

<i>SERFF Tracking Number:</i>	<i>SHEL-126045380</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Shelter Mutual Insurance Company</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>03M10109</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>DF</i>		
<i>Project Name/Number:</i>	<i>Head/</i>		

Filing at a Glance

Company: Shelter Mutual Insurance Company

Product Name: DF

SERFF Tr Num: SHEL-126045380 State: Arkansas

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: 03M10109

State Status: Fees verified and received

Filing Type: Rate/Rule

Co Status:

Reviewer(s): Becky Harrington, Betty Montesi

Authors: Brian Marcks, Sue Burlingame

Disposition Date: 03/18/2009

Date Submitted: 02/24/2009

Disposition Status: Filed

Effective Date Requested (New): 07/12/2009

Effective Date (New): 07/12/2009

Effective Date Requested (Renewal): 07/12/2009

Effective Date (Renewal): 07/12/2009

State Filing Description:

General Information

Project Name: Head

Status of Filing in Domicile:

Project Number:

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 03/18/2009

State Status Changed: 02/25/2009

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

This filing includes the introduction of underwriting tiers, a claims free discount, and a claim surcharge. Base rates and optional coverage rates have been revised. Also, a change has been made to the minimum premium and editorial changes have been made. This filing will result in an overall change in revenue of 5.4% or \$695,918.

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Company and Contact

Filing Contact Information

Brian Marcks, Coordinator of Insurance BCMarcks@shelterinsurance.com
 Department Affairs
 1817 West Broadway (573) 214-4165 [Phone]
 Columbia, MO 65218 (573) 446-7317[FAX]

Filing Company Information

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

Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Shelter Mutual Insurance Company	\$100.00	02/24/2009	25918408

SERFF Tracking Number: SHEL-126045380

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Correspondence Summary

Dispositions

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

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	02/25/2009	02/25/2009

Response Letters

Responded By	Created On	Date Submitted
Brian Marcks	03/17/2009	03/17/2009

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Disposition

Disposition Date: 03/18/2009

Effective Date (New): 07/12/2009

Effective Date (Renewal): 07/12/2009

Status: Filed

Comment: Maximum % change of 100% is due to minimum premium increase from \$50 to \$100.

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):
Shelter Mutual Insurance Company	9.400%	5.400%	\$695,918	28,114	\$12,887,379	100.000%	-21.300%

SERFF Tracking Number: SHEL-126045380 State: Arkansas
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Item Type	Item Name	Item Status	Public Access
Supporting Document (revised)	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	Filed	Yes
Supporting Document (revised)	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	Explanatory Memorandum	Filed	Yes
Supporting Document	Tier Calculator	Filed	No
Supporting Document	Current Manual Pages	Filed	Yes
Supporting Document	Indication Exhibits	Filed	Yes
Supporting Document	AR Tier Factor Support	Filed	Yes
Supporting Document	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines		Yes
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Rate	Manual Pages	Filed	Yes
Rate	Manual Pages	Filed	Yes

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Product Name: DF
Project Name/Number: Head/

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 02/25/2009
Submitted Date 02/25/2009

Respond By Date

Dear Brian Marcks,

This will acknowledge receipt of the captioned filing.

Objection 1

- Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines (Supporting Document)

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. Rate changes are not acceptable without sufficient justification.

Please indicate the percentage changes to the base rates.

Objection 2

- Tier Calculator (Supporting Document)

Comment: Provide the credit model if not the same one used for homeowners.

Are the developed factors the same as the HO? If not, provide the loss experience supporting the factors.

Explain the treatment of no hits/thin files.

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 03/17/2009

SERFF Tracking Number: *SHEL-126045380* *State:* *Arkansas*
Filing Company: *Shelter Mutual Insurance Company* *State Tracking Number:* *EFT \$100*
Company Tracking Number: *03M10109*
TOI: *01.0 Property* *Sub-TOI:* *01.0002 Personal Property (Fire and Allied Lines)*

Product Name: *DF*
Project Name/Number: *Head/*

Submitted Date **03/17/2009**

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Filing Company: Shelter Mutual Insurance Company State Tracking Number: EFT \$100
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TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)
Product Name: DF
Project Name/Number: Head/

Dear Becky Harrington,

Comments:

Reference is made to your note of February 25. Following are responses to your questions/concerns in the same order as they appeared in your note.

Response 1

Comments: Attached is support for the rate revision. Exhibit 12 shows the percentage changes to the base rates. Forms RF-1 and RRFS have been updated with the indicated rate level information.

Related Objection 1

Applies To:

- Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines (Supporting Document)

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. Rate changes are not acceptable without sufficient justification.

Please indicate the percentage changes to the base rates.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines

Comment: Please see attachment.

Satisfied -Name: Uniform Transmittal Document-Property & Casualty

Comment: Please see attachments.

Satisfied -Name: Indication Exhibits

Comment: Please see attachment.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments: The credit model used for this line of insurance, ChoicePoint's CP Attract Standard Auto model, is the same model used for our Homeowner's line. The attached Arkansas Tier Exhibit shows the experience used to develop our tier factors. Regarding our treatment of no hits and thin files, if the CP Attract score is not available, an applicant or

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insured is given a neutral number of points for the CP Attract score question. This treatment is identical to the treatment in our automobile, homeowner and boatowner programs.

Related Objection 1

Applies To:

- Tier Calculator (Supporting Document)

Comment:

Provide the credit model if not the same one used for homeowners.

Are the developed factors the same as the HO? If not, provide the loss experience supporting the factors.

Explain the treatment of no hits/thin files.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: AR Tier Factor Support

Comment: Please see attachment.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Please let me know if you have questions or need additional information.

Sincerely,

Brian Marcks, Sue Burlingame

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

Rate Information

Rate data applies to filing.

Filing Method: File and Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 13.100%
Effective Date of Last Rate Revision: 12/04/2003
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):
Shelter Mutual Insurance Company	%	5.400%	\$695,918	28,114	\$12,887,379	100.000%	-21.300%

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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	Manual Pages	GR-1 thru GR-9, Replacement GR-11 thru GR-13, R-1		AR Proposed GR pages.pdf AR Base Rates.pdf
Filed	Manual Pages	PD-1 and PD-2	New	AR Dwelling Fire Rating Chart.pdf

RULES AND REQUIREMENTS

1. GENERAL INSTRUCTIONS

The Shelter Mutual Dwelling Program offers property and liability coverages, using the forms and endorsements specified herein. This section contains the rules governing the writing of the Policy, adjustments to apply to basic premiums, and the rates and premiums for optional coverages that are available.

Note: The endorsement numbers shown on the following pages are for reference only. The current version may be found in the online endorsement section and will appear on the declaration.

2. ELIGIBILITY

A dwelling policy may be issued to insure:

- a.** the owner of a 1 to 4 family dwelling used exclusively for private residential purposes (except as provided in the Permitted Incidental Occupancies rules.) This may be a townhouse or row house, or may be under construction. Up to 2 roomers or boarders are allowed.
- b.** the owner of a mobile home used exclusively for private residential purposes and that is properly set up according to current underwriting requirements.
- c.** personal property in an eligible dwelling, mobile home, or an apartment (one or more rooms designed for occupancy by one family for private residential purposes).

3. TRANSFER

With the necessary adjustment of premium, a Dwelling Policy may be changed to transfer to another location within the state subject to all the rules of this manual and according to current underwriting requirements.

4. OTHER INSURANCE

Other insurance on the described property is not permitted except insurance against perils not covered by the Dwelling Policy.

5. ADDITIONS, REDUCTIONS, OR CANCELLATION OF COVERAGES

The amount of insurance may be increased or reduced, and coverages may be added or deleted during the term of the policy. Additional or return premium that results from any change or cancellation shall be computed on a pro rata basis.

6. MULTIPLE LOCATIONS

Only one dwelling is allowed on a policy. However, other structures may be written on multiple locations on one policy. A supplemental declaration will be issued showing each location and buildings at that location.

COVERAGES

1. STANDARD POLICY COVERAGES

a. Insured Perils

The Dwelling Policy provides coverage against the perils of Fire and Extended Coverages (EC). The following is a general description of the coverages.

The policy form should be consulted for exact contract coverages, conditions and exclusions.

Fire includes:	Fire	Lightning
EC includes:	Windstorm or Hail Riot or Civil Commotion Vehicles	Explosion Aircraft Smoke

b. Additional Coverages

The Dwelling Policy automatically provides the following additional coverages.

The policy form should be consulted for exact contract coverages, conditions and exclusions.

<u>COVERAGE</u>	<u>LIMIT</u>
Debris Removal	Reasonable Expenses
Emergency Removal of Property	30 Day Period
Necessary Repairs After Loss	Reasonable Costs
Trees, Shrubs, Plants & Lawns*	5% of Dwelling Coverage
Building Improvements	10% of Personal Property Coverage
Other Structures	10% of Dwelling Coverage
Away from Premises Coverage	10% of Personal Property Coverage
Additional Living Expense and Loss of Rents	10% of Dwelling Coverage

*Windstorm or Hail coverage is not included, but may be purchased separately.

