

SERFF Tracking Number: MRKA-126076878 State: Arkansas
Filing Company: Markel American Insurance Company State Tracking Number: EFT \$100
Company Tracking Number: ARMHORR-091
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
Product Name: Mobile Homeowners
Project Name/Number: AR Mobile Homeowners Rate Revision/ARMHORR-091

Filing at a Glance

Company: Markel American Insurance Company

Product Name: Mobile Homeowners

TOI: 04.0 Homeowners

Sub-TOI: 04.0002 Mobile Homeowners

Filing Type: Rate

Effective Date Requested (New): 04/13/2009

Effective Date Requested (Renewal): On Approval

State Filing Description:

SERFF Tr Num: MRKA-126076878 State: Arkansas

SERFF Status: Closed

Co Tr Num: ARMHORR-091

Co Status:

Authors: Angel Wunrow, Sue Cisz

Date Submitted: 03/18/2009

State Tr Num: EFT \$100

State Status: Fees verified and received

Reviewer(s): Becky Harrington, Brittany Yielding

Disposition Date: 03/18/2009

Disposition Status: Filed

Effective Date (New): 04/13/2009

Effective Date (Renewal):

General Information

Project Name: AR Mobile Homeowners Rate Revision

Project Number: ARMHORR-091

Reference Organization: none

Reference Title: none

Filing Status Changed: 03/18/2009

State Status Changed: 03/18/2009

Corresponding Filing Tracking Number: none

Filing Description:

We enclose a rate revision to our current Mobile Homeowners program. The last program revision, with a rate impact, was filed by your department effective October 16, 2006 under our filing # ARMHORR-061; SERFF #SERT-6TDP4P324; AR DOI # AR-PC-06-021208. All changes are detailed below and any necessary supporting documentation is also enclosed.

Status of Filing in Domicile: Not Filed

Domicile Status Comments: none

Reference Number: none

Advisory Org. Circular: none

Deemer Date:

We are filing these changes using your "file and use" statutes with an effective date of April 13, 2009 for new business. Please feel free to contact me if you have any questions or concerns.

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The following changes have been made to the Arkansas Mobile Homeowners Program:
 1) Increased base rates in the owner occupied programs (Sentry and Universal) by 3.64%
 2) Overall rate increase is 3.16%

Company and Contact

Filing Contact Information

Angel Wunrow, Regulatory Compliance awunrow@markelcorp.com
 Specialist
 P.O. Box 906 (800) 236-2862 [Phone]
 Pewaukee, WI 53072-0906 (262) 548-9790[FAX]

Filing Company Information

Markel American Insurance Company CoCode: 28932 State of Domicile: Virginia
 P.O. Box 906 Group Code: 785 Company Type: Insurance
 Company
 N14 W23800
 Pewaukee, WI 53072-0906 Group Name: State ID Number:
 (800) 236-2862 ext. [Phone] FEIN Number: 54-1398877

Filing Fees

Fee Required? Yes
 Fee Amount: \$100.00
 Retaliatory? No
 Fee Explanation: \$100 Rate Filing Fee
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Markel American Insurance Company	\$100.00	03/18/2009	26503003

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	03/18/2009	03/18/2009

SERFF Tracking Number: MRKA-126076878 State: Arkansas
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Disposition

Disposition Date: 03/18/2009
 Effective Date (New): 04/13/2009
 Effective Date (Renewal):
 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):
Markel American Insurance Company	5.300%	3.160%	\$6,709	420	\$212,337	%	%

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Item Type	Item Name	Item Status	Public Access
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp		Yes
Supporting Document	Support	Filed	Yes
Rate	2009 AR MHO Rate Page	Filed	Yes
Rate	2009 AR MHO Rate Page	Filed	Yes
Rate	2009 AR MHO Rate Page	Filed	Yes
Rate	2009 AR MHO Rate Page	Filed	Yes

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 Product Name: Mobile Homeowners
 Project Name/Number: AR Mobile Homeowners Rate Revision/ARMHORR-091

Rate Information

Rate data applies to filing.

