting conveyance and theft from the insured location.

Minimum charge is \$25.

Rate per \$100: \$3.

Optional deductible discounts or charges apply. Refer to {{AR DF Deductible Options}}.

"Building Materials" and the limit appear on the policy Declarations and Form {{15049 (AR)}} is attached.

**Auto-Owners****DWELLING FIRE  
ADDITIONAL COVERAGES – PROPERTY****Arkansas****BUSINESS PERSONAL PROPERTY ON PREMISES**

Coverage is available for property located on premises and used in connection with a permitted incidental business occupancy.

Refer to the {{AR DF Incidental Occupancies}} Rule for liability coverage.

Rate per \$100: **\$1.00** (5,000 maximum limit).

"Business Property on Premises Revised Limit" and the limit appear on the policy Declarations and Form {{15192 (AR)}} is attached.

**CONDOMINIUM OWNERS COVERAGE – Coverage H**  
**Standard Program Only**

Coverage for fixtures, installations and additions within the interior of a condominium unit and real property outside of a condominium unit which are the policyholder's responsibility under the rules of a condo association. Minimum limit: \$2,000.

Coverage is on a named perils basis when attached to a Basic Form policy and direct physical risk when attached to a Special Form Policy.

Coverage for personal property located in a condominium is available under Coverage C – Personal Property.

Follow the steps listed on the Rating Procedures Page to determine the applicable contents base premium for Each Additional \$10,000 coverage amount. Multiply this by 0.1 to develop the rate per \$1,000.

“Condominium Owners Coverage” and the limit appear on the policy Declarations. Form {{15015 (AR)}} is attached to Basic Form policies and Form {{15016 (AR)}} is attached to Special Form policies.

**CONDOMINIUM OWNERS LOSS ASSESSMENT COVERAGE**

Coverage may be provided for assessments the insured becomes legally liable for arising from the common physical and liability exposures for a condominium development (building and grounds). Owner and non-owner occupied units, Basic or Special Form qualify for coverage.

A \$250 per occurrence deductible applies in lieu of the policy deductible.

<b>Limit of Insurance</b>	<b>Annual Premium</b>
\$ 5,000	\$10
\$10,000	\$12
\$25,000	\$14
\$50,000	\$16

“Loss Assessment Coverage” and the limit appear on the policy Declarations and Form {{15021 (AR)}} is attached.

<b>Auto-Owners</b>	<b>DWELLING FIRE ADDITIONAL COVERAGES – PROPERTY</b>	<b>Arkansas</b>
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## EARTHQUAKE

Please refer to {{AR DF Binding Authority}} for special binding rules.

The policy may be extended to cover the peril of earthquake or other earth movement excluding loss caused to any extent by flood or tidal wave. All earthquake shocks that occur within a 168 hour period are considered one earthquake occurrence.

Earthquake coverage is not available on condominium units or contents only policies.

The deductible applies separately to Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property. The deductible options\* are as follows:

<u>Deductible</u>	<u>Discount</u>
5%	Base
10%	10%
15%	20%

\*The 5% deductible option is not available for Zone 2 and 3.

		<b>Rate per \$1,000</b>	
		<u>*M/*MV</u>	<u>*F/*CF</u>
<b>Zone 2</b>	Clay, Craighead, Crittenden, Cross, Greene, Mississippi, and Poinsett Counties	\$2.88	\$2.04
<b>Zone 3</b>	Jackson, Lawrence, Lee, Monroe, Prairie, Randolph, Saint Francis, and Woodruff Counties	\$2.53	\$1.73
<b>Zone 4A</b>	Arkansas, Cleburne, Desha, Fulton, Independence, Izard, Jefferson, Lincoln, Lonoke, Phillips, Sharp, and White Counties	\$1.65	\$1.32
<b>Zone 4B</b>	Baxter, Conway, Faulkner, Pulaski, Stone and Van Buren Counties	\$1.10	\$.88
<b>Zone 4</b>	Boone, Bradley, Calhoun, Clark, Cleveland, Dallas, Drew, Garland, Grant, Hot Spring, Johnson, Marion, Newton, Perry, Pope, Saline, Searcy, and Yell Counties	\$.83	\$.61
<b>Zone 5</b>	Ashley, Benton, Carroll, Chicot, Columbia, Crawford, Franklin, Hempstead, Howard, Lafayette, Little River, Logan, Madison, Miller, Montgomery, Nevada, Ouachita, Pike, Polk, Scott, Sebastian, Sevier, Union and Washington Counties	\$.50	\$.39

\*M = Masonry

\*MV = Masonry Veneer

\*F = Frame

\*CF = Cement Fiber

Rates apply to the total amount of insurance for Coverage A and increased limits for Coverages B, C, D and E.

Earthquake Coverage Endorsement – Form {{15065 (AR)}} is attached.

**INCREASED COST ENDORSEMENT - Premier Program Only**

This coverage provides replacement of the dwelling at up to 125% of the insured amount.

Dwellings must be insured to 100% of replacement cost. **\$100,000 minimum Coverage A required.**

Apply a **3%** charge and a \$10 minimum per location.

“Increased Cost Endorsement” appears on the policy Declarations and Form {{15203 (AR)}} is attached.

**Terrorism****A. Description of Coverage****Owner Occupied Dwellings**

For policies with at least one owner occupied location, terrorism coverage is included, subject to policy terms and conditions. This coverage is provided at no additional charge and may not be declined.

**Non-Owner Occupied Dwellings**

Upon the expiration of the Terrorism Risk Insurance Act of 2002 (including ensuing Congressional actions pursuant to the Act), for policies exclusively covering non-owner occupied dwellings, terrorism coverage is included subject to nuclear, biological and chemical exclusions and all other policy terms and conditions. The premium charge shown below in **C.** will be made. Terrorism coverage may be declined and no premium charge will be made. If declined, all terrorism coverage is excluded for all acts of terrorism involving nuclear, biological or chemical material, if damages exceed \$25,000,000 or 50 or more people are killed or seriously injured (liability only).

**B. Eligibility**

Policies insuring only non-owner occupied dwellings are eligible for the endorsements and premium charges shown below.

**C. Premium Determination**

A conditional .5% charge of the total premium for each item listed on the Declarations is applied effective upon the expiration of the Terrorism Risk Insurance Act of 2002 (including ensuing Congressional actions pursuant to the Act).

**D. Endorsements**

Conditional Exclusion of Terrorism (Relating To Disposition of Federal Terrorism Risk Insurance) {{15243 (AR)}} will attach when terrorism coverage is provided. Conditional Total Exclusion of Terrorism (Relating To Disposition of Federal Terrorism Risk Insurance Act) {{15244 (AR)}} will attach when terrorism coverage is not provided.

**E. Application of Coverage**

The endorsements and rates described above are conditional. They will only apply for the remainder of the policy period after the expiration of the Terrorism Risk Insurance Act of 2002 (including ensuing Congressional actions pursuant to the Act) if:

1. The Terrorism Risk Insurance Act of 2002 (including ensuing Congressional actions pursuant to the Act) is not extended; or
2. The Act is renewed, revised or otherwise continued in effect with revisions that:
  - a. increase statutory deductibles;
  - b. decrease the federal government's share in potential losses above the statutory deductibles;
  - c. change the level, terms or conditions of coverage; and
  - d. no longer require us to make terrorism coverage available and we elect not to do so.

**TERRORISM COVERAGE** (Certified Acts)

For Dwelling Fire policies providing coverage exclusively for **non-owner occupied dwellings**, coverage for acts of terrorism is included, subject to policy terms and conditions.

Charge: 1% of the final location premium for certified acts of terrorism as provided in the Terrorism Risk Insurance Act of 2002.

The insured may reject coverage for certified acts of terrorism by completing and signing the Terrorism Rejection Form {{59345 (AR)}}.

When Terrorism Coverage is provided, "Terrorism - Certified Acts", "See Form 59350" and a premium charge appear on the policy Declarations. Form {{59350 (AR)}}, Cap on Losses From Certified Acts of Terrorism and Important Information Regarding Terrorism Risk Insurance Coverage is attached.

When Terrorism Coverage has been rejected, "Terrorism - Certified Acts" and "See Form 59351" appear on the policy Declarations. Also when Terrorism Coverage is excluded, "Excluded" appears in the premium column of the policy Declarations. Form {{59351 (AR)}}, Exclusion of Certified Acts of Terrorism and Important Information Regarding Terrorism Risk Insurance Coverage is attached.

Auto-Owners

DWELLING FIRE  
ARKANSAS  
PREMIER PROGRAM

Cov A Amt	Relativity		Cov A Amt	Relativity
60,000	0.714		154,000	1.424
62,000	0.729		156,000	1.440
64,000	0.743		158,000	1.456
66,000	0.757		160,000	1.471
68,000	0.771		162,000	1.487
70,000	0.786		164,000	1.503
72,000	0.800		166,000	1.519
74,000	0.814		168,000	1.534
76,000	0.829		170,000	1.550
78,000	0.843		172,000	1.566
80,000	0.857		174,000	1.581
82,000	0.871		176,000	1.597
84,000	0.886		178,000	1.613
86,000	0.900		180,000	1.629
88,000	0.914		182,000	1.644
90,000	0.929		184,000	1.660
92,000	0.943		186,000	1.676
94,000	0.957		188,000	1.691
96,000	0.971		190,000	1.707
98,000	0.986		192,000	1.723
100,000	1.000		194,000	1.739
102,000	1.016		196,000	1.754
104,000	1.031		198,000	1.770
106,000	1.047		200,000	1.786
108,000	1.063		210,000	1.864
110,000	1.079		220,000	1.943
112,000	1.094		230,000	2.021
114,000	1.110		240,000	2.100
116,000	1.126		250,000	2.179
118,000	1.141		260,000	2.257
120,000	1.157		270,000	2.336
122,000	1.173		280,000	2.414
124,000	1.189		290,000	2.493
126,000	1.204		300,000	2.571
128,000	1.220		350,000	2.964
130,000	1.236		400,000	3.357
132,000	1.251		450,000	3.750
134,000	1.267		500,000	4.143
136,000	1.283		600,000	4.929
138,000	1.299		700,000	5.714
140,000	1.314		800,000	6.500
142,000	1.330			
144,000	1.346		Each	
146,000	1.361		Add'l	
148,000	1.377		10,000	0.079
150,000	1.393			
152,000	1.409			

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Auto-Owners

DWELLING FIRE  
ARKANSAS  
STANDARD PROGRAM

Building						Contents	
Cov A				Cov A		Cov C	
Amt	Relativity	Amt	Relativity	Amt	Relativity	Amt	Relativity
1,000	0.151	124,000	1.189	1,000	0.244		
2,000	0.161	126,000	1.204	2,000	0.260		
4,000	0.181	128,000	1.220	3,000	0.274		
6,000	0.201	130,000	1.236	4,000	0.290		
8,000	0.221	132,000	1.251	5,000	0.305		
10,000	0.241	134,000	1.267	6,000	0.317		
12,000	0.261	136,000	1.283	7,000	0.329		
14,000	0.281	138,000	1.299	8,000	0.341		
16,000	0.300	140,000	1.314	9,000	0.354		
18,000	0.318	142,000	1.330	10,000	0.366		
20,000	0.335	144,000	1.346	11,000	0.390		
22,000	0.352	146,000	1.361	12,000	0.415		
24,000	0.370	148,000	1.377	13,000	0.439		
26,000	0.388	150,000	1.393	14,000	0.463		
28,000	0.407	152,000	1.409	15,000	0.488		
30,000	0.426	154,000	1.424	16,000	0.512		
32,000	0.446	156,000	1.440	17,000	0.537		
34,000	0.465	158,000	1.456	18,000	0.561		
36,000	0.484	160,000	1.471	19,000	0.585		
38,000	0.504	162,000	1.487	20,000	0.610		
40,000	0.522	164,000	1.503	21,000	0.634		
42,000	0.541	166,000	1.519	22,000	0.659		
44,000	0.561	168,000	1.534	23,000	0.683		
46,000	0.580	170,000	1.550	24,000	0.707		
48,000	0.599	172,000	1.566	25,000	0.732		
50,000	0.619	174,000	1.581	26,000	0.743		
52,000	0.638	176,000	1.597	27,000	0.754		
54,000	0.657	178,000	1.613	28,000	0.763		
56,000	0.676	180,000	1.629	29,000	0.774		
58,000	0.695	182,000	1.644	30,000	0.785		
60,000	0.714	184,000	1.660	31,000	0.796		
62,000	0.729	186,000	1.676	32,000	0.807		
64,000	0.743	188,000	1.691	33,000	0.817		
66,000	0.757	190,000	1.707	34,000	0.828		
68,000	0.771	192,000	1.723	35,000	0.839		
70,000	0.786	194,000	1.739	36,000	0.850		
72,000	0.800	196,000	1.754	37,000	0.861		
74,000	0.814	198,000	1.770	38,000	0.871		
76,000	0.829	200,000	1.786	39,000	0.882		
78,000	0.843	210,000	1.864	40,000	0.893		
80,000	0.857	220,000	1.943	41,000	0.904		
82,000	0.871	230,000	2.021	42,000	0.915		
84,000	0.886	240,000	2.100	43,000	0.924		
86,000	0.900	250,000	2.179	44,000	0.935		
88,000	0.914	260,000	2.257	45,000	0.946		
90,000	0.929	270,000	2.336	46,000	0.957		
92,000	0.943	280,000	2.414	47,000	0.968		
94,000	0.957	290,000	2.493	48,000	0.978		
96,000	0.971	300,000	2.571	49,000	0.989		
98,000	0.986	350,000	2.964	50,000	1.000		
100,000	1.000	400,000	3.357				