GENERAL INFORMATION

1. CONSTRUCTION DEFINITIONS

Premiums will be determined by the following construction definitions.

- a. **Masonry** - A dwelling with walls of masonry or masonry veneered construction, except as provided for below, shall be rated as masonry.
- b. **Frame** - A dwelling with walls of frame, or metal-sheathed or stuccoed frame construction, or with walls of metal lath and plaster on combustible supports, shall be rated as frame.
- c. **Mixed Construction** - Dwellings of mixed construction shall be classed according to the predominant type of construction.

2. FIRE PROTECTION RULES

Risks are rated according to the class of the primary responding department (refer to PROTECTION CLASS RULES – ISO RATING).

3. ISOLATED RISKS

An isolated risk is defined as property located in a Protection Class 10 area, not within the city limits of an incorporated city, and more than 5 miles from a Protection Class 8 or better fire department, whether responding or not. If a risk fits this definition, apply Protection Class 11 premiums.

4. PREMIUM ROUNDING

The 12 month term premiums determined in accordance with any rule in this manual shall be rounded to the nearest dollar, separately for each item, peril and coverage. For this purpose, an amount of fifty cents or more shall be rounded up to a dollar.

5. PREMIUM INTERPOLATION

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

Example: a premium is desired for a policy amount of \$29,500.

Amounts Shown	Factors Shown			
30,000	1.600	<u>500</u> Additional	x	.040 = .020
<u>29,000</u>	<u>1.560</u>	1,000 Difference		
1,000 Difference	.040 Difference			
	1.560 + .020 = 1.580 for \$29,500			

BASIC PREMIUM ADJUSTMENTS

1. CLAIM FREE DISCOUNT

A policy will qualify for a discount when the following conditions have been met:

- a. the policy has been in force for at least 6 consecutive years; **and**
- b. the policy has had no paid claims having an occurrence date in the 6-year period ending 35 days prior to the renewal effective date.

Once the policy qualifies for the discount, the policy will retain the discount on all subsequent renewals.

Earthquake and Medical Payment claims will be disregarded in assessing qualification for the discount. Claims involving a land motor vehicle (not insured, owned or driven by the insured) colliding into the insured's dwelling will also be disregarded.

Factor .90

2. DEDUCTIBLES

The Dwelling Policy contains a Loss Deductible Clause that applies per location and per occurrence. The deductible applies to loss from all insured perils, except to loss from Additional Living Expense and Loss of Rents, Fire Department Charges, Vendors Single Interest, Liability, and Earthquake. The Earthquake endorsement contains its own deductible. The company is liable only for the amount of loss in excess of the deductible.

The Base Rate pages and Optional Coverage rates include the base policy deductible of \$500. Other deductible options with corresponding adjustments are:

<u>Deductible</u>	<u>Adjustment</u>	<u>Deductible</u>	<u>Adjustment</u>
# \$ 50	\$ 22	\$ 1,000	.85
# 100	1.27	1,500	.82
# 250	1.12	2,000	.79
500	1.00	2,500	.75
750	.92	5,000	.70

Available ONLY to policies originally written before 12-04-2003 with a deductible of \$50, \$100 or \$250. For the \$50 deductible, the policy is rated subject to \$100 deductible rates, then the additional charge per location is made.

3. CLAIM SURCHARGE

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

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

Note: For those policies in force prior to 07-12-2009, only eligible claims that occur on or after 07-12-2009 will be considered when calculating the Claims Surcharge.

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

4. DWELLINGS UNDER CONSTRUCTION

Dwellings in the course of construction may be written in one of the following ways.

a. Basic Form

A dwelling or structure in the course of construction may be written under the regular form and premiums. When insured in this manner, the coverage amount should reflect approximate value, with coverage being increased as construction progresses.

b. Builder's Risk Completed Value Form (B-330-B)

When a dwelling or structure is insured under this form:

- (1) coverage must be effective when construction begins since the premiums charged reflect an average amount of liability during the construction period;
- (2) coverage amount must be equal to 100% of completed value. If plans change increasing the completed value, the coverage must be increased accordingly effective the inception date of the policy;
- (3) the policy may be written for only one term of either 6 or 12 months using tenant rates. This cannot be renewed.

<u>Term</u>	=	<u>Premium</u>	x	<u>Factor</u>	
12 mo.	=	12 mo. rounded premium	x	.650	then dollar round
6 mo.	=	12 mo. rounded premium	x	.325	then dollar round

8. SEASONAL AND SECONDARY OCCUPANCY

When the insured residence is occupied on a seasonal or secondary basis, the factor below applies to the **rates for Fire, EC, Broad Form, Custom Broad Form and Vandalism**. This is applied to the dwelling, mobile home, and contents.

Factor 1.25

9. VACANT AND UNOCCUPIED PROPERTY

When the insured residence is vacant or unoccupied, the factor below applies to the **tenant rates for Fire, EC, Broad Form, Custom Broad Form and Vandalism**. This is applied to the dwelling, mobile home, and contents.

Factor 1.30

10. TIER PLACEMENT

Policies written as **new business** with an effective date on or after July 12, 2009, will be assigned to one of the following 6 tiers:

<u>Description</u>	<u>Tier Code</u>	<u>Tier Factor</u>	
		<u>Resident</u>	<u>Non-Resident</u>
Shelter Mutual Tier 1	1000	.85	.87
Shelter Mutual Tier 2	2000	.91	.95
Shelter Mutual Tier 3	3000	1.00	1.00
Shelter Mutual Tier 4	4000	1.29	1.20
Shelter Mutual Tier 5	5000	1.54	1.27
Shelter Mutual Tier 6	6000	2.00	1.35

Resident Tier Factor applies to owner occupied dwellings and mobile homes, with or without the owner's contents, and contents only policies for the occupant of rental property.

Non-Resident Tier Factor applies to landlord's of rented dwellings or mobile homes, property under construction – including builder's risk policies, vacant or unoccupied property, and policies that do not include a dwelling, mobile home or contents item.

Unless the insured requests to be re-tiered, **renewal business** originally written prior to July 12, 2009 will be assigned to the following tier:

<u>Tier Code</u>	<u>Tier Factor</u>	
	<u>Resident</u>	<u>Non-Resident</u>
9998	1.00	1.00

Upon the insured's request, a policy's tier will be reevaluated. The policy's tier will only be changed if it is advantageous to the insured.

In addition, if a policy's tier has not been reevaluated in the previous three years, the tier will be automatically reevaluated during the renewal process. Again, the policy's tier will only be changed if it is advantageous to the insured.

The appropriate tier factor is applied to all premiums except Earthquake.

OPTIONAL COVERAGES

The following options may be added to the policy. **The policy form or specific endorsement should be consulted for exact contract coverages, conditions and exclusions.**

1. BROADENING PERILS – BASIC POLICY

NOTE: Broad Form Coverage and Custom Broad Form Coverage are NOT AVAILABLE for mobile homes or contents in mobile homes.

a. Broad Form Coverage (B-451-B)

This option adds coverage for the following perils:

Breakage of Glass	Sudden and accidental tearing apart,
Burglars	cracking, burning or bulging
Falling Objects	Accidental discharge or overflow of
Weight of ice, snow	water or steam
or sleet	Sudden and accidental loss caused by
Collapse of buildings	artificially generated electrical currents
Freezing	Vandalism or Malicious Mischief

This option also replaces the "How Losses Are Settled" condition under the policy. When necessary conditions are met, this provides replacement cost coverage on the dwelling or other structures. Deductible factors apply.

Rate per \$1,000 .77

b. Custom Broad Form Coverage (B-544-B)

This option is available for property that does not qualify for Broad Form Coverage due to the difference between value and replacement cost. The perils included are the same as those provided under Broad Form. However, with this endorsement, losses are settled on either a repair cost basis or on an actual cash value basis. Deductible factors apply.

Rate per \$1,000 .1.06

c. Vandalism or Malicious Mischief

The peril of Vandalism may be added for both owner and tenant occupied property, whether occupied full time or on a seasonal basis. This must be added to all insured items when written. Deductible factors apply.

Rate per \$1,000 .15

2. INCREASED LIMITS TO THE BASIC POLICY

a. Additional Living Expense and Loss of Rents

This option increases the automatic limit provided for the additional costs incurred to maintain the household or for the loss of rents while the residence is uninhabitable due to a loss caused by an insured peril. No deductible applies. (Charge for BF, CBF or VMM if applicable.)

	<u>Rate per \$1,000 of increase</u>		
	<u>FIRE</u>		<u>EC</u>
Protection Class:	<u>1-8</u>	<u>9-11</u>	<u>1-11</u>
Additional Living Exp	\$ 6.40	\$ 12.11	\$ 4.11
Loss of Rents	3.40	6.41	2.18

b. Building Improvements (B-340-B)

This option increases the automatic limit provided for improvements, additions, alterations, fixtures, and installations made by the insured to the non-owned premises. Deductible factors apply. (Charge for BF, CBF or VMM if applicable.)