Filing Method: File and Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 0.000%
Effective Date of Last Rate Revision: 10/16/2006
Filing Method of Last Filing: File and Use

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
Markel American Insurance Company	5.300%	3.160%	\$6,709	420	\$212,337	%	%

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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Filing Attachments
Filed	2009 AR MHO Rate Page	Rate Page 1	Replacement	AR-PC-06-021208	2009 AR MHO Rate Page 1.pdf
Filed	2009 AR MHO Rate Page	Rate Page 2	Replacement	AR-PC-06-021208	2009 AR MHO Rate Page 2.pdf
Filed	2009 AR MHO Rate Page	Rate Page 5	Replacement	AR-PC-06-021208	2009 AR MHO Rate Page 5.pdf
Filed	2009 AR MHO Rate Page	Rate Page 6	Replacement	AR-PC-06-021208	2009 AR MHO Rate Page 6.pdf

I. SENTRY PROGRAM

A. MOBILE HOME COVERAGE - \$500 DEDUCTIBLE

<u>MOBILE HOME VALUES</u>			<u>TERRITORY A BASE PREMIUM</u>	<u>TERRITORY B BASE PREMIUM</u>
1	-	5,999	342	547
6,000	-	6,999	348	557
7,000	-	7,999	353	565
8,000	-	8,999	360	576
9,000	-	9,999	366	586
10,000	-	10,999	376	602
11,000	-	11,999	385	616
12,000	-	12,999	393	629
13,000	-	13,999	401	642
14,000	-	14,999	410	656
15,000	-	15,999	417	667
16,000	-	16,999	427	683
17,000	-	17,999	435	696
18,000	-	18,999	442	707
19,000	-	19,999	451	722
20,000	-	20,999	463	741
21,000	-	21,999	465	744
22,000	-	22,999	467	747
23,000	-	23,999	469	750
24,000	-	24,999	472	755
25,000	-	25,999	478	765
26,000	-	26,999	484	774
27,000	-	27,999	490	784
28,000	-	28,999	497	795
29,000	-	29,999	503	805
30,000	-	30,999	512	819
31,000	-	31,999	520	832
32,000	-	32,999	526	842
33,000	-	33,999	531	850
34,000	-	34,999	537	859
35,000	-	35,999	544	870
36,000	-	36,999	551	882
37,000	-	37,999	556	890
38,000	-	38,999	562	899
39,000	-	39,999	569	910
40,000	-	40,999	579	926
41,000	-	41,999	588	941
42,000	-	42,999	596	954
43,000	-	43,999	603	965
44,000	-	44,999	613	981
45,000	-	45,999	621	994
46,000	-	46,999	628	1005
47,000	-	47,999	638	1021
48,000	-	48,999	645	1032
49,000	-	49,999	653	1045
50,000	-	50,999	662	1059

A. MOBILE HOME COVERAGE - \$500 DEDUCTIBLE

<u>MOBILE HOME VALUES</u>		<u>TERRITORY A BASE PREMIUM</u>	<u>TERRITORY B BASE PREMIUM</u>
51,000	- 51,999	670	1072
52,000	- 52,999	679	1086
53,000	- 53,999	687	1099
54,000	- 54,999	694	1110
55,000	- 55,999	704	1126
56,000	- 56,999	711	1138
57,000	- 57,999	719	1150
58,000	- 58,999	729	1166
59,000	- 59,999	736	1178
60,000	- 60,999	744	1190
61,000	- 61,999	753	1205
62,000	- 62,999	761	1218
63,000	- 63,999	769	1230
64,000	- 64,999	778	1245
65,000	- 65,999	786	1258
66,000	- 66,999	795	1272
67,000	- 67,999	803	1285
68,000	- 68,999	810	1296
69,000	- 69,999	820	1312
70,000	- 70,999	827	1323
71,000	- 71,999	835	1336
72,000	- 72,999	845	1352
73,000	- 73,999	852	1363
74,000	- 74,999	860	1376
75,000	- 75,999	869	1390
76,000	- 76,999	877	1403
77,000	- 77,999	886	1418
78,000	- 78,999	894	1430
79,000	- 79,999	901	1442
80,000	- 80,999	911	1458
	\$81,000 & Over	\$10.00	\$16.00
	Rate per \$1,000		

Apply credit(s) to the Mobile Home, Unattached Other Structures & Unscheduled Personal Property premium for each of the following characteristics
1 Credit = 8.0%

Credit Value

- 2 Credits** *Mobile Home is "Protected" (Any unit located in Protection Classes 1-8)*
- 2 Credits** *Mobile home is 15 years old or less*
- 2 Credit** *Insured is at least age 45*