102,000	1.016		450,000	3.750		Each	
104,000	1.031		500,000	4.143		Add'l	
106,000	1.047		600,000	4.929		10,000	0.134
108,000	1.063		700,000	5.714			
110,000	1.079		800,000	6.500			
112,000	1.094						
114,000	1.110		Each				
116,000	1.126		Add'l				
118,000	1.141		10,000	0.079			
120,000	1.157						
122,000	1.173						

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Auto-Owners

DWELLING FIRE  
ARKANSAS  
BASE RATES**STANDARD PROGRAM**

Occupancy	Base		Coverage	Rel
Bldg.-Owner	634.08		Basic	0.950
Bldg.-Tenant	603.89		Special	1.000
Contents	114.80			

**PREMIER PROGRAM**

Occupancy	Base		Coverage	Rel
Bldg.-Tenant	483.11		Special	1.000

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Auto-Owners

DWELLING FIRE  
ARKANSAS  
PREMIER PROGRAM

PROTECTION CLASS	FRAME	MASONRY	CEMENT FIBER
1	1.120	1.000	1.060
2	1.120	1.000	1.060
3	1.120	1.000	1.060
4	1.120	1.000	1.060
5	1.120	1.000	1.060
6	1.120	1.000	1.060
7	1.200	1.050	1.140
8	1.270	1.120	1.210
9	1.790	1.490	1.700
10	2.030	1.760	1.930
8B	1.790	1.490	1.700

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Auto-Owners

DWELLING FIRE  
ARKANSAS  
STANDARD PROGRAM

PROTECTION CLASS	FRAME	MASONRY	CEMENT FIBER
1	1.120	1.000	1.060
2	1.120	1.000	1.060
3	1.120	1.000	1.060
4	1.120	1.000	1.060
5	1.120	1.000	1.060
6	1.120	1.000	1.060
7	1.200	1.050	1.140
8	1.270	1.120	1.210
9	1.790	1.490	1.700
10	2.030	1.760	1.930
8B	1.790	1.490	1.700

Edition Date: 03/30/09

## Auto-Owners

**DWELLING FIRE  
ARKANSAS  
RATING PROCEDURE**

- I. Determine the base premium by following these steps:
  - A. Utilizing the Protection Class Selection and Construction Definitions, determine the Protection Class relativity.
  - B. Utilizing the Territory Descriptions, determine the Territory relativity.
  - C. Multiply the result of step B by the result of step A and round to three decimals
  - D. Multiply the result of step C by the Coverage relativity and round to three decimals.
  - E. Multiply the result of step D by the Base Rate and round to two decimals.
  - F. Multiply the result of step E by the Amount of Insurance relativity and round to the nearest dollar to determine the base premium. If the correct amount of coverage is not shown, interpolation is necessary. Determine the coverage amounts and relativities immediately preceding and following the desired amount. Follow steps 1 through 11.
    1. Record the low Amount of Insurance relativity.
    2. Record the high Amount of Insurance relativity.
    3. Subtract the low coverage amount from the desired coverage.
    4. Subtract the low coverage amount from the high coverage amount.
    5. Divide step 3 by step 4.
    6. Subtract step 1 from step 2.
    7. Multiply step 5 by step 6.
    8. Add step 7 to the low Amount of Insurance relativity.
    9. Round step 8 to the nearest thousandth to obtain the desired Amount of Insurance relativity.
    10. Multiply the result of step E by step 9 and round to the nearest dollar to determine the base premium.
    11. If the coverage amount is greater than what is printed in the charts, use the each additional \$10,000 relativity, interpolating when necessary.
  
- II. Determine flat dollar, percentage or rate per increment charges and discounts (except the Paid Loss Surcharge and Dwelling/Life Multi-Policy, Dwelling/Auto Multi-Policy, Insurance Score, Roof Discount/Surcharge, Mature and Paid in Full discounts) in any order as follows:
  - A. **Percentage Charges** – Multiply the charge percentage by the base premium developed in Step I and round to the nearest dollar unless otherwise stated in the rate pages. If rating a semi-annual policy, multiply the charge amount by 0.50 and round to the nearest cent.
  - B. **Flat Dollar Charges** – Record each flat dollar charge amount. If rating a semi-annual policy, multiply by 0.50 and round to the nearest cent.
  - C. **Percentage Discounts and Flat Dollar Discounts** – Calculate discounts in the same manner as a corresponding charge would be calculated. Sum these discounts (except the Paid Loss Surcharge and Dwelling/Life Multi-Policy, Dwelling/Auto Multi-Policy, Insurance Score, Roof Discount/Surcharge, Mature and Paid in Full discounts). Calculate the maximum dollar discount by multiplying the Maximum discount percentage by the base premium. If rating a semi-annual policy, multiply by 0.50 and round to the nearest cent. Record the lesser of the total discount and the Maximum Discount.
  - D. **Rate per Increment** – Multiply the rate by the amount of coverage desired. Round to the nearest dollar unless otherwise stated on the rate pages. If rating a semi-annual policy, multiply by 0.50 and round to the nearest cent. Record each charge amount.
  
- III. Add step I and the sum of II together.
  
- IV. Multiply by the Paid Loss Surcharge. Round to the nearest cent.
  
- V. Multiply by the Roof Discount/Surcharge. Round to the nearest cent.
  
- VI. Multiply by the Dwelling/Life Multi-Policy Discount. Round to the nearest cent.
  
- VII. Multiply by the Dwelling/Auto Multi-Policy Discount. Round to the nearest cent.
  
- VIII. Multiply by the Insurance Score. Round to the nearest cent.

- IX. Multiply by the Mature discount. Round to the nearest cent.
  - X. Combine the Coverage Totals and compare to the policy minimum.
  - XI. Apply the Terrorism factor. Round to the nearest cent.
  - XII. Multiply by the Paid in Full discount. Round to the nearest cent.
1. Follow the applicable steps using rates from the policy effective date for old policy limits. Prorate the result for the remaining policy period to obtain the return premium for the policy change.
  2. Follow the applicable steps using rates from the policy effective date for new policy limits. Prorate the result for the remaining policy period to obtain the additional premium for the policy change.
  3. Determine the difference between the previous two steps.

**Midterm  
Policy  
Changes**

Edition Date: 03/30/09

SERFF Tracking Number: AOIC-126066608 State: Arkansas  
Filing Company: Auto-Owners Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: DWF-AR-01-03/10/2009-01  
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
Product Name: Arkansas Independent Dwelling Fire Program  
Project Name/Number: Rate and Rule Revision/DWF-AR-01-03/10/2009-01

## Supporting Document Schedules

**Satisfied -Name:** Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines **Review Status:** Filed 03/25/2009

**Comments:**

**Attachment:**

Form RF-1.pdf

**Satisfied -Name:** HPCS-Homeowners Premium Comparison Survey **Review Status:** Filed 03/25/2009

**Comments:**

The rates provided include actual cash value settlement for dwelling as our DP-2 does not include dwelling replacement cost.

**Attachment:**

HPCS.xls

**Satisfied -Name:** Explanatory Memorandum **Review Status:** Filed 03/25/2009

**Comments:**

Please see the attached document for a summary of our proposed changes.

**Attachment:**

AR DF Explanatory Memo.pdf

**Satisfied -Name:** Companywide Dwelling Fire Indication **Review Status:** Filed 03/25/2009

**Comments:**

Because we have only been writing in Arkansas since 2005, please see the attached companywide indication to support our base rate change.

**Attachment:**

Companywide DF Indication.pdf

*SERFF Tracking Number:* AOIC-126066608      *State:* Arkansas  
*Filing Company:* Auto-Owners Insurance Company      *State Tracking Number:* EFT \$100  
*Company Tracking Number:* DWF-AR-01-03/10/2009-01  
*TOI:* 01.0 Property      *Sub-TOI:* 01.0002 Personal Property (Fire and Allied Lines)  
*Product Name:* Arkansas Independent Dwelling Fire Program  
*Project Name/Number:* Rate and Rule Revision/DWF-AR-01-03/10/2009-01

**Review Status:**

**Satisfied -Name:** Arkansas Dwelling Fire Indication      Filed      03/25/2009

**Comments:**

The attached statewide indication has also been provided for your reference.

**Attachment:**

Arkansas Dwelling Indication.pdf

### NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	DWF-AR-01-03/10/2009-01
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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. <b>Auto-Owners Insurance Company</b>	B.	<b>280-18988</b>

	Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A. <b>1.0000</b>	B.	<b>1.0002</b>

5.							
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
<b>Dwelling Fire</b>	<b>+37.3%</b>	<b>+4.6%</b>					
<b>TOTAL OVERALL EFFECT</b>		<b>+4.6%</b>					

6.							
5 Year History		Rate Change History					
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
<b>2004</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>66.2</b>
<b>2005</b>	<b>143</b>	<b>Initial</b>	<b>8/15/05</b>	<b>5.905</b>	<b>0.000</b>	<b>0.0</b>	<b>64.1</b>
<b>2006</b>	<b>909</b>	<b>n/a</b>	<b>n/a</b>	<b>147.926</b>	<b>66.343</b>	<b>46.8</b>	<b>65.6</b>
<b>2007</b>	<b>1625</b>	<b>+1.8</b>	<b>11/15/07</b>	<b>321.955</b>	<b>39.329</b>	<b>13.3</b>	<b>75.8</b>
<b>2008</b>	<b>2624</b>	<b>n/a</b>	<b>n/a</b>	<b>570.724</b>	<b>777.424</b>	<b>149.9</b>	<b>81.3</b>

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	<b>25.6</b>
B. General Expense	<b>1.3</b>
C. Taxes, License & Fees	<b>2.8</b>
D. Underwriting Profit & Contingencies	<b>7.4</b>
E. Other - Reinsurance	<b>0.5</b>
<b>F. TOTAL</b>	<b>37.6</b>

8. N Apply Lost Cost Factors to Future filings? (Y or N)
9. **+15.7** Estimated Maximum Rate Increase for any Insured (%). Territory: #5: Faulkner, Grant, Jefferson, and Lonoke counties; remainder of Pulaski and Saline counties
10. **-5.6** Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): #2: Baxter, Boone, Carroll, Clark, Conway, Franklin, Howard, Johnson, Little River, Logan, Madison, Marion, Newton, Perry, Pike, Polk, Pope, Scott, Searcy, Sevier, Stone, Van Buren, and Yell counties

NAIC Number: 18988  
 Company Name: Auto-Owners Insurance Company  
 Contact Person: Amy Anton  
 Telephone No.: (517)703-5212  
 Email Address: anton.amy@aoins.com  
 Effective Date: 4/16/2009

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

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

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

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

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

**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																		
	\$15,000																		
	\$25,000																		
6	\$5,000																		
	\$15,000																		
	\$25,000																		
9	\$5,000																		
	\$15,000																		
	\$25,000																		