<u>Peril</u>	<u>P.C.</u>	<u>Rate per \$1,000 of increase</u>
Fire	1-8	\$ 6.98
	9-11	11.68
E.C.	1-11	3.33

3. ADDING WINDSTORM AND HAIL COVERAGE

Awnings, Canopies or Signs (B-342-B), Outdoor Radio, Television, and Satellite Dish Antennas and Equipment (B-339-B), and Trees, Shrubs, Plants, and Lawns (B-338-B) are covered under the policy EXCEPT for the perils of Windstorm and Hail. These perils may be added using the following rates. Deductible factors apply.

<u>Coverage</u>	<u>Rate per \$1,000</u>
Awnings, etc.	\$ 46.48
Radio/TV Equipment	4.70
Trees, etc.	31.69

4. CONSTRUCTION THEFT COVERAGE (B-549-B)

Coverage for theft losses from a dwelling under construction may be added by endorsement.

The premium for this endorsement is fully earned when added to the policy. Deductible factors apply.

<u>Policy Term</u>	<u>Premium</u>
6 months	\$ 58
12 months	\$ 87

6. FIRE DEPARTMENT CHARGES (B-453-B)

Coverage may be added to cover the cost assumed by contract or by agreement for service or charges made by a fire department when called to protect insured property from a covered loss. No deductible applies.

Rate per \$100 \$ 2.20

7. OTHER STRUCTURES

Other Structures as used in this policy means buildings or structures situated on the described premises and designed to service the residence. This includes permanently installed swimming pools, private garages, utility storage sheds, pumphouses, cellar houses, etc. This does not include any building or structure used to any extent for business or farming purposes. When the automatic coverage provided is not sufficient, coverage may be purchased on specific structures using the following rates. Deductible factors apply. (Charge for BF, CBF or VMM if applicable.)

<u>Peril</u>	<u>P.C.</u>	<u>Rate per \$1,000</u>
Fire	1-8	\$ 5.70
	9-11	10.78
E.C.	1-11	3.65

8. PERMITTED INCIDENTAL OCCUPANCIES

Certain incidental occupancies are permitted in the residence or in an other structure on the premises if the occupancy is operated by a resident of the premises, and no more than two persons work at the business. Permitted occupancies include: **Offices** used for business or professional purposes; **Private schools or studios** for music, dance, photography, or other instructional purposes; **Small service occupancies** offering a service rather than sales, such as barber or beauty shops, tailors or dressmakers, or shoe repair; **Child care**; and **Storage of merchandise** if the value does not exceed \$5,000.

a. Other Structures with Permitted Occupancy (B-644-B)

While no automatic coverage applies for the owner who operates a permitted incidental occupancy in an other structure on the insured premises, coverage can be purchased. Deductible factors apply. (Charge for BF, CBF or VMM if applicable.)

<u>Peril</u>	<u>P.C.</u>	<u>Rate per \$1,000</u>
Fire	1-8	\$ 6.27
	9-11	11.85
E.C.	1-11	4.03

OPTIONAL COVERAGES

8. PERMITTED INCIDENTAL OCCUPANCIES (Cont.)

b. Contents of Permitted Occupancy (B-336-B)

Coverage may be added to cover contents usual to a permitted incidental occupancy. The endorsement 'Permitted Incidental Occupancies' must be added, and the property must be added as a separate item. Deductible factors apply. (Charge for BF, CBF or VMM if applicable.)

<u>Peril</u>	<u>P.C.</u>	<u>Rate per \$1,000</u>
Fire	1-8	\$ 7.68
	9-11	12.84
E.C.	1-11	2.91

c. Merchandise in Storage (B-341-B)

Coverage (not to exceed \$5,000) can be purchased to cover merchandise usual to an incidental business that is held in storage at the insured premises. The merchandise must be added as a separate item. Deductible factors apply. (Charge for BF, CBF or VMM if applicable.)

<u>Peril</u>	<u>P.C.</u>	<u>Rate per \$1,000</u>
Fire	1-8	\$ 12.14
	9-11	16.84
E.C.	1-11	3.33

9. THEFT COVERAGE (B-37-B)

This provides coverage for the theft of personal property and is available for the owner-occupant or for the tenant-occupant of the residence premises. Coverage is to be written in units of \$1,000, using the following rates. Deductible factors apply.

First \$1,000	\$ 14
Second \$1,000	12
Third, Fourth & Fifth \$1,000	10
Each Additional \$1,000	8

10. TRIP COLLISION AND OVERTURN (B-456-B)

When the policy insures a mobile home, collision and overturn coverage may be added to protect the mobile home while being moved. Coverage is provided for a period of 30 days. Deductible factors apply.

Premium \$ 17

11. VENDOR'S SINGLE INTEREST (B-457-B)

When the policy insures a mobile home, Vendor's Single Interest protection may be added by endorsement. This coverage will protect the lienholder against loss due to collision, conversion, embezzlement or secretion of the mobile home by the insured. Each mobile home covered by this endorsement must be written under a separate policy. No deductible applies.

Charge per mobile home \$ 18

12. REPAIR OR REPLACEMENT COST COVERAGE – CONTENTS (B-612-B)

This coverage on contents may be added by endorsement. When added, contents must be insured for 100% of replacement cost. The factor applies to the premiums for Fire, E.C., Broad Form, Custom Broad Form and Vandalism for the contents item insured. Deductible factors apply.

Factor 1.24

13. LIABILITY

Bodily Injury and Property Damage Liability and Medical Payments Coverages may be purchased by endorsement. **Comprehensive Personal Liability** is available only to owner-occupants or tenant-occupants of the residence premises. When this is purchased, coverage may then be extended to 1 or 2 family rented dwellings (not farm or commercial property), using the rates shown for Landlord's Liability Protection. **Landlord's Liability Protection** is available only to the owner-nonoccupant of a 1 or 2 family rented dwelling and is limited to the residence premises described on the declarations. No deductible applies.

a. Comprehensive Personal Liability (B-38-B)

Liability Limits	Medical Payments Limits			
	<u>\$1,000</u>	<u>\$2,000</u>	<u>\$5,000</u>	<u>\$10,000</u>
\$ 25,000	\$ 18	\$ 24	\$ 30	\$ 42
50,000	19	25	34	45
100,000	22	26	35	47
200,000	25	29	37	50
300,000	28	30	40	52
400,000	29	31	41	53
500,000	30	32	42	54
1,000,000	60	64	84	108

b. Landlord's Liability Protection (B-454-B)

Liability Limits	Medical Payments Limits			
	<u>\$1,000</u>	<u>\$2,000</u>	<u>\$5,000</u>	<u>\$10,000</u>
\$ 25,000	\$ 12	\$ 14	\$ 22	\$ 31
50,000	14	17	24	34
100,000	17	19	26	36
200,000	19	22	29	39
300,000	22	24	31	41
400,000	24	26	34	43
500,000	26	29	36	45
1,000,000	52	58	72	90

Arkansas Shelter Mutual Dwelling Fire Base Rates

Dwelling @ \$15,000, Contents @ \$6,000, \$500 Deductible

Fire Base Rates - Dwelling

Owner Occupancy										
	Masonry				Frame				Mobile Home	
	Families:	1	2	3	4	1	2	3		4
Protection Class	1	30	30	62	62	43	43	82	82	43
	2	30	30	62	62	43	43	82	82	43
	3	30	30	62	62	43	43	82	82	43
	4	37	37	72	72	49	49	93	93	49
	5	43	43	77	77	53	53	105	105	53
	6	53	53	90	90	63	63	116	116	63
	7	80	80	105	105	91	91	137	137	91
	8	115	115	146	146	143	143	200	200	143
	9	130	130	168	168	205	205	275	275	205
	10	179	179	231	231	269	269	338	338	269
	11	179	179	231	231	269	269	338	338	269
Curve	1	1	1	1	1	1	1	1	1	

Tenant Occupancy										
	Masonry				Frame				Mobile Home	
	Families:	1	2	3	4	1	2	3		4
Protection Class	1	42	42	82	82	56	56	111	111	56
	2	42	42	82	82	56	56	111	111	56
	3	42	42	82	82	56	56	111	111	56
	4	50	50	97	97	65	65	125	125	65
	5	56	56	103	103	74	74	140	140	74
	6	74	74	118	118	82	82	153	153	82
	7	110	110	143	143	122	122	184	184	122
	8	155	155	195	195	189	189	265	265	189
	9	172	172	223	223	276	276	370	370	276
	10	238	238	308	308	360	360	446	446	360
	11	238	238	308	308	360	360	446	446	360
Curve	1	1	1	1	1	1	1	1	1	