II. UNIVERSAL PROGRAM

A. MOBILE HOME COVERAGE - \$500 DEDUCTIBLE

<u>MOBILE HOME VALUES</u>			<u>TERRITORY A BASE PREMIUM</u>	<u>TERRITORY B BASE PREMIUM</u>
1	-	5,999	376	602
6,000	-	6,999	383	613
7,000	-	7,999	388	621
8,000	-	8,999	396	634
9,000	-	9,999	403	645
10,000	-	10,999	414	662
11,000	-	11,999	424	678
12,000	-	12,999	432	691
13,000	-	13,999	441	706
14,000	-	14,999	451	722
15,000	-	15,999	459	734
16,000	-	16,999	470	752
17,000	-	17,999	479	766
18,000	-	18,999	486	778
19,000	-	19,999	496	794
20,000	-	20,999	509	814
21,000	-	21,999	512	819
22,000	-	22,999	514	822
23,000	-	23,999	516	826
24,000	-	24,999	519	830
25,000	-	25,999	526	842
26,000	-	26,999	532	851
27,000	-	27,999	539	862
28,000	-	28,999	547	875
29,000	-	29,999	553	885
30,000	-	30,999	563	901
31,000	-	31,999	572	915
32,000	-	32,999	579	926
33,000	-	33,999	584	934
34,000	-	34,999	591	946
35,000	-	35,999	598	957
36,000	-	36,999	606	970
37,000	-	37,999	612	979
38,000	-	38,999	618	989
39,000	-	39,999	626	1,002
40,000	-	40,999	637	1,019
41,000	-	41,999	647	1,035
42,000	-	42,999	656	1,050
43,000	-	43,999	663	1,061
44,000	-	44,999	674	1,078
45,000	-	45,999	683	1,093
46,000	-	46,999	691	1,106
47,000	-	47,999	702	1,123
48,000	-	48,999	710	1,136
49,000	-	49,999	718	1,149
50,000	-	50,999	728	1,165

II. UNIVERSAL PROGRAM (cont.)

A. MOBILE HOME COVERAGE - \$500 DEDUCTIBLE

MOBILE HOME VALUES		TERRITORY A BASE PREMIUM	TERRITORY B BASE PREMIUM
51,000	- 51,999	737	1,179
52,000	- 52,999	747	1,195
53,000	- 53,999	756	1,210
54,000	- 54,999	763	1,221
55,000	- 55,999	774	1,238
56,000	- 56,999	782	1,251
57,000	- 57,999	791	1,266
58,000	- 58,999	802	1,283
59,000	- 59,999	810	1,296
60,000	- 60,999	818	1,309
61,000	- 61,999	828	1,325
62,000	- 62,999	837	1,339
63,000	- 63,999	846	1,354
64,000	- 64,999	856	1,370
65,000	- 65,999	865	1,384
66,000	- 66,999	875	1,400
67,000	- 67,999	883	1,413
68,000	- 68,999	891	1,426
69,000	- 69,999	902	1,443
70,000	- 70,999	910	1,456
71,000	- 71,999	919	1,470
72,000	- 72,999	930	1,488
73,000	- 73,999	937	1,499
74,000	- 74,999	946	1,514
75,000	- 75,999	956	1,530
76,000	- 76,999	965	1,544
77,000	- 77,999	975	1,560
78,000	- 78,999	983	1,573
79,000	- 79,999	991	1,586
80,000	- 80,999	1,002	1,603
\$81,000 & Over		\$11.00	\$17.60
Rate per \$1,000			

Apply credit(s) to the Mobile Home, Unattached Other Structures & Unscheduled Personal Property premium for each of the following characteristics

1 Credit = 8.0%

Credit Value (Maximum of 6 credits available)

- 2 Credits** *Mobile Home is "Protected" (Any unit located in Protection Classes 1-8)*
- 2 Credits** *Mobile home is 15 years old or less*
- 2 Credit** *Insured is at least age 45*

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Project Name/Number: AR Mobile Homeowners Rate Revision/ARMHORR-091

Supporting Document Schedules

Review Status:
Satisfied -Name: NAIC loss cost data entry document **Filed** 03/18/2009
Comments:
Attachment:
MAIC AR MHO RF-1.pdf