**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	\$467.00	\$523.00	\$482.00	\$540.00	\$566.00	\$633.00	\$566.00	\$633.00	\$566.00	\$633.00	\$566.00	\$633.00	\$566.00	\$633.00	\$467.00	\$523.00	\$492.00	\$551.00
	\$120,000	\$631.00	\$706.00	\$650.00	\$729.00	\$764.00	\$855.00	\$764.00	\$855.00	\$764.00	\$855.00	\$764.00	\$855.00	\$764.00	\$855.00	\$631.00	\$706.00	\$664.00	\$743.00
	\$160,000	\$802.00	\$898.00	\$827.00	\$927.00	\$971.00	\$1,087.00	\$971.00	\$1,087.00	\$971.00	\$1,087.00	\$971.00	\$1,087.00	\$971.00	\$1,087.00	\$802.00	\$898.00	\$844.00	\$945.00
6	\$80,000	\$467.00	\$523.00	\$482.00	\$540.00	\$566.00	\$633.00	\$566.00	\$633.00	\$566.00	\$633.00	\$566.00	\$633.00	\$566.00	\$633.00	\$467.00	\$523.00	\$492.00	\$551.00
	\$120,000	\$631.00	\$706.00	\$650.00	\$729.00	\$764.00	\$855.00	\$764.00	\$855.00	\$764.00	\$855.00	\$764.00	\$855.00	\$764.00	\$855.00	\$631.00	\$706.00	\$664.00	\$743.00
	\$160,000	\$802.00	\$898.00	\$827.00	\$927.00	\$971.00	\$1,087.00	\$971.00	\$1,087.00	\$971.00	\$1,087.00	\$971.00	\$1,087.00	\$971.00	\$1,087.00	\$802.00	\$898.00	\$844.00	\$945.00
9	\$80,000	\$696.00	\$836.00	\$718.00	\$863.00	\$843.00	\$1,012.00	\$843.00	\$1,012.00	\$843.00	\$1,012.00	\$843.00	\$1,012.00	\$843.00	\$1,012.00	\$696.00	\$836.00	\$733.00	\$880.00
	\$120,000	\$940.00	\$1,129.00	\$970.00	\$1,165.00	\$1,137.00	\$1,367.00	\$1,137.00	\$1,367.00	\$1,137.00	\$1,367.00	\$1,137.00	\$1,367.00	\$1,137.00	\$1,367.00	\$940.00	\$1,129.00	\$989.00	\$1,188.00
	\$160,000	\$1,195.00	\$1,436.00	\$1,233.00	\$1,481.00	\$1,446.00	\$1,738.00	\$1,446.00	\$1,738.00	\$1,446.00	\$1,738.00	\$1,446.00	\$1,738.00	\$1,446.00	\$1,738.00	\$1,195.00	\$1,436.00	\$1,258.00	\$1,511.00

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

**HO3 and HO4 only**

Fire Extinguisher		%	Deadbolt Lock		%
Burglar Alarm		%	Window Locks		%
Smoke Alarm		%	\$1,000 Deductible		%
			Other (specify)		%

**EARTHQUAKE INSURANCE**

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

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?	Yes	(yes or no)
WHAT IS YOUR PERCENTAGE DEDUCTIBLE?	10	%

Zone Brick Frame

Auto-Owners Insurance Group  
Arkansas Dwelling Fire  
Summary of Proposed Changes

1. Modify the Minimum Amounts of Insurance and Occupancy eligibility requirements. Please see manual page AOURZ188.
2. Expand the Building Amount of Insurance relativities to \$800,000 and rebase relativities to \$100,000. Please see manual pages AOURZ013 and AOURZ014.
3. Rebase the Contents Amount of Insurance relativities to \$50,000. Please see manual page AOURZ014.
4. Modify how the Earthquake premium is calculated. Currently the rates are only applied to the total of Coverage A and increased limits of Coverage B. The rates will now be applied to Coverage C and increased limits of Coverage D and E as well. Please see manual page AOURZ196.
5. Modify the rating algorithm to only apply Mature and Paid in Full discounts to Earthquake premiums.
6. Introduce Cement Fiber construction at rates 5% below Frame, but not below Masonry. Earthquake rates will match Frame. Please see manual pages AOURZ189, AOURZ196, AOARZ016, and AOARZ017.
7. Modify the Wood/Coal Heating surcharge as shown on manual page AOURZ190.
8. Increase the Business Personal Property rate. Please see manual page AOURZ191.
9. Modify the Age of Construction Discount and introduce a surcharge on dwellings over 20 years old as shown on manual page AOURZ192.
10. Combine the Age of Roof Discount and the Roofing Materials Discount/Surcharge into the Roof Discount/Surcharge table as shown on manual page AOURZ200.
11. Require a minimum amount of insurance and increase the charge for Increased Cost Endorsement. Please see manual page AOURZ193.
12. Modify the Seasonal Discount so that it no longer applies to Builders' Risk policies. Please see manual page AOURZ194.
13. Increase the charge for Condominium Owners Loss Assessment Coverage as shown on manual page AOURZ195.
14. Modify Earthquake rates and realign counties as shown on manual page AOURZ196.
15. Modify the Adjusted Value Endorsement. Please see manual page AOURZ197.
16. Remove catastrophic losses from the Paid Loss Surcharge. Please see manual page AOURZ198.
17. Increase the base 4.3% for an overall increase of 4.6%. Please see manual page AOARZ015.

**Companywide Dwelling Fire**

**Determination of Rate Level Indications for Accident Years Data  
(Reinsurance included)**

	<u>Jun-04</u>	<u>Jun-05</u>	<u>Jun-06</u>	<u>Jun-07</u>	<u>Jun-08</u>
(1) Current Level Trended Premiums	\$135,328,184	\$159,079,049	\$170,631,758	\$176,381,990	\$179,147,883
(2) Ultimate Losses and ALAE	83,401,918	92,562,473	104,466,236	119,058,682	127,774,835
(3) Unallocated Loss Adjustment Factor	1.0698	1.0763	1.0689	1.0540	1.0363
(4) Ultimate Losses and LAE (2) x (3)	89,223,372	99,624,990	111,663,960	125,487,851	132,413,062
(5) Loss Trend Factor (Frequency)	1.394	1.323	1.255	1.191	1.131
(6) Loss Trend Factor (Average Paid)	1.088	1.074	1.059	1.045	1.032
(7) Trended Incurred Losses and LAE (4) x (5) x (6)	135,322,590	141,557,348	148,406,428	156,181,552	154,551,467
(8) Involuntary Assessments	0	0	0	0	0
(9) Total Direct & Indirect Losses and Assessments (7) + (8)	135,322,590	141,557,348	148,406,428	156,181,552	154,551,467
(10) Projected Loss Ratio (9) / (1)	100.0%	89.0%	87.0%	88.6%	86.3%
(11) Weights	10%	15%	20%	25%	30%
(12) Weighted Projected Loss Ratio					88.8%
(13) Net Projected Loss Ratio					92.4%
(14) Permissible Loss Ratio					61.9%
(15) Indicated Rate Level Change [(13) / (14)] -1					49.3%

# *Auto-Owners Insurance*

Dwelling Fire  
Companywide

## Calculation of Current Level Trended Premiums

Part	Year	Earned Premiums	Current Level Factor	Premium Trend Factor	Current Level Trended Premiums
		(1)	(2)	(3)	(4)
Buildings	2004	\$133,530,576	1.0000	1.013	\$135,328,184
	2005	\$157,297,148	1.0000	1.011	\$159,079,049
	2006	\$169,076,452	1.0000	1.009	\$170,631,758
	2007	\$175,143,044	1.0000	1.007	\$176,381,990
	2008	\$178,264,856	1.0000	1.005	\$179,147,883

### Notes

- (1) Actual Earned Premiums
- (2) Per Parallelogram Method
- (3) See Calculation of Premium Trend Factor
- (4) (1) \* (2) \* (3)

# ***Auto-Owners Insurance***

Dwelling Fire  
Companywide

## Calculation of Premium Trend Factors

	Experience Period	Buildings
(1) Calculated Premium Trend		<b>0.21%</b>
(2) Selected Premium Trend		<b>0.21%</b>
(3) Trend Start Date	2004	1/1/2004
<i>Midpoint of Experience Period</i>	2005	1/1/2005
	2006	1/1/2006
	2007	1/1/2007
	2008	1/1/2008
(4) Trend End Date	2004	5/5/2010
<i>12 months past renewal date of 5/5/2009</i>	2005	5/5/2010
	2006	5/5/2010
	2007	5/5/2010
	2008	5/5/2010
(5) Years of Trend Extension	2004	6.344
<i># of Years between (3) and (4)</i>	2005	5.344
	2006	4.344
	2007	3.344
	2008	2.344
(6) Premium Trend Factor	2004	1.013
<i>(2+(2))^(5)</i>	2005	1.011
	2006	1.009
	2007	1.007
	2008	1.005

**Companywide Dwelling Fire**

**Ultimate Losses**

Experience Period	Losses Less Large and Cats	Cat Losses Smoothed	Large Losses Smoothed	Total
2004	62,724,849	15,855,777	4,821,292	83,401,918
2005	68,316,717	18,592,350	5,653,406	92,562,473
2006	79,676,608	19,009,407	5,780,221	104,466,236
2007	94,649,171	18,717,922	5,691,589	119,058,682
2008	102,928,039	19,053,245	5,793,551	127,774,835
Explanation:	Straight Average	CW Non-Hurricane Cats	CW Large Losses Less Large Cats	

**Companywide  
Dwelling Fire  
Auto-Owners Insurance Group  
Buildings  
Period Ending 6/2008  
All Reviewable Coverages  
Loss Development Exhibit**

3/24/2009

**LOSSES - Losses Less Large and Cats : Incurred Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/98 - 6/30/99	30,607,019	31,569,912	31,549,831	31,528,853	31,531,561	31,529,833	31,521,520	31,517,992	31,518,205	31,518,005
7/1/99 - 6/30/00	32,057,900	33,885,708	33,811,177	33,802,625	33,806,249	33,754,341	33,754,885	33,754,961	33,755,323	
7/1/00 - 6/30/01	45,679,382	47,991,980	48,336,461	48,290,845	48,331,644	48,291,916	48,298,033	48,275,854		
7/1/01 - 6/30/02	43,273,499	45,327,042	45,124,538	45,262,637	45,272,473	45,250,821	45,254,057			
7/1/02 - 6/30/03	53,749,350	56,739,525	56,694,433	56,645,783	56,711,886	56,711,514				
7/1/03 - 6/30/04	61,322,963	62,708,834	62,645,602	62,562,094	62,721,990					
7/1/04 - 6/30/05	66,977,818	68,865,440	68,350,192	68,246,059						
7/1/05 - 6/30/06	77,957,387	80,314,895	79,660,495							
7/1/06 - 6/30/07	90,078,100	95,471,578								
7/1/07 - 6/30/08	99,936,388									

**RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/98 - 6/30/99	1.0315	0.9994	0.9993	1.0001	0.9999	0.9997	0.9999	1.0000	1.0000
7/1/99 - 6/30/00	1.0570	0.9978	0.9997	1.0001	0.9985	1.0000	1.0000	1.0000	
7/1/00 - 6/30/01	1.0506	1.0072	0.9991	1.0008	0.9992	1.0001	0.9995		
7/1/01 - 6/30/02	1.0475	0.9955	1.0031	1.0002	0.9995	1.0001			
7/1/02 - 6/30/03	1.0556	0.9992	0.9991	1.0012	1.0000				
7/1/03 - 6/30/04	1.0226	0.9990	0.9987	1.0026					
7/1/04 - 6/30/05	1.0282	0.9925	0.9985						
7/1/05 - 6/30/06	1.0302	0.9919							
7/1/06 - 6/30/07	1.0599								

**AVERAGE RATIOS - Standard Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	1.0599	0.9919	0.9985	1.0026	1.0000	1.0001	0.9995	1.0000	1.0000
2 Year Average	1.0450	0.9922	0.9986	1.0019	0.9998	1.0001	0.9998	1.0000	1.0000
3 Year Average	1.0394	0.9945	0.9988*	1.0013	0.9996	1.0001	0.9998	0.9999	0.9997
4 Year Average	1.0352*	0.9956	0.9998	1.0012	0.9993	1.0000	0.9998	0.9999	0.9998
5 Year Average	1.0393	0.9956	0.9997	1.0010	0.9994	0.9998	0.9998	0.9999	0.9998
6 Year Average	1.0407	0.9976	0.9997	1.0008	0.9995	0.9999	0.9999	1.0000	0.9998
7 Year Average	1.0421	0.9976	0.9996	1.0005	0.9996	0.9998	0.9999	1.0000	0.9998
8 Year Average	1.0440	0.9978	0.9996	1.0005	0.9995	0.9999	0.9999	1.0000	0.9998
9 Year Average	1.0426	0.9985	0.9999	1.0004*	0.9996	0.9999	0.9999	1.0000	0.9998
Middle 3 of 5	1.0380	0.9957	0.9990	1.0007	0.9995	0.9999	0.9999	1.0000	0.9999
Middle 5 of 7	1.0424	0.9968*	0.9992	1.0005	0.9997	0.9999	1.0000	1.0000	0.9999
3 Year Volume Weighted	1.0410	0.9942	0.9987	1.0015	0.9996	1.0001	0.9998	0.9999	0.9998
5 Year Volume Weighted	1.0400	0.9953	0.9995	1.0011	0.9995	0.9999	0.9998	0.9999	0.9998
7 Year Volume Weighted	1.0419	0.9969	0.9995	1.0008	0.9996	0.9999	0.9999	1.0000	0.9998
9 Year Volume Weighted	1.0422	0.9975	0.9997	1.0007	0.9996	0.9999	0.9999	1.0000	0.9998