Fire Base Rates - Contents

Owner/Tenant Occupancy												
	Masonry					Frame					Mobile Home	
	Families:	1	2	3	4	5+	1	2	3	4		5+
Protection Class	1	24	24	36	36	55	31	31	49	49	68	31
	2	24	24	36	36	55	31	31	49	49	68	31
	3	24	24	36	36	55	31	31	49	49	68	31
	4	26	26	38	38	58	35	35	55	55	73	35
	5	28	28	43	43	61	36	36	57	57	79	36
	6	31	31	48	48	66	42	42	59	59	82	42
	7	44	44	55	55	79	53	53	70	70	95	53
	8	60	60	73	73	102	74	74	100	100	129	74
	9	70	70	83	83	121	101	101	128	128	154	101
	10	87	87	107	107	147	126	126	153	153	180	126
	11	87	87	107	107	147	126	126	153	153	180	126
Curve	2	2	2	2	2	2	2	2	2	2	2	

Extended Coverage Base Rates - Dwelling/Contents

	Dwelling	Contents
Rate	83	19
Curve	3	4

ARKANSAS DWELLING FIRE PREMIUM DETERMINATION CHART

Basic Premium Coverages

	Dwelling					Contents				
	Page	Fire	E.C.	BF, CBF, VMM	Earth-quake	Fire	E.C.	BF, CBF, VMM	Earth-quake	
Base Rate/Rate per \$1,000	R-1/GR-8	+	+	+	+	+	+	+	+	
Amount of Insurance	R-2/Cov Amt	x	x	x	x	x	x	x	x	
Deductible	GR-4/GR-10	x	x	x	x	x	x	x	x	
Tier	GR-7	x	x	x		x	x	x		
Claim Surcharge	GR-5	x	x	x		x	x	x		
Seasonal/Vacant Surcharge	GR-7	x	x	x		x	x	x		
Repair/Replacement-Contents	GR-13					x	x	x		
Heating System Discount	GR-6	x				x				
Claim Free Discount	GR-4	x	x	x		x	x	x		
Term	GR-6	x	x	x	x	x	x	x	x	
Total Premium		=	=	=	=	=	=	=	=	

	Mobile Home					Contents				
	Page	Fire	E.C.	VMM	Earth-quake	Fire	E.C.	VMM	Earth-quake	
Base Rate/Rate per \$1,000	R-1/GR-8	+	+	+	+	+	+	+	+	
Amount of Insurance	R-2/Cov Amt	x	x	x	x	x	x	x	x	
Deductible	GR-4/GR-10	x	x	x	x	x	x	x	x	
Tier	GR-7	x	x	x		x	x	x		
Claim Surcharge	GR-5	x	x	x		x	x	x		
Seasonal/Vacant Surcharge	GR-7	x	x	x		x	x	x		
Repair/Replacement-Contents	GR-13					x	x	x		
Heating System Discount	GR-6	x				x				
Claim Free Discount	GR-4	x	x	x		x	x	x		
Term	GR-6	x	x	x	x	x	x	x	x	
Total Premium		=	=	=	=	=	=	=	=	

Policy Coverages	Rate	Cov. Amt.	Deductible	Landlord Liability x # of dwellings	Tier	Claim Surcharge	Claim Free	Term	Total Premium
Windstorm & Hail - Awnings	+	x	x		x	x	x	x	=
Windstorm & Hail - TV Equip.	+	x	x		x	x	x	x	=
Windstorm & Hail - Trees	+	x	x		x	x	x	x	=
Construction Theft	+		x		x	x	x		=
Fire Department Charges	+	x			x	x	x	x	=
Theft Coverage	+		x		x	x	x	x	=
Trip Collision	+		x		x	x	x		=
Vendor's Single Interest	+				x	x	x	x	=
Comprehensive Pers. Liability	+			+	x	x	x	x	=
Landlord's Liability	+				x	x	x	x	=

ARKANSAS DWELLING FIRE PREMIUM DETERMINATION CHART

Optional Coverages

		Base Rate	Cov. Amt.	Deductible	Tier	Claim Surcharge	Claim Free	Term Factor	Total Premium
Increased Limits									
Additional Living Expense	Fire	+	x		x	x	x	x	=
	E.C.	+	x		x	x	x	x	=
	Add'l Perils	+	x		x	x	x	x	=
	Earthquake	+	x	x				x	=
Loss of Rents	Fire	+	x		x	x	x	x	=
	E.C.	+	x		x	x	x	x	=
	Add'l Perils	+	x		x	x	x	x	=
	Earthquake	+	x	x				x	=
Building Improvements	Fire	+	x	x	x	x	x	x	=
	E.C.	+	x	x	x	x	x	x	=
	Add'l Perils	+	x	x	x	x	x	x	=
	Earthquake	+	x	x				x	=

NOTE: charges under increased limits above apply to the amount of increase only.

		Base Rate	Cov. Amt.	Deductible	Tier	Claim Surcharge	Repair Replmt-Contents	Claim Free	Term Factor	Total Premium
Additional Items										
Other Structures	Fire	+	x	x	x	x		x	x	=
	E.C.	+	x	x	x	x		x	x	=
	Add'l Perils	+	x	x	x	x		x	x	=
	Earthquake	+	x	x					x	=
Other Structures with Permitted Occupancy	Fire	+	x	x	x	x		x	x	=
	E.C.	+	x	x	x	x		x	x	=
	Add'l Perils	+	x	x	x	x		x	x	=
	Earthquake	+	x	x					x	=
Contents of Permitted Occupancy	Fire	+	x	x	x	x	x	x	x	=
	E.C.	+	x	x	x	x	x	x	x	=
	Add'l Perils	+	x	x	x	x	x	x	x	=
	Earthquake	+	x	x					x	=
Merchandise in Storage	Fire	+	x	x	x	x	x	x	x	=
	E.C.	+	x	x	x	x	x	x	x	=
	Add'l Perils	+	x	x	x	x	x	x	x	=
	Earthquake	+	x	x					x	=

NOTE: Add'l Perils denotes Broad Form (BF), Custom Broad Form (CBF) or Vandalism (VMM), whichever is written.

Total Policy Premium Calculation

Sum of Total Premiums	+
Apply Minimum Total Policy Premium	+
Term Charge	+
Total Policy Premium	=

SERFF Tracking Number: SHEL-126045380 State: Arkansas
 Filing Company: Shelter Mutual Insurance Company State Tracking Number: EFT \$100
 Company Tracking Number: 03M10109
 TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)
 Product Name: DF
 Project Name/Number: Head/

Supporting Document Schedules

Review Status:
Satisfied -Name: Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines Filed 03/18/2009

Comments:
 Please see attachment.

Attachment:
 Revised AR RF1.pdf

Review Status:
Satisfied -Name: HPCS-Homeowners Premium Comparison Survey Filed 03/18/2009

Comments:
 Please see attachment. Please note that contents coverage is not automatically a part of our Dwelling Fire coverage. We have rated with contents coverage of 50% of dwelling value.

Attachment:
 HPCS.xls

Review Status:
Bypassed -Name: NAIC Loss Cost Filing Document for OTHER than Workers' Comp Filed 03/18/2009

Bypass Reason: This is an independent rate, rule filing.

Comments:

Review Status:
Satisfied -Name: Uniform Transmittal Document-Property & Casualty Filed 03/18/2009

Comments:
 Please see attachments.

Attachment:
 Revised AR RRFS.pdf

SERFF Tracking Number: SHEL-126045380 State: Arkansas
Filing Company: Shelter Mutual Insurance Company State Tracking Number: EFT \$100
Company Tracking Number: 03M10109
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)
Product Name: DF
Project Name/Number: Head/

Review Status:
Satisfied -Name: Explanatory Memorandum **Filed** 03/18/2009
Comments:
Please see attachment.
Attachment:
AR Expl Memo.pdf

Review Status:
Satisfied -Name: Current Manual Pages **Filed** 03/18/2009
Comments:
Attached are the current GR and rate pages.
Attachments:
AR Current GR pages.pdf
AR Current Base Rates.pdf

Review Status:
Satisfied -Name: Indication Exhibits **Filed** 03/18/2009
Comments:
Please see attachment.
Attachment:
Exhibits.pdf

Review Status:
Satisfied -Name: AR Tier Factor Support **Filed** 03/18/2009
Comments:
Please see attachment.
Attachment:
AR Tier Exhibit.pdf

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

1.	This filing transmittal is part of Company Tracking #	03M10109
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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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3.		A.	Company Name	B.	Company NAIC Number
			Shelter Mutual Insurance Company		23388

4.		A.	Product Coding Matrix Line of Business (i.e., Type of Insurance)	B.	Product Coding Matrix Line of Business (i.e., Sub-type of Insurance)
			1.0		1.0002

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	FOR LOSS COSTS ONLY			
				(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Fire	-8.2	-8.8	62.5	N/A	N/A	N/A	N/A
Allied Lines	27.7	19.9	62.7				
TOTAL OVERALL EFFECT	9.4	5.4					