Review Status:
Satisfied -Name: Support **Filed** 03/18/2009
Comments:
Please note, Page 3 of the 2009 AR MHO Indications appears to be incomplete because this program was first introduced and became effective October 16, 2006, but was not introduced until 2007 so there is no data for 2004, 2005 and 2006.
Attachments:
2009 AR MHO Cat Load.pdf
2009 AR MHO Indications.pdf
2009 AR MHO Offbal.pdf
2009 Property Exhibit IV.pdf
2009 Property Loss and Expense Exhibit.pdf

NAIC LOSS COST DATA ENTRY DOCUMENT (EFFECTIVE AUG. 16, 2004)

1. This filing transmittal is part of Company Tracking # **ARMHORR-091**

2. If filing is an adoption of an advisory organization loss cost filing, give name of advisory organization and Reference/Item Filing Number **Not applicable.**

		Company Name		Company NAIC Number
3.	A.	Markel American Insurance Company	B.	28932

		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.	04.0 Homeowners	B.	04.0002 Mobile Homeowners

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
All	5.3	3.16					
TOTAL OVERALL EFFECT							

6. 5 Year History Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2006	0	New Program	10/16/06	0	0	0	0
2007	344	0	10/16/06	81,646	5,997	9.9	54.4
2008	415	0	10/16/06	194,682	84,262	82.9	72.7

7.

Expense Constants	Selected Provisions
A. Total Production Expense	23.7
B. General Expense	18.5
C. Taxes, License & Fees	2.8
D. Underwriting Profit & Contingencies	10
E. Other (explain) subtract Investment Income	-1.47
F. TOTAL	53.53

8. N Apply Lost Cost Factors to Future filings? (Y or N)
 9. Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 3.16
 10. Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): 0

Arkansas Manufactured Home - Cat Load

Year	Cat Loss	All Losses	All Less Cat	Cat Ratio
2007	0	5,997	5,997	0.0000
2008	75,986	134,117	58,131	1.3072
Total	75,986	140,114	64,128	1.1849

Cat Load 118.5%
Selected Cat Load 11.3%

Started writing in 2007

Due to our limited experience, we have selected a cat load of 11.3%, which is similar to what our competitors use

MARKEL AMERICAN INSURANCE COMPANY

2009 RATE INDICATION

MOBILEHOME

Arkansas

RESULTS INCLUDING 2008

I. 1ST PARTY

	Cal/Acc Year					Total
	2004	2005	2006	2007	2008	
(a) Earned Premium	0	0	0	77,133	183,995	261,128
(b) Factor to Current Rate Level	1.000	1.000	1.000	1.000	1.000	
Premium at Current Rate Level	0	0	0	77,133	183,995	261,128
Reported Incurred Losses (Non Cat)	0	0	0	5,997	84,262	90,260
(c) Development Factor	1.000	1.000	1.000	1.001	1.072	
Ultimate Inc Losses (Non Cat), INC LDF method	0	0	0	6,003	90,359	96,361
BF a priori	63.0%	60.0%	60.0%	60.0%	60.0%	
Ultimate Inc Losses (Non Cat), INC BF method	0	0	0	6,041	91,710	97,751
(d) Selected Non Catastrophe Losses	0	0	0	6,033	91,710	97,744
(e) Trend Factor	1.191	1.157	1.123	1.090	1.058	
Ult. Trended Incurred Losses (Non Cat)	0	0	0	6,577	97,060	103,637
Ult. Trended Loss Ratio- Non Cat	0.0%	0.0%	0.0%	8.5%	52.8%	39.7%
Reported Claims	0	0	0	5	54	59
(f) Credibility Factor for Non Cat						0.234
(g) Expected Loss Ratio for Non Cat						34.7%
Credibility Weighted Ultimate Trended Non Catastrophe Loss Ratio						35.9%
(h) Catastrophe Load						11.6%
Total Non Cat + Cat Credibility Weighted Loss Ratio						47.5%
Indicated Cat + Non Cat Rate Change						5.6%

NOTES:

(a) 2008 premium has been annualized using a factor of 12/12

(b) Rate change history is as follows:

01/01/02	0.0%
01/01/03	0.0%
01/01/04	0.0%
01/01/05	0.0%
02/01/06	0.0%
01/01/07	0.0%

(c) Dev factors are based on countrywide data.

(d) Selection Weights: Year 2008 is 100% BF; Year 2007 is 80% BF, 20% LDF; All other years are 100% LDF.

(e) Assumed effective date is 6/1/2009.
The trend rate is 3.0%

(f) Standard for full credibility is 1,082 claims, given that we want to be within 5% of the true answer 90% of the time.