**SELECTED AND CUSTOM RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
Selected Custom	1.0352 A4	0.9968 M5	0.9988 A3	1.0004 A9	1.0000----	1.0000----	1.0000----	1.0000----	1.0000----
Cumulative	1.0311	0.9960	0.9992	1.0004	1.0000	1.0000	1.0000	1.0000	1.0000
Ratio to Ultimate	0.9699	1.0040	1.0008	0.9996	1.0000	1.0000	1.0000	1.0000	1.0000

Companywide  
Dwelling Fire  
Auto-Owners Insurance Group  
Buildings  
Period Ending 6/2008  
All Reviewable Coverages  
Loss Development Exhibit

3/24/2009

**LOSSES - Losses Less Large and Cats : Incurred Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/98 - 6/30/99	30,607,019	31,569,912	31,549,831	31,528,853	31,531,561	31,529,833	31,521,520	31,517,992	31,518,205	31,518,005
7/1/99 - 6/30/00	32,057,900	33,885,708	33,811,177	33,802,625	33,806,249	33,754,341	33,754,885	33,754,961	33,755,323	
7/1/00 - 6/30/01	45,679,382	47,991,980	48,336,461	48,290,845	48,331,644	48,291,916	48,298,033	48,275,854		
7/1/01 - 6/30/02	43,273,499	45,327,042	45,124,538	45,262,637	45,272,473	45,250,821	45,254,057			
7/1/02 - 6/30/03	53,749,350	56,739,525	56,694,433	56,645,783	56,711,886	56,711,514				
7/1/03 - 6/30/04	61,322,963	62,708,834	62,645,602	62,562,094	62,721,990					
7/1/04 - 6/30/05	66,977,818	68,865,440	68,350,192	68,246,059						
7/1/05 - 6/30/06	77,957,387	80,314,895	79,660,495							
7/1/06 - 6/30/07	90,078,100	95,471,578								
7/1/07 - 6/30/08	99,936,388									

**RATIOS - Percent Premium Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/98 - 6/30/99	0.0151	-0.0003	-0.0003	0.0000	0.0000	-0.0001	-0.0001	0.0000	0.0000
7/1/99 - 6/30/00	0.0271	-0.0011	-0.0001	0.0001	-0.0008	0.0000	0.0000	0.0000	
7/1/00 - 6/30/01	0.0312	0.0046	-0.0006	0.0006	-0.0005	0.0001	-0.0003		
7/1/01 - 6/30/02	0.0235	-0.0023	0.0016	0.0001	-0.0002	0.0000			
7/1/02 - 6/30/03	0.0261	-0.0004	-0.0004	0.0006	0.0000				
7/1/03 - 6/30/04	0.0093	-0.0004	-0.0006	0.0011					
7/1/04 - 6/30/05	0.0108	-0.0030	-0.0006						
7/1/05 - 6/30/06	0.0133	-0.0037							
7/1/06 - 6/30/07	0.0308								

**AVERAGE RATIOS - Percent Premium Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	0.0308	-0.0037	-0.0006	0.0011	0.0000	0.0000	-0.0003	0.0000	0.0000
2 Year Average	0.0220	-0.0034	-0.0006	0.0008	-0.0001	0.0000	-0.0001	0.0000	0.0000
3 Year Average	0.0183	-0.0024	-0.0005*	0.0006	-0.0002	0.0000	-0.0001	0.0000	0.0000
4 Year Average	0.0161	-0.0019	0.0000	0.0006	-0.0004	0.0000	-0.0001	0.0000	0.0000
5 Year Average	0.0181*	-0.0020	-0.0001	0.0005	-0.0003	0.0000	-0.0001	0.0000	0.0000
6 Year Average	0.0190	-0.0009	-0.0001	0.0004	-0.0003	0.0000	-0.0001	0.0000	0.0000
7 Year Average	0.0207	-0.0009	-0.0001	0.0004	-0.0003	0.0000	-0.0001	0.0000	0.0000
8 Year Average	0.0215	-0.0008	-0.0001	0.0004	-0.0003	0.0000	-0.0001	0.0000	0.0000
9 Year Average	0.0208	-0.0008	-0.0001	0.0004	-0.0003	0.0000	-0.0001	0.0000	0.0000
Middle 3 of 5	0.0167	-0.0019	-0.0005	0.0004	-0.0002	0.0000	0.0000	0.0000	-0.0001
Middle 5 of 7	0.0209	-0.0014*	-0.0004	0.0003*	-0.0001	0.0000	0.0000	0.0000	-0.0001
3 Year Volume Weighted	0.0193	-0.0025	-0.0005	0.0007	-0.0002	0.0000	-0.0002	0.0000	0.0000
5 Year Volume Weighted	0.0186	-0.0021	-0.0002	0.0006	-0.0003	0.0000	-0.0002	0.0000	0.0000
7 Year Volume Weighted	0.0204	-0.0012	-0.0002	0.0005	-0.0003	0.0000	-0.0002	0.0000	0.0000
9 Year Volume Weighted	0.0205	-0.0011	-0.0002	0.0005	-0.0003	0.0000	-0.0002	0.0000	0.0000

**SELECTED AND CUSTOM RATIOS - Percent Premium Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
Selected Custom	0.0181 A5	-0.0014 M5	-0.0005 A3	0.0003 M5	0.0000----	0.0000----	0.0000----	0.0000----	0.0000----
Cumulative	0.0165	-0.0016	-0.0002	0.0003	0.0000	0.0000	0.0000	0.0000	0.0000

**Companywide  
Dwelling Fire  
Auto-Owners Insurance Group  
Buildings  
Period Ending 6/2008  
All Reviewable Coverages  
Loss Development Exhibit**

3/24/2009

**LOSSES - Losses Less Large and Cats : Paid Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/98 - 6/30/99	24,894,824	31,264,182	31,485,760	31,509,097	31,517,995	31,529,867	31,521,554	31,518,026	31,518,238	31,518,038
7/1/99 - 6/30/00	26,115,190	33,335,784	33,697,428	33,744,394	33,752,834	33,752,298	33,752,843	33,752,920	33,755,356	
7/1/00 - 6/30/01	36,994,929	47,380,575	48,122,427	48,200,807	48,214,548	48,257,048	48,260,776	48,275,886		
7/1/01 - 6/30/02	35,358,033	44,543,349	44,996,163	45,168,679	45,198,549	45,245,932	45,249,169			
7/1/02 - 6/30/03	44,080,866	56,052,474	56,560,868	56,572,204	56,673,667	56,711,548				
7/1/03 - 6/30/04	49,558,122	61,810,355	62,428,096	62,616,672	62,681,775					
7/1/04 - 6/30/05	54,524,038	67,887,460	68,225,888	68,217,906						
7/1/05 - 6/30/06	62,070,398	78,886,944	79,481,271							
7/1/06 - 6/30/07	70,793,690	93,182,044								
7/1/07 - 6/30/08	81,029,233									

**RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/98 - 6/30/99	1.2559	1.0071	1.0007	1.0003	1.0004	0.9997	0.9999	1.0000	1.0000
7/1/99 - 6/30/00	1.2765	1.0108	1.0014	1.0003	1.0000	1.0014	1.0000	1.0001	
7/1/00 - 6/30/01	1.2807	1.0157	1.0016	1.0003	1.0009	1.0001	1.0003		
7/1/01 - 6/30/02	1.2598	1.0102	1.0038	1.0007	1.0010	1.0001			
7/1/02 - 6/30/03	1.2716	1.0091	1.0002	1.0018	1.0007				
7/1/03 - 6/30/04	1.2472	1.0100	1.0030	1.0010					
7/1/04 - 6/30/05	1.2451	1.0050	0.9999						
7/1/05 - 6/30/06	1.2709	1.0075							
7/1/06 - 6/30/07	1.3162								

**AVERAGE RATIOS - Standard Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	1.3162	1.0075	0.9999	1.0010	1.0007	1.0001	1.0003	1.0001	1.0000
2 Year Average	1.2936	1.0062	1.0014	1.0014	1.0008	1.0001	1.0002	1.0000	1.0000
3 Year Average	1.2774	1.0075*	1.0010	1.0012	1.0009	1.0001	1.0001	1.0000	0.9997
4 Year Average	1.2699	1.0079	1.0017	1.0010*	1.0006	1.0000	1.0000	1.0000	0.9998
5 Year Average	1.2702*	1.0084	1.0017*	1.0008	1.0006	0.9999	1.0000	1.0000	0.9998
6 Year Average	1.2685	1.0096	1.0016	1.0007	1.0005	0.9999	1.0000	1.0000	0.9998
7 Year Average	1.2702	1.0098	1.0015	1.0009	1.0004	0.9999	1.0001	1.0000	0.9998
8 Year Average	1.2710	1.0094	1.0015	1.0013	1.0006	0.9999	1.0001	1.0000	0.9998
9 Year Average	1.2693	1.0092	1.0020	1.0016	1.0006	0.9999	1.0001	1.0000	0.9998
Middle 3 of 5	1.2632	1.0089	1.0016	1.0007	1.0007*	0.9999	0.9999	1.0000	0.9999
Middle 5 of 7	1.2660	1.0095	1.0014	1.0008	1.0004	0.9999	1.0000	1.0000	0.9999
3 Year Volume Weighted	1.2805	1.0074	1.0010	1.0012	1.0009	1.0001	1.0001	1.0000	0.9998
5 Year Volume Weighted	1.2732	1.0081	1.0016	1.0009	1.0007	1.0000	1.0000	1.0000	0.9998
7 Year Volume Weighted	1.2727	1.0093	1.0015	1.0009	1.0005	0.9999	1.0001	1.0000	0.9998
9 Year Volume Weighted	1.2719	1.0090	1.0017	1.0014	1.0006	1.0000	1.0001	1.0000	0.9998

**SELECTED AND CUSTOM RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
Selected Custom	1.2702 A5	1.0075 A3	1.0017 A5	1.0010 A4	1.0007 M3	1.0000----	1.0000----	1.0000----	1.0000----
Cumulative	1.2841	1.0109	1.0034	1.0017	1.0007	1.0000	1.0000	1.0000	1.0000
Ratio to Ultimate	0.7788	0.9892	0.9966	0.9983	0.9993	1.0000	1.0000	1.0000	1.0000

Companywide  
Dwelling Fire  
Auto-Owners Insurance Group  
Buildings  
Period Ending 6/2008  
All Reviewable Coverages  
Loss Development Exhibit

3/24/2009

**LOSSES - Losses Less Large and Cats : Paid Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/98 - 6/30/99	24,894,824	31,264,182	31,485,760	31,509,097	31,517,995	31,529,867	31,521,554	31,518,026	31,518,238	31,518,038
7/1/99 - 6/30/00	26,115,190	33,335,784	33,697,428	33,744,394	33,752,834	33,752,298	33,752,843	33,752,920	33,755,356	
7/1/00 - 6/30/01	36,994,929	47,380,575	48,122,427	48,200,807	48,214,548	48,257,048	48,260,776	48,275,886		
7/1/01 - 6/30/02	35,358,033	44,543,349	44,996,163	45,168,679	45,198,549	45,245,932	45,249,169			
7/1/02 - 6/30/03	44,080,866	56,052,474	56,560,868	56,572,204	56,673,667	56,711,548				
7/1/03 - 6/30/04	49,558,122	61,810,355	62,428,096	62,428,096	62,616,672	62,681,775				
7/1/04 - 6/30/05	54,524,038	67,887,460	68,225,888	68,217,906						
7/1/05 - 6/30/06	62,070,398	78,886,944	79,481,271							
7/1/06 - 6/30/07	70,793,690	93,182,044								
7/1/07 - 6/30/08	81,029,233									