6. 5 Year History Rate Change History							
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2004	30,382	No Chg		11,840	5,073	42.8	47.3
2005	29,598	No Chg		12,541	4,034	32.2	64.1
2006	28,581	No Chg		12,648	7,460	59.0	64.2
2007	28,136	No Chg		12,618	4,149	32.9	37.7
2008	28,114	No Chg		12,820	19,353	151.0	86.2

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	19.2 / 19.3
B. General Expense	7.0 / 7.0
C. Taxes, Licenses & Fees	3.0 / 3.0
D. Underwriting Profit & Contingencies	8.3 / 8.0
E. Other (explain)	
F. TOTAL	37.5 / 37.3

- 8.** N/A Apply Loss Cost Factors to Future filings? (Y or N)
9. 100.0 Estimated Maximum Rate Increase for any Insured (%) Territory (if applicable): Minimum Premium (\$50 to \$100)
10. -21.3 Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

NAIC Number: 23388
 Company Name: Shelter Mutual Insurance Company
 Contact Person: Brian Marcks
 Telephone No.: 573-214-4165
 Email Address: BCMarcks@Shelterinsurance.com
 Effective Date: 12-Jul-09

**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	\$817.00	\$902.00	\$817.00	\$902.00	\$817.00	\$902.00	\$817.00	\$902.00	\$817.00	\$902.00	\$817.00	\$902.00	\$817.00	\$902.00	\$817.00	\$902.00	\$817.00	\$902.00
	\$120,000	\$1,205.00	\$1,330.00	\$1,205.00	\$1,330.00	\$1,205.00	\$1,330.00	\$1,205.00	\$1,330.00	\$1,205.00	\$1,330.00	\$1,205.00	\$1,330.00	\$1,205.00	\$1,330.00	\$1,205.00	\$1,330.00	\$1,205.00	\$1,330.00
	\$160,000	\$1,598.00	\$1,760.00	\$1,598.00	\$1,760.00	\$1,598.00	\$1,760.00	\$1,598.00	\$1,760.00	\$1,598.00	\$1,760.00	\$1,598.00	\$1,760.00	\$1,598.00	\$1,760.00	\$1,598.00	\$1,760.00	\$1,598.00	\$1,760.00
6	\$80,000	\$938.00	\$1,034.00	\$938.00	\$1,034.00	\$938.00	\$1,034.00	\$938.00	\$1,034.00	\$938.00	\$1,034.00	\$938.00	\$1,034.00	\$938.00	\$1,034.00	\$938.00	\$1,034.00	\$938.00	\$1,034.00
	\$120,000	\$1,382.00	\$1,522.00	\$1,382.00	\$1,522.00	\$1,382.00	\$1,522.00	\$1,382.00	\$1,522.00	\$1,382.00	\$1,522.00	\$1,382.00	\$1,522.00	\$1,382.00	\$1,522.00	\$1,382.00	\$1,522.00	\$1,382.00	\$1,522.00
	\$160,000	\$1,828.00	\$2,013.00	\$1,828.00	\$2,013.00	\$1,828.00	\$2,013.00	\$1,828.00	\$2,013.00	\$1,828.00	\$2,013.00	\$1,828.00	\$2,013.00	\$1,828.00	\$2,013.00	\$1,828.00	\$2,013.00	\$1,828.00	\$2,013.00
9	\$80,000	\$1,256.00	\$1,607.00	\$1,256.00	\$1,607.00	\$1,256.00	\$1,607.00	\$1,256.00	\$1,607.00	\$1,256.00	\$1,607.00	\$1,256.00	\$1,607.00	\$1,256.00	\$1,607.00	\$1,256.00	\$1,607.00	\$1,256.00	\$1,607.00
	\$120,000	\$1,847.00	\$2,358.00	\$1,847.00	\$2,358.00	\$1,847.00	\$2,358.00	\$1,847.00	\$2,358.00	\$1,847.00	\$2,358.00	\$1,847.00	\$2,358.00	\$1,847.00	\$2,358.00	\$1,847.00	\$2,358.00	\$1,847.00	\$2,358.00
	\$160,000	\$2,440.00	\$3,112.00	\$2,440.00	\$3,112.00	\$2,440.00	\$3,112.00	\$2,440.00	\$3,112.00	\$2,440.00	\$3,112.00	\$2,440.00	\$3,112.00	\$2,440.00	\$3,112.00	\$2,440.00	\$3,112.00	\$2,440.00	\$3,112.00

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

HO3 and HO4 only

Fire Extinguisher	NA	%	Deadbolt Lock	NA	%
Burglar Alarm	NA	%	Window Locks	NA	%
Smoke Alarm	NA	%	\$1,000 Deductible	15	%
			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) no

WHAT IS YOUR PERCENTAGE DEDUCTIBLE? %

Zone Brick Frame

RATE/RULE FILING SCHEDULE

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

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

1.	This filing transmittal is part of Company Tracking #	03M10109
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	N/A
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Rate Increase Rate Decrease Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	File & Use
-----------	--	------------

4a.	Rate Change by Company (As Proposed)						
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
Shelter Mutual Ins.	9.4	5.4	695,918	28,114	12,887,379	100.0	-21.3

4b.	Rate Change by Company (As Accepted) For State Use Only						
------------	--	--	--	--	--	--	--

Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

5. Overall Rate Information (Complete for Multiple Company Filings only)

		COMPANY USE	STATE USE
5a.	Overall percentage rate indication (when applicable)		
5b.	Overall percentage rate impact for this filing		
5c.	Effect of Rate Filing – Written premium change for this program		
5d.	Effect of Rate Filing – Number of policyholders affected		

6.	Overall percentage of last rate revision	+13.1
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7.	Effective Date of last rate revision	12/04/2003
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8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	File & Use
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9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	GR-1 thru GR-9, GR-11 through GR-13 and R-1	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02	PD-1 and PD-2	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

**SHELTER MUTUAL INSURANCE COMPANY
ARKANSAS DWELLING FIRE AND ALLIED LINES
EXPLANATORY MEMORANDUM**

SYNOPSIS

This filing contains the introduction of underwriting tiers, a claims free discount, and a claim surcharge. A change has been made to the minimum premium, and editorial changes have been made. Base Rates and optional coverage rates have been revised. The estimated overall revenue effect is 5.4% or \$695,918.

GENERAL RULE (GR) PAGES

- GR-3 Rule 5. Premium Interpolation** – the method of interpolation has changed from interpolating premiums to interpolating the amount of insurance factor.
- GR-4 Rule 1. Claim Free Discount** – this is a new credit being offered to qualifying policy holders.
- GR-5 Rule 3. Claim Surcharge** – this is being added to apply first to new business written. For current policy holders, only claims occurring after the effective date of this rule will be considered.
- GR-6 Rule 6. Minimum Premium** - this has increased to \$100.
- GR-7 Rule 8. Seasonal and Secondary Occupancy** – the word ‘Secondary’ has been added.
Rule 10. Tier Placement – this is new to the Dwelling Program, but is already a part of our major lines, including Homeowners and Automobile. See additional information below.
- GR-13 Rule 12. Repair or Replacement Cost Coverage - Contents** – the minimum premium for this coverage has been removed.

Underwriting Tiers

With this filing, we are introducing tiering into our underwriting process. Based on objective underwriting criteria (see below), business will be placed in one of the Shelter Mutual Insurance Company tiers.

In determining the tier placement for a risk, we will consider a number of factors, each of which has shown, either in our own research or in studies to which we have access, to be predictive of loss. These factors include credit score (CP Attract Score), number of years policy has been in force, 5 year loss history and other active policies with Shelter Insurance Companies.

Based on our evaluation of the combination of factors listed above, a qualifying **new business** risk will be placed in one of the following tiers:

<u>Description</u>	<u>Tier Code</u>	<u>Tier Factor</u>	
		<u>Resident</u>	<u>Non-Resident</u>
Shelter Mutual Tier 1	1000	.85	.87
Shelter Mutual Tier 2	2000	.91	.95
Shelter Mutual Tier 3	3000	1.00	1.00
Shelter Mutual Tier 4	4000	1.29	1.20
Shelter Mutual Tier 5	5000	1.54	1.27
Shelter Mutual Tier 6	6000	2.00	1.35

Resident Tier Factor applies to owner occupied dwellings and mobile homes, with or without the owner's contents, and contents only policies for the occupant of rental property.

Non-Resident Tier Factor applies to landlord's of rented dwellings or mobile homes, property under construction – including builder's risk policies, vacant or unoccupied property, and policies that do not include a dwelling, mobile home or contents item.

Unless the insured requests to be re-tiered, **renewal business** originally written prior to July 12, 2009 will be assigned to the following tier:

<u>Tier Code</u>	Tier Factor	
	<u>Resident</u>	<u>Non-Resident</u>
9998	1.00	1.00

Upon the insured's request, a policy's tier will be reevaluated. The policy's tier will only be changed if it is advantageous to the insured.