(g) The permissible loss ratio is 45.0%.
The expected loss ratio is the permissible trended for one year.

(h) Catastrophe Load based on state experience

MARKEL AMERICAN INSURANCE COMPANY

2009 RATE INDICATION

MOBILEHOME

Arkansas

II. 3RD PARTY

	Cal/Acc Year					Total
	2004	2005	2006	2007	2008	
(a) Earned Premium	0	0	0	4,513	10,686	15,199
(b) Factor to Current Rate Level	1.000	1.000	1.000	1.000	1.000	
Premium at Current Rate Level	0	0	0	4,513	10,686	15,199
Reported Incurred Losses (Non Cat)	0	0	0	0	0	0
(c) Development Factor	1.000	1.000	1.000	1.001	1.072	
Ultimate Inc Losses (Non Cat), INC LDF method	0	0	0	0	0	0
BF a priori	63.0%	60.0%	60.0%	60.0%	60.0%	
Ultimate Inc Losses (Non Cat), INC BF method	0	0	0	3	433	435
(d) Selected Non Catastrophe Losses	0	0	0	2	433	435
(e) Trend Factor	1.191	1.157	1.123	1.090	1.058	
Ult. Trended Incurred Losses (Non Cat)	0	0	0	2	458	460
Ult. Trended Loss Ratio- Non Cat	0.0%	0.0%	0.0%	0.0%	4.3%	3.0%
Reported Claims	0	0	0	0	1	1
(f) Credibility Factor for Non Cat						0.030
(g) Expected Loss Ratio for Non Cat						46.4%
Credibility Weighted Ultimate Trended Non Catastrophe Loss Ratio						45.0%
(h) Catastrophe Load						0.0%
Total Non Cat + Cat Credibility Weighted Loss Ratio						45.0%
Indicated Cat + Non Cat Rate Change						0.1%

NOTES:

(a) 2008 premium has been annualized using a factor of 12/12

(b) Rate change history is as follows:

01/01/02	0.0%
01/01/03	0.0%
01/01/04	0.0%
01/01/05	0.0%
02/01/06	0.0%
01/01/07	0.0%

(c) Dev factors are based on countrywide data.

(d) Selection Weights: Year 2008 is 100% BF; Year 2007 is 80% BF, 20% LDF; All other years are 100% LDF.

(e) Assumed effective date is 6/1/2009.
The trend rate is 3.0%

(f) Standard for full credibility is 1,082 claims, given that we want to be within 5% of the true answer 90% of the time.

(g) The permissible loss ratio is 45.0%.
The expected loss ratio is the permissible trended for one year.

(h) Catastrophe Load based on state experience
|::

MARKEL AMERICAN INSURANCE COMPANY

2009 RATE INDICATION

MOBILEHOME

Arkansas

V. ALL COVERAGES

	Cal/Acc Year					Total
	2004	2005	2006	2007	2008	
Earned Premium	0	0	0	81,646	194,682	276,328
Implied Fac to Curr Rate Level	#DIV/0!	#DIV/0!	#DIV/0!	1.000	1.000	
Premium at Current Rate Level	0	0	0	81,646	194,682	276,328
Reported Incurred Losses (Non Cat)	0	0	0	5,997	84,262	90,260
Development Factor	#DIV/0!	#DIV/0!	#DIV/0!	1.006	1.094	
Ultimate Inc Losses (Non Cat), INC LDF method	0	0	0	6,035	92,143	98,178
Implied Trend Factor	#DIV/0!	#DIV/0!	#DIV/0!	1.090	1.058	
Ult. Trended Incurred Losses (Non Cat)	0	0	0	6,579	97,517	104,097
Ult. Trended Loss Ratio- Non Cat	0.0%	0.0%	0.0%	8.1%	50.1%	37.7%
Reported Claims	0	0	0	5	55	60
Credibility Factor for Non Cat						#N/A
Expected Loss Ratio for Non Cat						#N/A
Credibility Weighted Ultimate Trended Non Catastrophe Loss Ratio						#N/A
Catastrophe Load						#N/A
Total Non Cat + Cat Credibility Weighted Loss Ratio						#N/A
Premium Wtd Indicated Rate Change						5.3%