**RATIOS - Percent Premium Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/98 - 6/30/99	0.1001	0.0035	0.0004	0.0001	0.0002	-0.0001	-0.0001	0.0000	0.0000
7/1/99 - 6/30/00	0.1071	0.0054	0.0007	0.0001	0.0000	0.0000	0.0000	0.0000	
7/1/00 - 6/30/01	0.1401	0.0100	0.0011	0.0002	0.0006	0.0001	0.0002		
7/1/01 - 6/30/02	0.1049	0.0052	0.0020	0.0003	0.0005	0.0000			
7/1/02 - 6/30/03	0.1043	0.0044	0.0001	0.0009	0.0003				
7/1/03 - 6/30/04	0.0826	0.0042	0.0013	0.0004					
7/1/04 - 6/30/05	0.0768	0.0019	0.0000						
7/1/05 - 6/30/06	0.0945	0.0033							
7/1/06 - 6/30/07	0.1278								

**AVERAGE RATIOS - Percent Premium Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	0.1278	0.0033	0.0000	0.0004	0.0003	0.0000	0.0002	0.0000	0.0000
2 Year Average	0.1112	0.0026	0.0006	0.0006	0.0004	0.0000	0.0001	0.0000	0.0000
3 Year Average	0.0997	0.0031	0.0005*	0.0005	0.0005	0.0000	0.0000	0.0000	0.0000
4 Year Average	0.0954*	0.0034	0.0008	0.0004	0.0003	0.0000	0.0000	0.0000	0.0000
5 Year Average	0.0972	0.0038*	0.0009	0.0004	0.0003	0.0000	0.0000	0.0000	0.0000
6 Year Average	0.0985	0.0048	0.0009	0.0003	0.0003	0.0000	0.0000	0.0000	0.0000
7 Year Average	0.1044	0.0049	0.0008	0.0003	0.0003	0.0000	0.0000	0.0000	0.0000
8 Year Average	0.1048	0.0047	0.0008	0.0003	0.0003	0.0000	0.0000	0.0000	0.0000
9 Year Average	0.1042	0.0047	0.0008	0.0003	0.0003	0.0000	0.0000	0.0000	0.0000
Middle 3 of 5	0.0938	0.0040	0.0008	0.0003*	0.0003	0.0000	0.0000	0.0000	-0.0001
Middle 5 of 7	0.1028	0.0045	0.0007	0.0004	0.0002*	0.0000	0.0000	0.0000	-0.0001
3 Year Volume Weighted	0.1019	0.0031	0.0005	0.0005	0.0005	0.0000	0.0001	0.0000	0.0000
5 Year Volume Weighted	0.0989	0.0036	0.0008	0.0004	0.0003	0.0000	0.0001	0.0000	0.0000
7 Year Volume Weighted	0.1038	0.0046	0.0008	0.0004	0.0003	0.0000	0.0001	0.0000	0.0000
9 Year Volume Weighted	0.1038	0.0045	0.0008	0.0004	0.0003	0.0000	0.0001	0.0000	0.0000

**SELECTED AND CUSTOM RATIOS - Percent Premium Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
Selected Custom	0.0954 A4	0.0038 A5	0.0005 A3	0.0003 M3	0.0002 M5	0.0000----	0.0000----	0.0000----	0.0000----
Cumulative	0.1002	0.0048	0.0010	0.0005	0.0002	0.0000	0.0000	0.0000	0.0000

**Companywide  
Dwelling Fire  
Auto-Owners Insurance Group  
Buildings  
Period Ending 6/2008  
All Reviewable Coverages  
Loss Development Exhibit**

3/24/2009

**LOSSES - Large Less Large Cats : Incurred Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/98 - 6/30/99	1,332,003	1,700,702	1,464,405	1,472,928	1,454,432	1,454,267	1,454,222	1,454,222	1,454,222	1,454,222
7/1/99 - 6/30/00	1,691,124	1,797,284	1,720,740	1,943,141	1,954,516	1,690,850	1,692,092	1,692,092	1,692,092	
7/1/00 - 6/30/01	2,653,285	2,806,483	2,974,928	2,985,852	2,995,896	2,973,280	2,973,076	2,974,956		
7/1/01 - 6/30/02	4,250,099	4,241,469	3,989,882	4,187,896	4,087,440	4,152,352	4,215,588			
7/1/02 - 6/30/03	6,487,200	6,456,238	6,352,209	6,286,867	6,296,758	6,283,538				
7/1/03 - 6/30/04	6,081,500	6,011,058	5,870,124	5,653,287	5,546,819					
7/1/04 - 6/30/05	5,654,388	5,961,174	5,759,146	5,658,637						
7/1/05 - 6/30/06	7,333,912	7,491,096	7,617,745							
7/1/06 - 6/30/07	3,378,055	3,568,836								
7/1/07 - 6/30/08	2,212,946									

**RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/98 - 6/30/99	1.2768	0.8611	1.0058	0.9874	0.9999	1.0000	1.0000	1.0000	1.0000
7/1/99 - 6/30/00	1.0628	0.9574	1.1292	1.0059	0.8651	1.0007	1.0000	1.0000	
7/1/00 - 6/30/01	1.0577	1.0600	1.0037	1.0034	0.9925	0.9999	1.0006		
7/1/01 - 6/30/02	0.9980	0.9407	1.0496	0.9760	1.0159	1.0152			
7/1/02 - 6/30/03	0.9952	0.9839	0.9897	1.0016	0.9979				
7/1/03 - 6/30/04	0.9884	0.9766	0.9631	0.9812					
7/1/04 - 6/30/05	1.0543	0.9661	0.9825						
7/1/05 - 6/30/06	1.0214	1.0169							
7/1/06 - 6/30/07	1.0565								

**AVERAGE RATIOS - Standard Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	1.0565	1.0169	0.9825	0.9812	0.9979	1.0152	1.0006	1.0000	1.0000
2 Year Average	1.0390	0.9915	0.9728	0.9914	1.0069	1.0076	1.0003	1.0000	1.0000
3 Year Average	1.0441	0.9865	0.9784	0.9863	1.0021	1.0053	1.0002	1.0000	1.0000
4 Year Average	1.0301	0.9859	0.9962	0.9906	0.9678	1.0040	1.0002	1.0000	1.0000
5 Year Average	1.0232	0.9768	0.9977	0.9936	0.9743	1.0032	1.0001	1.0000	1.0000
6 Year Average	1.0190	0.9907	1.0196	0.9926	0.9789	1.0028	1.0001	1.0000	1.0000
7 Year Average	1.0245	0.9859	1.0177	0.9934	0.9822	1.0024	1.0001	1.0000	1.0000
8 Year Average	1.0293	0.9703	1.0158	0.9823	0.9829	1.0021	1.0001	1.0000	1.0000
9 Year Average	1.0568	0.9735	1.0395	0.9849	0.9848	1.0021	1.0001	1.0000	1.0000
Middle 3 of 5	1.0236	0.9755	0.9920*	0.9954*	0.9968	1.0002*	1.0000	1.0000	1.0000
Middle 5 of 7	1.0251	0.9802*	1.0063	0.9944	0.9989*	1.0004	1.0000	1.0000	1.0000
3 Year Volume Weighted	1.0400*	0.9889	0.9787	0.9878	1.0022	1.0073	1.0003	1.0000	1.0000
5 Year Volume Weighted	1.0191	0.9810	0.9930	0.9917	0.9860	1.0050	1.0002	1.0000	1.0000
7 Year Volume Weighted	1.0195	0.9862	1.0020	0.9921	0.9888	1.0041	1.0001	1.0000	1.0000
9 Year Volume Weighted	1.0302	0.9815	1.0086	0.9898	0.9892	1.0038	1.0001	1.0000	1.0000

**SELECTED AND CUSTOM RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
Selected Custom	1.0400 W3	0.9802 M5	0.9920 M3	0.9954 M3	0.9989 M5	1.0002 M3	1.0000----	1.0000----	1.0000----
Cumulative	1.0057	0.9670	0.9865	0.9945	0.9991	1.0002	1.0000	1.0000	1.0000
Ratio to Ultimate	0.9943	1.0341	1.0136	1.0055	1.0009	0.9998	1.0000	1.0000	1.0000

**Companywide  
Dwelling Fire  
Auto-Owners Insurance Group  
Buildings  
Period Ending 6/2008  
All Reviewable Coverages  
Loss Development Exhibit**

3/11/2009

**LOSSES - Non-Hurricane Cats : Incurred Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/98 - 6/30/99	6,121,230	6,807,698	6,715,042	6,729,398	6,731,202	6,731,152	6,730,703	6,730,698	6,730,698	6,730,698
7/1/99 - 6/30/00	4,497,817	6,432,882	6,531,231	6,533,512	6,536,759	6,536,759	6,536,754	6,536,754	6,536,754	6,536,754
7/1/00 - 6/30/01	6,818,302	8,867,101	8,994,924	9,005,029	9,017,902	9,019,027	9,016,758	9,016,758		
7/1/01 - 6/30/02	5,456,654	6,032,058	5,996,934	5,999,123	6,006,459	6,010,150	6,010,679			
7/1/02 - 6/30/03	10,044,994	11,066,779	11,084,642	11,083,520	11,077,532	11,125,884				
7/1/03 - 6/30/04	6,935,166	8,273,144	8,241,695	8,256,191	8,253,486					
7/1/04 - 6/30/05	6,243,345	6,861,746	6,736,411	6,762,429						
7/1/05 - 6/30/06	21,139,354	28,530,862	28,756,071							
7/1/06 - 6/30/07	11,965,383	17,325,648								
7/1/07 - 6/30/08	26,192,317									

**RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/98 - 6/30/99	1.1121	0.9864	1.0021	1.0003	1.0000	0.9999	1.0000	1.0000	1.0000
7/1/99 - 6/30/00	1.4302	1.0153	1.0003	1.0005	1.0000	1.0000	1.0000	1.0000	
7/1/00 - 6/30/01	1.3005	1.0144	1.0011	1.0014	1.0001	0.9997	1.0000		
7/1/01 - 6/30/02	1.1054	0.9942	1.0004	1.0012	1.0006	1.0001			
7/1/02 - 6/30/03	1.1017	1.0016	0.9999	0.9995	1.0044				
7/1/03 - 6/30/04	1.1929	0.9962	1.0018	0.9997					
7/1/04 - 6/30/05	1.0990	0.9817	1.0039						
7/1/05 - 6/30/06	1.3497	1.0079							
7/1/06 - 6/30/07	1.4480								

**AVERAGE RATIOS - Standard Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	1.4480	1.0079	1.0039	0.9997	1.0044	1.0001	1.0000	1.0000	1.0000
2 Year Average	1.3988	0.9948	1.0028	0.9996	1.0025	0.9999	1.0000	1.0000	1.0000
3 Year Average	1.2989*	0.9953	1.0019	1.0001	1.0017	0.9999	1.0000	1.0000	1.0000
4 Year Average	1.2724	0.9968	1.0015	1.0004	1.0013	0.9999	1.0000	1.0000	1.0000
5 Year Average	1.2383	0.9963	1.0014	1.0005	1.0010	0.9999	1.0000	1.0000	1.0000
6 Year Average	1.2161	0.9993	1.0012*	1.0004	1.0008	1.0000	1.0000	1.0000	1.0000
7 Year Average	1.2282	1.0016	1.0014	1.0009	1.0006	1.0000	1.0001	1.0000	1.0000
8 Year Average	1.2534	0.9997	1.0016	1.0008	1.0006	1.0000	1.0001	1.0000	1.0000
9 Year Average	1.2377	1.0027	1.0015	1.0007	1.0010	1.0000	1.0001	1.0000	1.0000
Middle 3 of 5	1.2148	0.9973	1.0011	1.0005*	1.0002*	1.0000	1.0000	1.0000	1.0000
Middle 5 of 7	1.2100	1.0029	1.0011	1.0006	1.0001	1.0000	1.0000	1.0000	1.0000
3 Year Volume Weighted	1.3398	1.0016*	1.0015	1.0000	1.0020	0.9999	1.0000	1.0000	1.0000
5 Year Volume Weighted	1.2793	1.0008	1.0013	1.0004	1.0014	0.9999	1.0000	1.0000	1.0000
7 Year Volume Weighted	1.2675	1.0036	1.0013	1.0009	1.0009	1.0000	1.0000	1.0000	1.0000
9 Year Volume Weighted	1.2648	1.0046	1.0016	1.0008	1.0009	1.0000	1.0000	1.0000	1.0000

**SELECTED AND CUSTOM RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
Selected Custom	1.2989 A3	1.0016 W3	1.0012 A6	1.0005 M3	1.0002 M3	1.0000----	1.0000----	1.0000----	1.0000----
Cumulative	1.3035	1.0035	1.0019	1.0007	1.0002	1.0000	1.0000	1.0000	1.0000
Ratio to Ultimate	0.7672	0.9965	0.9981	0.9993	0.9998	1.0000	1.0000	1.0000	1.0000