In addition, if a policy's tier has not been reevaluated in the previous three years, the tier will be automatically reevaluated during the renewal process. Again, the policy's tier will only be changed if it is advantageous to the insured.

The appropriate tier factor is applied to all premiums except Earthquake.

The move to a tiering plan will allow us to have proper rates for higher risk business that we usually don't write today. Going forward, it is essential that we better leverage our marketing and underwriting efforts and costs by attracting applicants from all market segments and writing a larger percentage of the applicants we attract.

Please refer to manual page GR-7.

PREMIUM DETERMINATION

The Premium Determination Rule previously located in the GR pages has been removed. This information is now shown on a Premium Determination Chart, which is found on new pages PD-1 and PD-2.

RATE (R) PAGES

Base Rates have been revised.

RULES AND REQUIREMENTS

1. GENERAL INSTRUCTIONS

The Shelter Mutual Dwelling Program offers property and liability coverages. This section contains the rules governing the writing of the Policy, adjustments to apply to basic premiums, and the rates and premiums for Optional Coverages that are available.

Note: The endorsement numbers shown on the following pages are for reference only. The current version may be found on the endorsement screen and will appear on the declaration.

2. ELIGIBILITY

A dwelling policy may be issued to insure:

- a. **Dwelling** - A 1 to 4 family structure used as a private residence (except as provided under "Permitted Incidental Occupancies") and situated on the premises described in the Declarations. This may be a townhouse or row house, or may be under construction. Up to 2 roomers or boarders are allowed. Included are structures attached to the dwelling, building equipment, fixtures and outdoor equipment, construction material for use with the dwelling, and wall to wall carpeting, all of which must be owned by the insured and located on the residence premises.
- b. **Mobile Home** - The unit must be properly set up according to current underwriting requirements. It may be either owner or tenant occupied.
- c. **Personal Property** - Household furnishings and other personal items owned or used by an insured. These may be in an eligible dwelling, mobile home, or an apartment (one or more rooms designed for occupancy by one family for dwelling purposes).

3. TRANSFER

Subject to all the rules of this manual and any necessary adjustment of premium, a Dwelling policy may be changed to effect transfer to another location within the same state.

4. OTHER INSURANCE

Other insurance on the described property is not permitted except insurance against perils not covered by the Dwelling Policy.

5. ADDITIONS, REDUCTIONS, OR CANCELLATION OF COVERAGES

The amount of insurance may be increased or reduced, and coverages may be added or deleted during the term of the policy. Additional or return premium that results from any change or cancellation shall be computed on a pro rata basis.

The Application for Change form should be used when requesting a revision. This form provides the minimum information requirements.

RULES AND REQUIREMENTS

6. **MANUAL REVISIONS**

Any revision of premium, rules or forms will be applied in accordance with the following procedures.

- (1) The Company shall announce separate effective dates for new policies, policy changes and renewal policies.
- (2) The revision will apply to any policy, endorsement, or policy change having an effective date on or after the appropriate effective date of such revision.
- (3) Unless otherwise provided at the time the revision becomes effective, current premiums, rules and forms must apply.

7. **MULTIPLE LOCATIONS**

Only one dwelling is allowed on a policy. However, other structures may be written on multiple locations on one policy. A supplemental declaration will be issued showing each location and buildings at that location.

COVERAGES

1. STANDARD POLICY COVERAGES

a. Insured Perils

The Dwelling Policy provides coverage against the perils of Fire and Extended Coverages (EC). The following is a general description of the coverages. **The policy form should be consulted for exact contract coverages, conditions and exclusions.**

Fire includes: Fire Lightning

EC includes: Windstorm or Hail Explosion
 Riot or Civil Commotion Aircraft
 Vehicles Smoke

b. Additional Coverages

The Dwelling Policy automatically provides the following additional coverages. **The policy form should be consulted for exact contract coverages, conditions and exclusions.**

<u>COVERAGE</u>	<u>LIMIT</u>
Debris Removal	Reasonable Expenses
Emergency Removal of Property	30 Day Period
Necessary Repairs After Loss	Reasonable Costs
Trees, Shrubs, Plants & Lawns*	5% of Dwelling Coverage
Building Improvements	10% of Personal Property Coverage
Other Structures	10% of Dwelling Coverage
Away from Premises Coverage	10% of Personal Property Coverage
Additional Living Expense and Loss of Rents	10% of Dwelling Coverage

*Windstorm or Hail coverage is not included, but may be purchased separately.

BASIC PREMIUM ADJUSTMENTS

1. CONSTRUCTION DEFINITIONS

Premiums will be determined by the following construction definitions.

- a. **Masonry** - A dwelling with walls of masonry or masonry veneered construction, except as provided for below, shall be rated as masonry.
- b. **Frame** - A dwelling with walls of frame, or metal-sheathed or stuccoed frame construction, or with walls of metal lath and plaster on combustible supports, shall be rated as frame.
- c. **Mixed Construction** - Dwellings of mixed construction shall be classed according to the predominant type of construction.

2. DEDUCTIBLES

The Dwelling Policy contains a Loss Deductible Clause that applies per location and per occurrence. The deductible applies to loss from all insured perils, except to loss from Additional Living Expense and Loss of Rents, Fire Department Charges, Vendors Single Interest, Liability, and Earthquake. The Earthquake endorsement contains its own deductible. The company is liable only for the amount of loss in excess of the deductible.

The Base Rate pages and Optional Coverage rates include the base policy deductible of \$500. Other deductible options with corresponding adjustments are:

<u>Policy Deductible</u>	<u>Adjustment to Basic Premium</u>
#\$50	\$22 – Per Location
#100	Add 27%
#250	Add 12%
500	No Adjustment
750	Subtract 8%
1,000	Subtract 15%
1,500	Subtract 18%
2,000	Subtract 21%
2,500	Subtract 25%
5,000	Subtract 30%

Available only to policies originally written before 12-04-2003 with \$50, \$100 or \$250. The \$50 deductible is rated subject to \$100 deductible rates plus the additional charge.

3. FIRE PROTECTION RULES

Risks are rated according to the class of the primary responding department (refer to PROTECTION CLASS RULES – ISO RATING).

4. ISOLATED RISKS

An isolated risk is defined as property located in a Protection Class 10 area, not within the city limits of an incorporated city, and more than 5 miles from a Protection Class 8 or better fire department, whether responding or not. If a risk fits this definition, apply Protection Class 11 premiums.

BASIC PREMIUM ADJUSTMENTS

5. MINIMUM PREMIUM

A minimum premium of **\$50** will be charged for each policy written. If a policy written on a 3 or 6 month term does not meet the minimum, a 6 or 12 month term must be written instead. An **EXCEPTION** to this is a Builder's Risk policy. When written on a 6 month term, the term will **NOT** be adjusted to 12 months to meet the minimum.

All premiums charged for the policy, including optional coverages, will apply to this minimum. A change made to the policy cannot reduce the premium below the minimum.

A minimum of \$1 shall be charged per item, peril or endorsement for each coverage written regardless of policy term.

6. PREMIUM ADJUSTMENTS

a. Dwellings Under Construction

Dwellings in the course of construction may be written in one of the following ways.

(1) Basic Form

A dwelling or structure in the course of construction may be written under the regular form and premiums. When insured in this manner, the coverage amount should reflect approximate value, with coverage being increased as construction progresses.

(2) Builder's Risk Completed Value Form (B-330-B)

When a dwelling or structure is insured under this form:

- (a) coverage must be effective when construction begins since the premiums charged reflect an average amount of liability during the construction period;
- (b) coverage amount must be equal to 100% of completed value. If plans change increasing the completed value, the coverage must be increased accordingly effective the inception date of the policy;
- (c) the policy may be written for only one term of either 6 or 12 months using tenant rates. This cannot be renewed.

<u>Term</u>		<u>Premium</u>		<u>Factor</u>	
12 mo.	=	12 mo. rounded premium	x	.650	then dollar round
6 mo.	=	12 mo. rounded premium	x	.325	then dollar round

(3) Contractor's Automatic Builder's Risk Form (B-331-B)

Temporary protection is provided by this form for contractors involved in various building projects. This covers all beginning projects while allowing the contractor up to 30 days to write the Builder's Risk form on each individual structure.

The amount of coverage written should reflect the highest value of any structure covered, and any endorsements that will be added to the individual Builder's Risk policies should be included in this policy. The premium charged for this coverage is the **Minimum Premium**.