Arkansas Mobile Home Program Offbalance

	<u>Premium</u>	<u>Curr. Rel.</u>	<u>Prop. Rel.</u>	<u>% Change</u>	<u>\$ Change</u>
Owner Occupied					
Base Rate	174,071	330	342	3.64%	6,330
Rental					
Protected	23,844	2.00	2.00	0.00%	0
Unprotected	1,751	2.00	2.00	0.00%	0
Tenant					
Protected	264	2.15	2.15	0.00%	0
Unprotected	344	2.15	2.15	0.00%	0
Total	E/P 200,274				Impact 6,330 Overall 3.16%

**Markel American Insurance Company
Essex Insurance Company**

**CALCULATION OF INVESTMENT INCOME
Calendar Years: 2008 & 2007
Property**

UNEARNED PREMIUM

(1) Direct earned premium Countrywide latest calendar year all lines	\$8,694,779
(2) Mean unearned premiums:	
A. Direct Countrywide unearned premium reserves @12/31 latest calendar year	4,651,162
B. Direct Countrywide unearned premium reserves @12/31 penultimate calendar year	3,933,590
C. Mean unearned premium 1/2(A+B)	4,292,376
(3) Deduction for delayed remission of premium:	
A. Direct country wide earned premium latest calendar year	96,602,296
B. Direct agents balances @ 12/31 latest calendar year	3,859,972
C. Direct agents balances @ 12/31 penultimate calendar year	3,765,209
D. Mean agents' balances 1/2(B+C)	3,812,590
E. Ratio (D) / (A)	3.95%
F. Deduction for delayed remission of premium (1) * (E)	343,183
(4) Deduction for prepaid expenses:	
A. Net premium earned	8,694,779
B. Commission and brokerage	0.237
C. 50 % of other acquisition cost	0.000
D. 50 % of general expense	0.092
E. Taxes, licenses and fees	0.028
F. Total prepaid expenses (B) + (C) + (D) + (E)	3,106,020
G. Ratio (F) / (A)	35.72%
H. Deduction for prepaid expenses (2C) * (G)	1,533,365
(5) Deduction for federal taxes payable (2C)*7%	300,466
(6) Net subject to investment (2C) - (3F) - (4H) - (5)	2,115,362

LOSS RESERVES

(7) Expected incurred losses	
(1) * (Balance Point Loss Ratio)	3,916,801
(8) Expected mean loss reserves:	
A. Direct Countrywide loss reserve @12/31 latest calendar year (All Lines)	2,239,080
B. Direct Countrywide loss reserve @12/31 penultimate calendar year	2,421,947
C. Mean loss reserve for latest calendar year 1/2 (A + B)	2,330,514
D. Direct Countrywide incurred losses for latest calendar year	4,029,000
E. Ratio (C) / (D)	57.84%
F. Direct Countrywide loss reserve @12/31 penultimate calendar year	2,421,947
G. Direct Countrywide loss reserve @12/31 antepenultimate calendar year	2,162,082
H. Mean loss reserve for penultimate calendar year 1/2 (F + G)	2,292,015
I. Direct Countrywide incurred losses for penultimate calendar year	6,147,000
J. Ratio (H) / (I)	37.29%
K. Weighted Average of J & E (Based on I & D)	45.43%
L. Expected mean loss reserves (7) * (K)	1,779,207
(9) Expected mean loss and loss adjustment expense reserve	
A. Countrywide net loss reserves @12/31 latest calendar year	2,239,080
B. Countrywide net loss reserves @12/31 penultimate calendar year	2,466,368
C. Mean net loss reserves 1/2 (A + B)	2,352,724
D. Countrywide net loss adjustment expense reserve @12/31 latest calendar year	257,746
E. Countrywide net loss adjustment expense reserve @12/31 penultimate calendar year	325,348
F. Mean net loss adjustment expense reserve 1/2 (D +E)	291,547
G. Ratio 1 + (F / C)	112.39%
H. Expected mean loss and loss adjustment expense reserve (8L) * (G)	1,999,686

TOTAL	<u>COMBINED</u>
(10) Total net subject to investment (6) + (9H)	4,115,048
(11) Pre-tax rate of return:	
A. Net investment income for latest calendar year	51,898,124
B. Assets available for investment @12/31 latest calendar year	1,377,373,657
C. Assets available for investment @12/31 penultimate calendar year	1,421,988,835
D. Mean assets available for investment 1/2 (B +C)	1,399,681,246
E. Pre-tax rate of return (A) / (D)	3.71%
F. After tax rate of return on surplus = 11E*(effective tax rate)	3.11%
(12) Investment earnings on total net subject to investment (10) * (11E)	152,586
(13) A. Federal income tax on investment earnings	24,802
B. Adjustment to line (a) due to federal income tax changes	0
C. Net federal income tax on investment earnings (A) +/- (B)	24,802
(14) Average rate of return as a percentage of earned premiums ((12) - (13C) / (1)	1.47%