# *Auto-Owners Insurance*

Dwelling Fire  
Companywide

## Calculation of Loss Trends Frequency

	Experience Period	Buildings
(1) Calculated Loss Trend		<b>5.38%</b>
(2) Selected Loss Trend		<b>5.38%</b>
(3) Trend Start Date	2004	1/1/2004
	2005	1/1/2005
	2006	1/1/2006
	2007	1/1/2007
	2008	1/1/2008
(4) Trend End Date	2004	5/5/2010
<i>12 months past renewal date of</i>	2005	5/5/2010
<i>5/5/2009</i>	2006	5/5/2010
	2007	5/5/2010
	2008	5/5/2010
(5) Years of Trend Extension	2004	6.344
<i># of Years between (3) and (4)</i>	2005	5.344
	2006	4.344
	2007	3.344
	2008	2.344
(6) Loss Trend Factor	2004	1.394
<i>(1+(2))^(5)</i>	2005	1.323
	2006	1.255
	2007	1.191
	2008	1.131

# *Auto-Owners Insurance*

Dwelling Fire  
Companywide

## Calculation of Loss Trends Average Paid

	Experience Period	Buildings
(1) Calculated Loss Trend		<b>1.34%</b>
(2) Selected Loss Trend		<b>1.34%</b>
(3) Trend Start Date	2004	1/1/2004
	2005	1/1/2005
	2006	1/1/2006
	2007	1/1/2007
	2008	1/1/2008
(4) Trend End Date <i>12 months past renewal date of 5/5/2009</i>	2004	5/5/2010
	2005	5/5/2010
	2006	5/5/2010
	2007	5/5/2010
	2008	5/5/2010
(5) Years of Trend Extension <i># of Years between (3) and (4)</i>	2004	6.344
	2005	5.344
	2006	4.344
	2007	3.344
	2008	2.344
(6) Loss Trend Factor <i>(1+(2))^(5)</i>	2004	1.088
	2005	1.074
	2006	1.059
	2007	1.045
	2008	1.032

Arkansas  
Loss Trends Exhibit  
Auto-Owners Insurance Group  
Dwelling Fire - Buildings

All Reviewable Coverages

Qtr/Yr	Statewide						Companywide					
	Written Units	Paid Count	Paid Amount	Freq	Average Paid	Pure Premium	Written Units	Paid Count	Paid Amount	Freq	Average Paid	Pure Premium
09/2003	0	0	0	0.00	0.00	0.00	327,891	8,332	61,236,238	25.41	7,349.52	186.76
12/2003	0	0	0	0.00	0.00	0.00	338,614	8,281	61,632,006	24.46	7,442.58	182.01
03/2004	0	0	0	0.00	0.00	0.00	346,347	8,442	63,526,438	24.37	7,525.05	183.42
06/2004	0	0	0	0.00	0.00	0.00	356,097	8,764	66,424,073	24.61	7,579.20	186.53
09/2004	0	0	0	0.00	0.00	0.00	366,055	8,823	66,622,596	24.10	7,551.01	182.00
12/2004	0	0	0	0.00	0.00	0.00	372,635	8,830	68,095,594	23.70	7,711.85	182.74
03/2005	0	0	0	0.00	0.00	0.00	375,730	8,812	70,089,556	23.45	7,953.88	186.54
06/2005	0	0	0	0.00	0.00	0.00	378,731	8,585	70,347,382	22.67	8,194.22	185.74
09/2005	4	0	0	0.00	0.00	0.00	377,192	8,579	71,923,788	22.74	8,383.70	190.68
12/2005	67	0	0	0.00	0.00	0.00	373,309	8,756	77,176,437	23.46	8,814.12	206.74
03/2006	157	1	6,785	6.37	6,785.33	43.25	369,048	8,908	79,134,445	24.14	8,883.53	214.43
06/2006	258	2	9,094	7.75	4,546.86	35.26	365,727	9,216	82,801,615	25.20	8,984.55	226.40
09/2006	335	2	10,573	5.97	5,286.65	31.56	366,097	9,470	86,536,257	25.87	9,137.94	236.38
12/2006	424	4	19,331	9.44	4,832.77	45.62	365,925	9,602	87,033,141	26.24	9,064.06	237.84
03/2007	476	6	21,888	12.59	3,648.01	45.94	365,658	9,805	89,052,275	26.81	9,082.33	243.54
06/2007	532	5	19,580	9.40	3,915.93	36.82	366,515	10,045	91,180,732	27.41	9,077.23	248.78
09/2007	628	7	27,456	11.15	3,922.32	43.72	364,948	10,547	98,180,321	28.90	9,308.84	269.03
12/2007	745	7	18,698	9.39	2,671.21	25.09	365,613	10,893	101,277,656	29.79	9,297.50	277.01
03/2008	852	6	176,354	7.04	29,392.37	207.06	367,028	11,342	102,799,646	30.90	9,063.63	280.09
06/2008	976	13	210,767	13.32	16,212.86	215.97	369,299	11,597	105,198,794	31.40	9,071.21	284.86

# *Auto-Owners Insurance*

Dwelling Fire  
Companywide  
Buildings

## Calculation of Catastrophe Reinsurance Expense

(1) <i>Companywide 2007</i> Catastrophe Reinsurance Premium for All Property	\$27,739,508
Allocation of Hurricane Losses to Dwelling Fire Buildings using the AIR Hurricane Model	
(2) Average Annual Aggregate Loss for All Property	\$42,810,868
(3) Average Annual Aggregate Loss for Dwelling Fire Buildings	\$5,039,612
(4) Dwelling Fire Buildings Percentage of Total Average Annual Aggregate Loss (3) / (2)	11.8%
(5) Dwelling Fire Buildings Allotment of Companywide Reinsurance Premium (1) x (4)	\$3,265,441
(6) Portion of Companywide Dwelling Fire Buildings Catastrophe Reinsurance Premium Not Recoverable (Estimate of Reinsurer's Expenses and Profit = 55%) (5) x 0.55	\$1,795,992
(7) Reinsurance Expense Budgeted Ratio Calculated to 1 Year Written Premium (6) / Written Premium \$178,661,331	1.0%

# *Auto-Owners Insurance*

Dwelling Fire  
Companywide  
Buildings

## Development of Net Projected Loss Ratio

(1)	Projected Loss Ratio	88.8%
(2)	Current Level Trended Earned Premium	\$179,147,883
(3)	Projected Incurred Losses <i>(2)x(1)</i>	\$159,012,173
(4)	Projected Average Annual Aggregate Loss for 2008 using the AIR Hurricane Model Average Annual Aggregate Losses x LAE Factor x Loss Projection Factor \$5,039,612 x 1.1154 x 1.1663	\$6,556,228
(5)	Projected Incurred Losses Adjusted for Hurricane Model <i>(3)+(4)</i>	\$165,568,401
(6)	Net Projected Loss Ratio <i>(5)/(2)</i>	92.4%

# *Auto-Owners Insurance*

Dwelling Fire  
Companywide  
Buildings

## Development of the Permissible Loss Ratio

(1)	Commission and Brokerage Expense	20.4%
(2)	Other Acquisitions	5.2%
(3)	General Expenses	1.3%
(4)	Tax, License, and Fees	2.8%
(5)	Reinsurance Expense	1.0%
(6)	Total Expenses <i>(1)+(2)+(3)+(4)+(5)</i>	30.7%
(7)	Profit and Contingency	7.4%
(8)	Permissible Loss Ratio <i>1 - ((6) + (7))</i>	61.9%

**Companywide Dwelling Fire  
Rate of Return Method: Target Underwriting Profit Provision**

(1)	Required after-tax rate of return on surplus (% of statutory surplus)	15.0%
(2)	Expected investment income on capital/surplus, after tax, including realized capital gains	4.1%
(3)	Required return from insurance operations as a % of surplus (1) - (2)	10.9%
(4)	Target Premium to surplus rati (Companywide ratio)	1.50
(5)	Required after-tax return from insurance operations as a % of premium (3) / (4)	7.3%
(6)	Expected after-tax investment income from insurance operations as a % of premium	2.4%
(7)	Target Underwriting Profit, after tax (5) - (6)	4.8%
(8)	Target Underwriting Profit, before tax @ 1.5 : 1 (7) / 0.65	7.4%

**Expense Exhibit - Dwelling Fire  
Auto-Owners Insurance Group  
Companywide**

**All Reviewable Coverages - Buildings**

	12 MTD Ending 6 / 2004		12 MTD Ending 6 / 2005		12 MTD Ending 6 / 2006		12 MTD Ending 6 / 2007		12 MTD Ending 6 / 2008	
	Amount	Ratio								
<u>Loss Experience</u>										
Written Premium	148,938,399		166,191,106		172,488,761		177,736,636		178,661,331	
Earned Premium	133,530,576	100.0	157,297,148	100.0	169,076,452	100.0	175,143,044	100.0	178,264,856	100.0
Incurred Amount	78,439,936	58.7	111,426,474	70.8	108,275,909	64.0	107,821,380	61.6	134,367,525	75.4
Allocated LAE	4,043,126	3.0	6,490,206	4.1	3,437,177	2.0	6,839,659	3.9	7,538,803	4.2
Unallocated LAE	6,006,484	4.5	9,924,709	6.3	5,811,071	3.4	2,763,493	1.6	4,441,562	2.5
Involuntary Assessments	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<u>Total Losses</u>	<u>88,489,546</u>	<u>66.2</u>	<u>127,841,388</u>	<u>81.2</u>	<u>117,524,157</u>	<u>69.4</u>	<u>117,424,532</u>	<u>67.1</u>	<u>146,347,891</u>	<u>82.1</u>
<u>Expenses Incurred</u>										
Commission and Brokerage *	30,568,887	20.5	34,075,488	20.5	35,558,329	20.6	36,728,758	20.7	36,395,431	20.4
Other Acquisitions (2)	12,307,473	9.2	15,100,383	9.6	14,962,820	8.8	13,401,221	7.7	12,259,847	6.9
General Expenses (2)	2,875,483	2.2	3,531,262	2.2	3,761,467	2.2	3,346,013	1.9	3,291,554	1.8
Tax, License, and Fees *	3,273,480	2.2	3,504,480	2.1	3,423,094	2.0	4,912,684	2.8	5,017,916	2.8
<u>Total Expenses</u>	<u>49,025,323</u>	<u>34.1</u>	<u>56,211,613</u>	<u>34.4</u>	<u>57,705,709</u>	<u>33.6</u>	<u>58,388,676</u>	<u>33.1</u>	<u>56,964,749</u>	<u>31.9</u>
<u>Total Losses and Expenses</u>	<u>137,514,868</u>	<u>100.3</u>	<u>184,053,000</u>	<u>115.6</u>	<u>175,229,866</u>	<u>103.0</u>	<u>175,813,207</u>	<u>100.2</u>	<u>203,312,639</u>	<u>114.0</u>

	1 Year Total		3 Year Total		5 Year Total	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<u>Loss Experience</u>						
Written Premium	178,661,331		528,886,728		844,016,233	
Earned Premium	178,264,856	100.0	522,484,352	100.0	813,312,076	100.0
Incurred Amount	134,367,525	75.4	350,464,814	67.1	540,331,223	66.4
Allocated LAE	7,538,803	4.2	17,815,639	3.4	28,348,970	3.5
Unallocated LAE	4,441,562	2.5	13,016,126	2.5	28,947,319	3.6
Involuntary Assessments	0	0.0	0	0.0	0	0.0
<u>Total Losses</u>	<u>146,347,891</u>	<u>82.1</u>	<u>381,296,579</u>	<u>73.0</u>	<u>597,627,512</u>	<u>73.5</u>
<u>Expenses Incurred</u>						
Commission and Brokerage *	36,395,431	20.4	108,682,518	20.5	173,326,893	20.5
Other Acquisitions (2)	12,259,847	6.9	40,623,888	7.8	68,031,743	8.4
General Expenses (2)	3,291,554	1.8	10,399,035	2.0	16,805,779	2.1
Tax, License, and Fees *	5,017,916	2.8	13,353,694	2.5	20,131,653	2.4
Reinsurance Expenses *						
<u>Total Expenses</u>	<u>56,964,749</u>	<u>31.9</u>	<u>173,059,133</u>	<u>32.8</u>	<u>278,296,069</u>	<u>33.4</u>
<u>Total Losses and Expenses</u>	<u>203,312,639</u>	<u>114.0</u>	<u>554,355,712</u>	<u>105.8</u>	<u>875,923,581</u>	<u>106.9</u>