BASIC PREMIUM ADJUSTMENTS

6. PREMIUM ADJUSTMENTS (Cont.)

b. Heating System Discount

Dwellings, mobile homes and personal property located in areas rated Protection Class 8, 9, 10 or 11 qualify for a **discount of 20% to the FIRE premium** if **NO** type of solid fuel heating device (wood, coal, etc.) is present. A conventional fireplace will qualify in a dwelling if no other type of solid fuel heating is used. A freestanding fireplace or a fireplace with an insert will not qualify. A fireplace in a mobile home will not qualify.

c. Vacant and Unoccupied Property

When the insured residence is vacant or unoccupied, **increase the tenant rates for Fire, EC, V&MM, Broad Form and Custom Broad Form by 30%.**

d. Seasonal Occupancy

When the insured residence is occupied on a seasonal basis, **increase the rates for Fire, EC, V&MM, Broad Form and Custom Broad Form by 25%.**

7. POLICY TERM

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

EXCEPTIONS to this rule: 1) a policy in which the mortgagee pays the premium must be written for a 12 month term; and 2) this rule DOES NOT APPLY to a Builder's Risk policy.

<u>Term</u>	<u>Premium</u>	<u>Factor</u>	<u>Term Charge</u>
6 mo. =	12 mo. rounded premium	x .50 , dollar round,	then add \$10
3 mo. =	12 mo. rounded premium	x .25 , dollar round,	then add \$10

8. PREMIUM DETERMINATION

NOTE: Round ALL calculations to the nearest dollar.

a. Determine the BASIC FIRE and E.C. PREMIUMS.

- (1) Select the appropriate premium from the Base Rate pages based on the proper Zone, Peril, Number of Families, Occupancy, Construction, Item Insured and Protection Class.
- (2) Note the curve number on the Base Rate page. Multiply the above premium by the factor shown for the corresponding curve and amount on the Amount of Insurance page. (See the Interpolation rule for limits not shown.)
- (3) For properties in Protection classes 8, 9, 10 and 11, divide the amount derived for Fire in step (2) by .80.
- (4) Apply the Heating System Discount to the Fire premium if applicable.

b. Apply remaining PERCENTAGE credits or charges to the BASIC PREMIUMS, including percentage charges for optional coverages.

c. Apply any FLAT DOLLAR credits or charges, including premiums for optional coverages and Minimum Premium if applicable.

The result is the annual policy premium. If writing a Builder's Risk Policy or a policy with other than a 12 month term, the appropriate Policy Term factor shall be applied to the BASIC PREMIUMS, and separately to EACH credit or charge applicable to the policy.

BASIC PREMIUM ADJUSTMENTS

9. PREMIUM ROUNDING

The 12 month term premiums determined in accordance with any rule in this manual shall be rounded to the nearest dollar, separately for each item, peril and coverage. For this purpose, an amount of fifty cents or more shall be considered a dollar.

10. PREMIUM INTERPOLATION

Policies may be written, in multiples of \$100, for amounts of coverage not shown on the Amount of Insurance pages. For amounts below \$1,000, the premium for \$1,000 is to be used. For other amounts, the premium shall be obtained by interpolation.

Example: A premium is desired for a policy amount of \$29,500, which falls between \$29,000 and \$30,000 shown on the Amount of Insurance page. Determine the appropriate premium for \$29,000 and \$30,000 following steps a. (1) through (4) of the Premium Determination rule.

(1)	Policy Amounts Shown		Premium Calculated	
	30,000		179.00	
	<u>29,000</u>		<u>175.00</u>	
	1,000	Difference	4.00	Difference
(2)	<u>500</u>	Additional	X	4.00
	1,000	Difference		Difference = 2.00
(3)	\$175.00	for \$29,000		
	<u>2.00</u>	for additional \$500		
	177.00	for \$29,500		
(4)	Apply remainder of Premium Determination rule to determine Basic Premium for Fire and for EC.			

OPTIONAL COVERAGES

The following options may be added to the policy. **The policy form or specific endorsement should be consulted for exact contract coverages, conditions and exclusions.**

1. BROADENING PERILS – BASIC POLICY

NOTE: Broad Form Coverage and Custom Broad Form Coverage are NOT AVAILABLE for mobile homes or their contents.

a. Broad Form Coverage (B-451-B)

This option adds coverage for the following perils:

Breakage of Glass	Sudden and accidental tearing apart,
Burglars	cracking, burning or bulging
Falling Objects	Accidental discharge or overflow of
Weight of ice, snow	water or steam
or sleet	Sudden and accidental loss caused by
Collapse of buildings	artificially generated electrical currents
Freezing	Vandalism or Malicious Mischief

This option also replaces the "How Losses Are Settled" condition under the policy. When necessary conditions are met, this provides replacement cost coverage on the dwelling or other structures.

Policy Deductible \$500

Rate per \$1,000 .65

b. Custom Broad Form Coverage (B-544-B)

This option is available for property that does not qualify for Broad Form Coverage due to the difference between value and replacement cost. The perils included are the same as those provided under Broad Form. However, with this endorsement, losses are settled on either a repair cost basis or on an actual cash value basis.

Policy Deductible \$500

Rate per \$1,000 .90

c. Vandalism or Malicious Mischief

The peril of Vandalism may be added for both owner and tenant occupied property, whether occupied full time or on a seasonal basis. This must be added to all insured items when written.

Policy Deductible \$500

Rate per \$1,000 .13

OPTIONAL COVERAGES

2. INCREASED LIMITS TO THE BASIC POLICY

a. Additional Living Expense and Loss of Rents - Rates per \$1,000

This option increases the automatic limit provided for the additional costs incurred to maintain the household or for the loss of rents while the residence is uninhabitable due to a loss caused by an insured peril.

Protection Class:	Peril:		<u>E.C.</u> <u>1-11</u>
	<u>1-8</u>	<u>9-11</u>	
Additional Living Exp	\$6.40	\$12.11	\$3.26
Loss of Rents	3.40	6.41	1.73

b. Building Improvements (B-340-B) - Rates per \$1,000

This option increases the automatic limit provided for improvements, additions, alterations, fixtures, and installations made by the insured to the non-owned premises. (Charge for BF, CBF or VMM if applicable.)

<u>Peril</u>	<u>P.C.</u>	Policy Deductible <u>\$500</u>
Fire	1-8	\$6.98
	9-11	11.68
E.C.	1-11	2.64

3. WINDSTORM AND HAIL COVERAGE - Rates per \$1,000

Awnings, Canopies or Signs (B-342-B), Outdoor Radio, Television, and Satellite Dish Antennas and Equipment (B-339-B), and Trees, Shrubs, Plants, and Lawns (B-338-B) are covered under the policy EXCEPT for the perils of Windstorm and Hail. These perils may be added using the following rates.

Policy Deductible	<u>\$500</u>
Awnings, etc.	\$46.48
Radio/TV Equipment	4.70
Trees, etc.	31.69

4. CONSTRUCTION THEFT COVERAGE (B-549-B)

Coverage for theft losses from a dwelling under construction may be added by endorsement.

The premium for this endorsement is fully earned when added to the policy.

<u>Policy Term</u>	<u>\$500</u>
6 months	\$ 58
12 months	\$ 87

OPTIONAL COVERAGES

6. FIRE DEPARTMENT CHARGES (B-453-B)

Coverage may be added to cover the cost assumed by contract or by agreement for service or charges made by a fire department when called to protect insured property from a covered loss.

Rate per \$100 \$2.20

7. OTHER STRUCTURES - Rates per \$1,000

Other Structures as used in this policy means buildings or structures situated on the described premises and designed to service the residence. This includes permanently installed swimming pools, private garages, utility storage sheds, pump houses, cellar houses, etc. This does not include any building or structure used to any extent for business or farming purposes. When the automatic coverage provided is not sufficient, coverage may be purchased on specific structures using the following rates. (Charge for BF, CBF or VMM if applicable.)

<u>Peril</u>	<u>P.C.</u>	<u>Policy Deductible</u> <u>\$500</u>
Fire	1-8	\$5.70
	9-11	10.78
E.C.	1-11	2.90

8. PERMITTED INCIDENTAL OCCUPANCIES

Certain incidental occupancies are permitted in the residence or in an other structure on the premises if the occupancy is operated by a resident of the premises, and no more than two persons work at the business. Permitted occupancies include: **Offices** used for business or professional purposes; **Private schools or studios** for music, dance, photography, or other instructional purposes; **Small service occupancies** offering a service rather than sales, such as barber or beauty shops, tailors or dressmakers, or shoe repair; **Child care**; and **Storage of merchandise** if the value does not exceed \$5,000.

a. Other Structures with Permitted Occupancy (B-644-B) - Rates per \$1,000

While no automatic coverage applies for the owner who operates a permitted incidental occupancy in an other structure on the insured premises, coverage can be purchased. (Charge for BF, CBF or VMM if applicable.)

<u>Peril</u>	<u>P.C.</u>	<u>Policy Deductible</u> <u>\$500</u>
Fire	1-8	\$6.27
	9-11	11.85
E.C.	1-11	3.20

OPTIONAL COVERAGES

8. PERMITTED INCIDENTAL OCCUPANCIES (Cont.)

b. Contents of Permitted Occupancy (B-336-B) - Rates per \$1,000

Coverage may be added to cover contents usual to a permitted incidental occupancy. The endorsement 'Permitted Incidental Occupancies' must be added, and the property must be added as a separate item. (Charge for BF, CBF or VMM if applicable.)