Calculation of Profit Provision

(15) Target rate of return on surplus	0.20
(16) Selected premium to surplus ratio	2
(17) After tax ratio of investment income from reserves to surplus (14*16)	0.029
(18) After tax ratio of investment income from premium to surplus (11F)	0.031
(19) After tax ratio of underwriting profit to surplus (15)-((17)+(18))	0.140
(20) Pre tax ratio of underwriting profit to surplus (19)/(1.0-.35)	0.215
(21) Pre tax ratio of underwriting profit to premium (20)/(16)	0.11
(22) Selected ratio of underwriting profit to premium	0.10

Calculation of Permissible Loss Ratio

(23) Underwriting profit needed to meet target rate of return (22)	0.10
(24) Underwriting expenses	
A. Commissions	0.237
B. Taxes	0.028
C. General expenses and other acquisition expenses	0.185
D. Total expenses = (A)+(B)+(C)	0.450
(25) Permissible loss ratio (1.0-(23)-(24))	0.450

Market American Underwriting Managers
Loss and Expense Ratios
Property

	2008		2007		2006		2005		2004		2003	
Written Premium	9,402,383		8,047,546		8,813,507		9,748,357		11,766,372		12,461,056	
Earned Premium	8,688,858		8,244,660		9,440,657		10,334,693		12,259,976		13,218,390	
Losses- Indemnity	5,665,709	65.2%	4,107,023	49.8%	4,718,824	50.0%	6,322,161	61.2%	4,051,548	33.0%	7,097,283	53.7%
LAE	783,056	9.0%	561,687	6.8%	789,389	8.4%	1,015,901	9.8%	1,081,645	8.8%	679,228	5.1%
ULAE	206,552	2.4%	208,598	2.5%	139,618	1.5%	314,575	3.0%	336,764	2.7%	318,250	2.4%
	6,655,317	76.6%	4,877,308	59.2%	5,647,831	59.8%	7,652,637	74.0%	5,469,957	44.6%	8,094,761	61.2%
Commissions												
Regular	2,208,655	23.5%	1,859,992	23.1%	2,021,544	22.9%	2,339,538	24.0%	2,672,813	22.7%	2,864,546	23.0%
Contingent	23,401	0.2%	20,107	0.2%	53,097	0.6%	25,484	0.3%	-	0.0%	-	0.0%
	2,232,056	23.7%	1,880,099	23.4%	2,074,641	23.5%	2,365,022	24.3%	2,672,813	22.7%	2,864,546	23.0%
Other Acquisition Expense												
Fronting Fees	-	0.0%	-	0.0%	-	0.0%	-	0.0%	50,000	0.4%	50,000	0.4%
Selling Expense	2,449	0.0%	10,469	0.1%	2,967	0.0%	5,086	0.1%	(505)	0.0%	20,688	0.2%
	2,449	0.0%	10,469	0.1%	2,967	0.0%	5,086	0.1%	49,495	0.4%	70,688	0.6%
Premium Taxes & Licenses												
Premium Taxes	252,221	2.7%	156,880	1.9%	132,293	1.5%	160,846	1.6%	140,003	1.2%	217,303	1.7%
Licenses	6,731	0.1%	6,227	0.1%	951	0.0%	4,741	0.0%	11,506	0.1%	2,094	0.0%
	258,952	2.8%	163,107	2.0%	133,244	1.5%	165,587	1.7%	151,509	1.3%	219,397	1.8%
General Expenses	1,509,613	16.1%	1,349,518	16.8%	1,278,935	14.5%	1,140,597	11.7%	1,239,243	10.5%	1,281,961	10.3%
Statutory Income	(1,969,529)		(35,841)		303,039		(994,236)		2,676,959		687,037	
Combined Ratio		119.2%		101.4%		99.4%		111.8%		79.6%		96.8%
Deferrals	194,847		(55,192)		(175,041)		(150,897)		(100,939)		(175,705)	
GAAP Income	(1,774,682)		(91,033)		127,998		(1,145,133)		2,576,020		511,332	