# *Auto-Owners Insurance*

Dwelling Fire  
Arkansas

## Determination of Rate Level Indications for Accident Year Data

	<u>Jun-04</u>	<u>Jun-05</u>	<u>Jun-06</u>	<u>Jun-07</u>	<u>Jun-08</u>
(1) Current Level Trended Premiums	0	0	57,235	231,941	442,605
(2) Trended Incurred Losses and ALAE	0	0	49,744	166,036	577,603
(3) Projected Loss Ratio (2)/(1)	0.0%	0.0%	86.9%	71.6%	130.5%
(4) Weights	0.0%	0.0%	33.3%	33.3%	33.4%
(5) Weighted Projected Loss Ratio					96.4%
(6) Net Projected Loss Ratio					96.4%
(7) Permissible Loss Ratio					64.7%
(8) Indicated Rate Level Change (6)/(7)					48.9%

### Past Rate Changes

<u>New Business</u>	<u>Renewal Business</u>	<u>Percent Change</u>
10/15/2007	11/20/2007	1.8 %
11/15/2007	12/21/2007	0.0 %

# *Auto-Owners Insurance*

Dwelling Fire  
Arkansas

## Calculation of Current Level Trended Premiums

Part	Year	Earned Premiums	Current Level Factor	Premium Trend Factor	Current Level Trended Premiums
		(1)	(2)	(3)	(4)
	2004	\$0	1.0183	1.000	\$0
	2005	\$0	1.0183	1.000	\$0
	2006	\$56,206	1.0183	1.000	\$57,235
	2007	\$227,773	1.0183	1.000	\$231,941
	2008	\$436,150	1.0148	1.000	\$442,605

### Notes

- (1) Actual Earned Premiums
- (2) Per Parallelogram Method
- (3) See Calculation of Premium Trend Factor
- (4) (1) \* (2) \* (3)

# *Auto-Owners Insurance*

Dwelling Fire  
Arkansas

## Calculation of Premium Trend Factors

	Experience Period	
(1) Calculated Premium Trend		<b>-1.62%</b>
(2) Selected Premium Trend		<b>0.00%</b>
(3) Trend Start Date	2004	1/1/2004
<i>Midpoint of Experience Period</i>	2005	1/1/2005
	2006	1/1/2006
	2007	1/1/2007
	2008	1/1/2008
(4) Trend End Date	2004	5/5/2010
<i>12 months past renewal date of 5/5/2009</i>	2005	5/5/2010
	2006	5/5/2010
	2007	5/5/2010
	2008	5/5/2010
(5) Years of Trend Extension	2004	6.344
<i># of Years between (3) and (4)</i>	2005	5.344
	2006	4.344
	2007	3.344
	2008	2.344
(6) Premium Trend Factor	2004	1.000
<i>(2+(2))^(5)</i>	2005	1.000
	2006	1.000
	2007	1.000
	2008	1.000

# *Auto-Owners Insurance*

Dwelling Fire  
Arkansas

## Ultimate Losses

Experience Period	Losses Less Large and Cats	Cat Losses Smoothed	Large Less Large Cats Smoothed	Final Ultimate Loss	ULAE Acc Year	Final Ultimate Loss With Factor
2004	0	0	0	0	1.0000	0
2005	0	0	0	0	1.0000	0
2006	9,472	23,381	0	32,853	1.0468	34,391
2007	27,437	94,751	0	122,188	1.0236	125,072
2008	282,652	181,433	0	464,085	1.0194	473,088

Arkansas  
Dwelling Fire  
Auto-Owners Insurance Group  
All Plans Combined  
Period Ending 6/2008  
All Reviewable Coverages  
Loss Development Exhibit

3/13/2009

**LOSSES - Losses Less Large and Cats : Incurred Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/98 - 6/30/99										
7/1/99 - 6/30/00										
7/1/00 - 6/30/01										
7/1/01 - 6/30/02										
7/1/02 - 6/30/03										
7/1/03 - 6/30/04										
7/1/04 - 6/30/05										
7/1/05 - 6/30/06	19,093	9,093	9,093							
7/1/06 - 6/30/07	27,941	24,766								
7/1/07 - 6/30/08	269,391									

**RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/98 - 6/30/99									
7/1/99 - 6/30/00									
7/1/00 - 6/30/01									
7/1/01 - 6/30/02									
7/1/02 - 6/30/03									
7/1/03 - 6/30/04									
7/1/04 - 6/30/05									
7/1/05 - 6/30/06	0.4762	1.0000							
7/1/06 - 6/30/07	0.8864								

**AVERAGE RATIOS - Standard Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	0.8864	1.0000							
2 Year Average	0.6813	1.0000							
3 Year Average	0.6813	1.0000							
4 Year Average	0.6813	1.0000							
5 Year Average	0.6813	1.0000							
6 Year Average	0.6813	1.0000							
7 Year Average	0.6813	1.0000							
8 Year Average	0.6813	1.0000							
9 Year Average	0.6813	1.0000							
Middle 3 of 5	0.4762								
Middle 5 of 7	0.4762								
3 Year Volume Weighted	0.7199	1.0000							
5 Year Volume Weighted	0.7199	1.0000							
7 Year Volume Weighted	0.7199	1.0000							
9 Year Volume Weighted	0.7199	1.0000							

**SELECTED AND CUSTOM RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th	
Selected Custom	1.0572----	1.0067----	1.0030----	1.0013----	0.9991----	1.0012----	1.0009----	1.0004----	0.9997----	1.0000----
Cumulative	1.0703	1.0123	1.0056	1.0026	1.0013	1.0022	1.0010	1.0001	0.9997	1.0000
Ratio to Ultimate	0.9344	0.9878	0.9944	0.9974	0.9987	0.9978	0.9990	0.9999	1.0003	1.0000

Arkansas  
Dwelling Fire  
Auto-Owners Insurance Group  
All Plans Combined  
Period Ending 6/2008  
All Reviewable Coverages  
Loss Development Exhibit

3/13/2009

**LOSSES - Losses Less Large and Cats : Incurred Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/98 - 6/30/99										
7/1/99 - 6/30/00										
7/1/00 - 6/30/01										
7/1/01 - 6/30/02										
7/1/02 - 6/30/03										
7/1/03 - 6/30/04										
7/1/04 - 6/30/05										
7/1/05 - 6/30/06	19,093	9,093	9,093							
7/1/06 - 6/30/07	27,941	24,766								
7/1/07 - 6/30/08	269,391									

**RATIOS - Percent Premium Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/98 - 6/30/99									
7/1/99 - 6/30/00									
7/1/00 - 6/30/01									
7/1/01 - 6/30/02									
7/1/02 - 6/30/03									
7/1/03 - 6/30/04									
7/1/04 - 6/30/05									
7/1/05 - 6/30/06	-0.1779	0.0000							
7/1/06 - 6/30/07	-0.0139								

**AVERAGE RATIOS - Percent Premium Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	-0.0139	0.0000							
2 Year Average	-0.0959	0.0000							
3 Year Average	-0.0959	0.0000							
4 Year Average	-0.0959	0.0000							
5 Year Average	-0.0959	0.0000							
6 Year Average	-0.0959	0.0000							
7 Year Average	-0.0959	0.0000							
8 Year Average	-0.0959	0.0000							
9 Year Average	-0.0959	0.0000							
Middle 3 of 5	-0.1779								
Middle 5 of 7	-0.1779								
3 Year Volume Weighted	-0.0805	0.0000							
5 Year Volume Weighted	-0.0805	0.0000							
7 Year Volume Weighted	-0.0805	0.0000							
9 Year Volume Weighted	-0.0805	0.0000							

**SELECTED AND CUSTOM RATIOS - Percent Premium Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th	
Selected Custom	0.0241----	0.0032----	0.0014----	0.0007----	-0.0005----	0.0008----	0.0006----	0.0004----	-0.0003----	0.0000----
Cumulative	0.0304	0.0063	0.0031	0.0017	0.0010	0.0015	0.0007	0.0001	-0.0003	0.0000

Arkansas  
Dwelling Fire  
Auto-Owners Insurance Group  
All Plans Combined  
Period Ending 6/2008  
All Reviewable Coverages  
Loss Development Exhibit

3/13/2009

**LOSSES - Losses Less Large and Cats : Paid Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/98 - 6/30/99										
7/1/99 - 6/30/00										
7/1/00 - 6/30/01										
7/1/01 - 6/30/02										
7/1/02 - 6/30/03										
7/1/03 - 6/30/04										
7/1/04 - 6/30/05										
7/1/05 - 6/30/06	9,094	9,094	9,094							
7/1/06 - 6/30/07	22,868	24,768								
7/1/07 - 6/30/08	213,076									

**RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/98 - 6/30/99									
7/1/99 - 6/30/00									
7/1/00 - 6/30/01									
7/1/01 - 6/30/02									
7/1/02 - 6/30/03									
7/1/03 - 6/30/04									
7/1/04 - 6/30/05									
7/1/05 - 6/30/06	1.0000	1.0000							
7/1/06 - 6/30/07	1.0831								

**AVERAGE RATIOS - Standard Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	1.0831	1.0000							
2 Year Average	1.0416	1.0000							
3 Year Average	1.0416	1.0000							
4 Year Average	1.0416	1.0000							
5 Year Average	1.0416	1.0000							
6 Year Average	1.0416	1.0000							
7 Year Average	1.0416	1.0000							
8 Year Average	1.0416	1.0000							
9 Year Average	1.0416	1.0000							
Middle 3 of 5	1.0000								
Middle 5 of 7	1.0000								
3 Year Volume Weighted	1.0595	1.0000							
5 Year Volume Weighted	1.0595	1.0000							
7 Year Volume Weighted	1.0595	1.0000							
9 Year Volume Weighted	1.0595	1.0000							

**SELECTED AND CUSTOM RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th	
Selected Custom	1.2808----	1.0200----	1.0110----	1.0070----	1.0025----	1.0022----	1.0011----	1.0009----	1.0002----	1.0000----
Cumulative	1.3392	1.0456	1.0251	1.0140	1.0069	1.0044	1.0022	1.0011	1.0002	1.0000
Ratio to Ultimate	0.7467	0.9564	0.9755	0.9862	0.9931	0.9956	0.9978	0.9989	0.9998	1.0000

Arkansas  
Dwelling Fire  
Auto-Owners Insurance Group  
All Plans Combined  
Period Ending 6/2008  
All Reviewable Coverages  
Loss Development Exhibit

3/13/2009

**LOSSES - Losses Less Large and Cats : Paid Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/98 - 6/30/99										
7/1/99 - 6/30/00										
7/1/00 - 6/30/01										
7/1/01 - 6/30/02										
7/1/02 - 6/30/03										
7/1/03 - 6/30/04										
7/1/04 - 6/30/05										
7/1/05 - 6/30/06	9,094	9,094	9,094							
7/1/06 - 6/30/07	22,868	24,768								
7/1/07 - 6/30/08	213,076									

**RATIOS - Percent Premium Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/98 - 6/30/99									
7/1/99 - 6/30/00									
7/1/00 - 6/30/01									
7/1/01 - 6/30/02									
7/1/02 - 6/30/03									
7/1/03 - 6/30/04									
7/1/04 - 6/30/05									
7/1/05 - 6/30/06	0.0000	0.0000							
7/1/06 - 6/30/07	0.0083								

**AVERAGE RATIOS - Percent Premium Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	0.0083	0.0000							
2 Year Average	0.0042	0.0000							
3 Year Average	0.0042	0.0000							
4 Year Average	0.0042	0.0000							
5 Year Average	0.0042	0.0000							
6 Year Average	0.0042	0.0000							
7 Year Average	0.0042	0.0000							
8 Year Average	0.0042	0.0000							
9 Year Average	0.0042	0.0000							
Middle 3 of 5	0.0000								
Middle 5 of 7	0.0000								
3 Year Volume Weighted	0.0059	0.0000							
5 Year Volume Weighted	0.0059	0.0000							
7 Year Volume Weighted	0.0059	0.0000							
9 Year Volume Weighted	0.0059	0.0000							

**SELECTED AND CUSTOM RATIOS - Percent Premium Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th	
Selected Custom	0.1023----	0.0087----	0.0054----	0.0034----	0.0017----	0.0013----	0.0007----	0.0003----	0.0001----	0.0000----
Cumulative	0.1239	0.0216	0.0129	0.0075	0.0041	0.0024	0.0011	0.0004	0.0001	0.0000

Arkansas  
Dwelling Fire  
Auto-Owners Insurance Group  
All Plans Combined  
Period Ending 6/2008  
All Reviewable Coverages  
Loss Development Exhibit

3/17/2009

**LOSSES - Losses Less Large and Cats : Incurred Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/98 - 6/30/99										
7/1/99 - 6/30/00										
7/1/00 - 6/30/01										
7/1/01 - 6/30/02										
7/1/02 - 6/30/03										
7/1/03 - 6/30/04										
7/1/04 - 6/30/05										
7/1/05 - 6/30/06	19,093	9,093	9,093							
7/1/06 - 6/30/07	27,941	24,766								
7/1/07 - 6/30/08	269,391									

**RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/98 - 6/30/99									
7/1/99 - 6/30/00									
7/1/00 - 6/30/01									
7/1/01 - 6/30/02									
7/1/02 - 6/30/03									
7/1/03 - 6/30/04									
7/1/04 - 6/30/05									
7/1/05 - 6/30/06	0.4762	1.0000							
7/1/06 - 6/30/07	0.8864								

**AVERAGE RATIOS - Standard Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	0.8864	1.0000							
2 Year Average	0.6813	1.0000							
3 Year Average	0.6813	1.0000							
4 Year Average	0.6813	1.0000							
5 Year Average	0.6813	1.0000							
6 Year Average	0.6813	1.0000							
7 Year Average	0.6813	1.0000							
8 Year Average	0.6813	1.0000							
9 Year Average	0.6813	1.0000							
Middle 3 of 5	0.4762								
Middle 5 of 7	0.4762								
3 Year Volume Weighted	0.7199	1.0000							
5 Year Volume Weighted	0.7199	1.0000							
7 Year Volume Weighted	0.7199	1.0000							
9 Year Volume Weighted	0.7199	1.0000							

**SELECTED AND CUSTOM RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th	
Selected Custom	1.0572----	1.0067----	1.0030----	1.0013----	0.9991----	1.0012----	1.0009----	1.0004----	0.9997----	1.0000----
Cumulative	1.0703	1.0123	1.0056	1.0026	1.0013	1.0022	1.0010	1.0001	0.9997	1.0000
Ratio to Ultimate	0.9344	0.9878	0.9944	0.9974	0.9987	0.9978	0.9990	0.9999	1.0003	1.0000

Arkansas  
Dwelling Fire  
Auto-Owners Insurance Group  
All Plans Combined  
Period Ending 6/2008  
All Reviewable Coverages  
Loss Development Exhibit

3/13/2009

**LOSSES - Cat Losses : Incurred Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/98 - 6/30/99										
7/1/99 - 6/30/00										
7/1/00 - 6/30/01										
7/1/01 - 6/30/02										
7/1/02 - 6/30/03										
7/1/03 - 6/30/04										
7/1/04 - 6/30/05										
7/1/05 - 6/30/06	0	0	0							
7/1/06 - 6/30/07	16,112	48,454								
7/1/07 - 6/30/08	186,347									

**RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/98 - 6/30/99									
7/1/99 - 6/30/00									
7/1/00 - 6/30/01									
7/1/01 - 6/30/02									
7/1/02 - 6/30/03									
7/1/03 - 6/30/04									
7/1/04 - 6/30/05									
7/1/05 - 6/30/06									
7/1/06 - 6/30/07	3.0072								

**AVERAGE RATIOS - Standard Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	3.0072								
2 Year Average	3.0072								
3 Year Average	3.0072								
4 Year Average	3.0072								
5 Year Average	3.0072								
6 Year Average	3.0072								
7 Year Average	3.0072								
8 Year Average	3.0072								
9 Year Average	3.0072								
Middle 3 of 5									
Middle 5 of 7									
3 Year Volume Weighted	3.0072								
5 Year Volume Weighted	3.0072								
7 Year Volume Weighted	3.0072								
9 Year Volume Weighted	3.0072								

**SELECTED AND CUSTOM RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th	
Selected Custom	1.3389----	1.0028----	1.0019----	1.0005----	1.0002----	1.0000----	1.0000----	1.0000----	1.0000----	1.0000----
Cumulative	1.3461	1.0054	1.0026	1.0007	1.0002	1.0000	1.0000	1.0000	1.0000	1.0000
Ratio to Ultimate	0.7429	0.9946	0.9974	0.9993	0.9998	1.0000	1.0000	1.0000	1.0000	1.0000

# *Auto-Owners Insurance*

Dwelling Fire  
Arkansas

## Calculation of Loss Trends Frequency

	Experience Period	
(1) Calculated Loss Trend		<b>2.24%</b>
(2) Selected Loss Trend		<b>2.00%</b>
(3) Trend Start Date	2004	1/1/2004
	2005	1/1/2005
	2006	1/1/2006
	2007	1/1/2007
	2008	1/1/2008
(4) Trend End Date	2004	5/5/2010
<i>12 months past renewal date of 5/5/2009</i>	2005	5/5/2010
	2006	5/5/2010
	2007	5/5/2010
	2008	5/5/2010
(5) Years of Trend Extension	2004	6.344
<i># of Years between (3) and (4)</i>	2005	5.344
	2006	4.344
	2007	3.344
	2008	2.344
(6) Loss Trend Factor	2004	1.134
<i>(1+(2))^(5)</i>	2005	1.112
	2006	1.090
	2007	1.068
	2008	1.048

# *Auto-Owners Insurance*

Dwelling Fire  
Arkansas

## Calculation of Loss Trends Average Paid

	Experience Period	
(1) Calculated Loss Trend		<b>6.72%</b>
(2) Selected Loss Trend		<b>6.72%</b>
(3) Trend Start Date	2004	1/1/2004
	2005	1/1/2005
	2006	1/1/2006
	2007	1/1/2007
	2008	1/1/2008
(4) Trend End Date	2004	5/5/2010
<i>12 months past renewal date of</i>	2005	5/5/2010
<i>5/5/2009</i>	2006	5/5/2010
	2007	5/5/2010
	2008	5/5/2010
(5) Years of Trend Extension	2004	6.344
<i># of Years between (3) and (4)</i>	2005	5.344
	2006	4.344
	2007	3.344
	2008	2.344
(6) Loss Trend Factor	2004	1.511
<i>(1+(2))^(5)</i>	2005	1.416
	2006	1.327
	2007	1.243
	2008	1.165

Arkansas  
Loss Trends Exhibit  
Auto-Owners Insurance Group  
Dwelling Fire - All Plans Combined

All Reviewable Coverages

Qtr/Yr	Statewide						Companywide					
	Written Units	Paid Count	Paid Amount	Freq	Average Paid	Pure Premium	Written Units	Paid Count	Paid Amount	Freq	Average Paid	Pure Premium
09/2003	0	0	0	0.00	0.00	0.00	642,573	9,219	66,844,719	14.35	7,250.76	104.03
12/2003	0	0	0	0.00	0.00	0.00	665,346	9,188	67,427,586	13.81	7,338.66	101.34
03/2004	0	0	0	0.00	0.00	0.00	679,350	9,358	68,658,637	13.77	7,336.89	101.07
06/2004	0	0	0	0.00	0.00	0.00	697,665	9,698	71,642,402	13.90	7,387.34	102.69
09/2004	0	0	0	0.00	0.00	0.00	718,082	9,783	71,662,338	13.62	7,325.19	99.80
12/2004	0	0	0	0.00	0.00	0.00	731,781	9,806	73,159,303	13.40	7,460.67	99.97
03/2005	0	0	0	0.00	0.00	0.00	740,179	9,793	76,130,044	13.23	7,773.92	102.85
06/2005	0	0	0	0.00	0.00	0.00	750,494	9,593	76,790,138	12.78	8,004.81	102.32
09/2005	8	0	0	0.00	0.00	0.00	758,852	9,575	79,279,798	12.62	8,279.87	104.47
12/2005	135	0	0	0.00	0.00	0.00	763,670	9,765	84,511,485	12.79	8,654.53	110.66
03/2006	320	1	6,785	3.13	6,785.33	21.24	767,074	9,947	85,918,608	12.97	8,637.64	112.01
06/2006	531	2	9,094	3.77	4,546.86	17.13	772,337	10,276	89,786,042	13.31	8,737.45	116.25
09/2006	692	3	14,910	4.33	4,970.03	21.53	777,986	10,567	93,422,145	13.58	8,840.93	120.08
12/2006	883	5	23,668	5.66	4,733.57	26.81	781,174	10,750	95,135,459	13.76	8,849.81	121.79
03/2007	986	7	26,225	7.10	3,746.41	26.61	784,273	10,973	98,293,835	13.99	8,957.79	125.33
06/2007	1,119	6	22,868	5.36	3,811.35	20.44	790,047	11,203	101,049,439	14.18	9,019.86	127.90
09/2007	1,328	8	28,308	6.02	3,538.48	21.32	790,957	11,732	108,646,758	14.83	9,260.72	137.36
12/2007	1,580	8	19,550	5.06	2,443.76	12.37	796,516	12,088	112,079,594	15.18	9,271.97	140.71
03/2008	1,829	7	179,515	3.83	25,644.98	98.15	803,902	12,599	113,832,080	15.67	9,035.01	141.60
06/2008	2,106	14	214,976	6.65	15,355.44	102.10	813,106	12,926	115,192,575	15.90	8,911.70	141.67

# ***Auto-Owners Insurance***

Dwelling Fire  
Arkansas

## **Development of the Permissible Loss Ratio**

(1)	Commission and Brokerage Expense	17.7%
(2)	Other Acquisitions	5.2%
(3)	General Expenses	1.3%
(4)	Tax, License, and Fees	3.2%
(5)	Reinsurance Expense	0.5%
(6)	Total Expenses <i>(1)+(2)+(3)+(4)+(5)</i>	27.9%
(7)	Profit and Contingency	7.4%
(8)	Permissible Loss Ratio <i>1 - ((6) + (7))</i>	64.7%

**Expense Exhibit - Dwelling Fire  
Auto-Owners Insurance Group  
Arkansas**

**All Reviewable Coverages - All Plans Combined**

	12 MTD Ending 6 / 2006		12 MTD Ending 6 / 2007		12 MTD Ending 6 / 2008	
	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>
<u>Loss Experience</u>						
Written Premium	145,731		303,620		570,697	
Earned Premium	56,206	100.0	227,773	100.0	436,150	100.0
Incurred Amount	25,958	46.2	34,160	15.0	469,781	107.7
Allocated LAE	2,535	4.5	5,543	2.4	43,219	9.9
Unallocated LAE	1,334	2.4	274	0.1	9,681	2.2
<u>Total Losses</u>	<u>29,827</u>	<u>53.1</u>	<u>39,977</u>	<u>17.5</u>	<u>522,680</u>	<u>119.8</u>

<u>Expenses Incurred</u>						
Commission and Brokerage *	26,476	18.2	53,937	17.8	100,833	17.7
Other Acquisitions (2)	4,974	8.8	17,428	7.7	29,995	6.9
General Expenses (2)	1,250	2.2	4,351	1.9	8,053	1.8
Tax, License, and Fees *	3,347	2.3	10,437	3.4	18,963	3.3
<u>Total Expenses</u>	<u>36,047</u>	<u>31.5</u>	<u>86,154</u>	<u>30.8</u>	<u>157,845</u>	<u>29.7</u>
Total Losses and Expenses	65,875	84.6	126,131	48.3	680,526	149.5
Gain from Underwriting	-9,669	15.4	101,642	51.7	-244,376	-49.5

<u>Loss Experience</u>	1 Year Total		3 Year Total	
	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>
Written Premium	570,697		1,020,048	
Earned Premium	436,150	100.0	720,128	100.0
Incurred Amount	469,781	107.7	529,899	73.6
Allocated LAE	43,219	9.9	51,297	7.1
Unallocated LAE	9,681	2.2	11,289	1.6
<u>Total Losses</u>	<u>522,680</u>	<u>119.8</u>	<u>592,484</u>	<u>82.3</u>

<u>Expenses Incurred</u>				
Commission and Brokerage *	100,833	17.7	181,247	17.8
Other Acquisitions (2)	29,995	6.9	52,398	7.8
General Expenses (2)	8,053	1.8	13,655	2.0
Tax, License, and Fees *	18,963	3.3	32,747	3.2
<u>Reinsurance Expenses *</u>	<u>157,845</u>	<u>29.7</u>	<u>280,047</u>	<u>30.8</u>
Total Expenses	680,526	149.5	872,531	113.1
Total Losses and Expenses	-244,376	-49.5	-152,403	-13.1
Gain from Underwriting				