<u>Peril</u>	<u>P.C.</u>	Policy Deductible <u>\$500</u>
Fire	1-8	\$7.68
	9-11	12.84
E.C.	1-11	2.91

c. Merchandise in Storage (B-341-B) - Rates per \$1,000

Coverage (not to exceed \$5,000) can be purchased to cover merchandise usual to an incidental business that is held in storage at the insured premises. The merchandise must be added as a separate item. (Charge for BF, CBF or VMM if applicable.)

<u>Peril</u>	<u>P.C.</u>	Policy Deductible <u>\$500</u>
Fire	1-8	\$ 12.14
	9-11	16.84
E.C.	1-11	2.64

9. THEFT COVERAGE (B-37-B)

This provides coverage for the theft of personal property and is available for the owner-occupant or for the tenant-occupant of the residence premises. Coverage is to be written in units of \$1,000, using the following rates.

First \$1,000	\$14
Second \$1,000	12
Third, Fourth & Fifth \$1,000	10
Each Additional \$1,000	8

10. TRIP COLLISION AND OVERTURN (B-456-B)

When the policy insures a mobile home, collision and overturn coverage may be added to protect the mobile home while being moved. Coverage is provided for a period of 30 days.

Policy Deductible	<u>\$500</u>
Premium	\$17

OPTIONAL COVERAGES

11. **VENDOR'S SINGLE INTEREST (B-457-B)**

When the policy insures a mobile home, Vendor's Single Interest protection may be added by endorsement. This coverage will protect the lien holder against loss due to collision, conversion, embezzlement or secretion of the mobile home by the insured. Each mobile home covered by this endorsement must be written under a separate policy.

Charge per mobile home \$18

12. **REPAIR OR REPLACEMENT COST COVERAGE – CONTENTS (B-612-B)**

This coverage on contents may be added by endorsement. When added, contents must be insured for 100% of replacement cost. The factor applies to the premiums for Fire, E.C., Broad Form, Custom Broad Form and Vandalism for the contents item insured. NOTE: the optional deductible factors will apply to both the factor and minimum premium for this coverage. Figures below are at \$500 Deductible.

Factor 1.24
Minimum \$ 24

13. **LIABILITY**

Bodily Injury and Property Damage Liability and Medical Payments Coverages may be purchased by endorsement. **Comprehensive Personal Liability** is available only to owner-occupants or tenant-occupants of the residence premises. When this is purchased, coverage may then be extended to 1 or 2 family rented dwellings (not farm or commercial property), using the rates shown for Landlord's Liability Protection. **Landlord's Liability Protection** is available only to the owner-non-occupant of a 1 or 2 family rented dwelling and is limited to the residence premises described on the declarations.

a. **Comprehensive Personal Liability (B-38-B)**

Liability Limits	Medical Payments Limits			
	<u>\$1,000</u>	<u>\$2,000</u>	<u>\$5,000</u>	<u>\$10,000</u>
\$ 25,000	\$18	\$24	\$30	\$42
50,000	19	25	34	45
100,000	22	26	35	47
200,000	25	29	37	50
300,000	28	30	40	52
400,000	29	31	41	53
500,000	30	32	42	54
1,000,000	60	64	84	108

b. **Landlord's Liability Protection (B-454-B)**

Liability Limits	Medical Payments Limits			
	<u>\$1,000</u>	<u>\$2,000</u>	<u>\$5,000</u>	<u>\$10,000</u>
\$ 25,000	\$12	\$14	\$22	\$31
50,000	14	17	24	34
100,000	17	19	26	36
200,000	19	22	29	39
300,000	22	24	31	41
400,000	24	26	34	43
500,000	26	29	36	45
1,000,000	52	58	72	90

Arkansas Shelter Mutual Dwelling Fire Base Rates

Dwelling @ \$15,000, Contents @ \$6,000, \$500 Deductible

Fire Base Rates - Dwelling

Owner Occupancy											
		Masonry				Frame				Mobile Home	
Families:		1	2	3	4	1	2	3	4		
Protection Class	1	30	30	62	62	43	43	82	82	43	
	2	30	30	62	62	43	43	82	82	43	
	3	30	30	62	62	43	43	82	82	43	
	4	37	37	72	72	49	49	93	93	49	
	5	43	43	77	77	53	53	105	105	53	
	6	53	53	90	90	63	63	116	116	63	
	7	80	80	105	105	91	91	137	137	91	
	8	115	115	146	146	143	143	200	200	143	
	9	130	130	168	168	205	205	275	275	205	
	10	179	179	231	231	269	269	338	338	269	
	11	179	179	231	231	269	269	338	338	269	
Curve		1	1	1	1	1	1	1	1	1	

Tenant Occupancy											
		Masonry				Frame				Mobile Home	
Families:		1	2	3	4	1	2	3	4		
Protection Class	1	39	39	77	77	53	53	104	104	53	
	2	39	39	77	77	53	53	104	104	53	
	3	39	39	77	77	53	53	104	104	53	
	4	47	47	91	91	61	61	117	117	61	
	5	53	53	97	97	69	69	131	131	69	
	6	69	69	111	111	77	77	144	144	77	
	7	103	103	134	134	114	114	173	173	114	
	8	145	145	183	183	178	178	249	249	178	
	9	161	161	209	209	259	259	348	348	259	
	10	224	224	289	289	338	338	419	419	338	
	11	224	224	289	289	338	338	419	419	338	
Curve		1	1	1	1	1	1	1	1	1	

Fire Base Rates - Contents

Owner/Tenant Occupancy												
		Masonry					Frame					Mobile Home
Families:		1	2	3	4	5+	1	2	3	4	5+	
Protection Class	1	21	21	32	32	49	28	28	44	44	61	28
	2	21	21	32	32	49	28	28	44	44	61	28
	3	21	21	32	32	49	28	28	44	44	61	28
	4	23	23	34	34	52	31	31	49	49	65	31
	5	25	25	38	38	54	32	32	51	51	70	32
	6	28	28	43	43	59	37	37	53	53	73	37
	7	39	39	49	49	70	47	47	62	62	85	47
	8	54	54	65	65	91	66	66	89	89	115	66
	9	63	63	74	74	108	90	90	114	114	138	90
	10	78	78	95	95	131	113	113	136	136	160	113
	11	78	78	95	95	131	113	113	136	136	160	113
Curve		2	2	2	2	2	2	2	2	2	2	2

Extended Coverage Base Rates - Dwelling/Contents

	Dwelling	Contents
Rate	57	16
Curve	3	4

**SHELTER MUTUAL INSURANCE COMPANY
ARKANSAS DWELLING FIRE and ALLIED LINES
EXPLANATION OF STATISTICAL EXHIBITS**

In accordance with Arkansas Code Annotated S 23-67-209 and Rule 23, Section 7.A.2., the following exhibits supplement this filing:

Exhibit 1	Investment Income Calculation - (Fire, Pages 1-3, Allied Lines, Pages 4-6)
Exhibit 2	Underwriting Expenses and Expected Loss Ratio - (Fire, Pages 1-3, Allied Lines, Pages 4-6)
Exhibit 3	Revenue Summation
Exhibit 4	Credibility
Exhibit 5	Loss Trending - (Fire, Page 1, Allied Lines, Page 2)
Exhibit 6	Current Rate Levels - (Fire, Page 1, Allied Lines, Page 2)
Exhibit 7	Policy Size Trending
Exhibit 8	Excess Wind and Hail Losses
Exhibit 9	Accident Year Losses and Claims Count - (Fire, Page 1, Allied Lines, Page 2)
Exhibit 10	Unallocated Loss Adjustment Expense Factor - (Fire, Page 1, Allied Lines, Page 2)
Exhibit 11	Arkansas Indicated Statewide Change - (Fire, Page 1, Allied Lines, Page 2)
Exhibit 12	Percentage Changes to base rates

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

Exhibit 2 displays underwriting expenses and contains the development of Expected Loss Ratio.

Exhibit 3 summarizes the expected revenue effect of Dwelling Fire and Allied Lines coverages.

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

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

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

Exhibit 7 displays the calculation of policy size trend factors. For the purpose of this calculation, a revision effective date of July 1, 2009 was used. From our estimate of annual growth in amount of insurance, we project an average size curve factor to one year past the assumed effective date. The premium trend factor is then the change in average size curve factor from the midpoint of each experience year to the projected date.

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

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

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

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

Line 1 contains the recorded earned premiums without adjustment.

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

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

Line 4 is the adjusted earned premium.

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

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

Line 8 Allied Lines, Line 6 Fire displays the factors necessary to adjust losses to reflect anticipated changes in loss costs as developed in Exhibit 5.

Line 9 Allied Lines, Line 7 Fire displays the Unallocated Loss Adjustment Expense Factor as developed in Exhibit 10.

Line 10 Allied Lines, Line 8 Fire represents the adjusted incurred losses and loss adjustment expenses.

Line 11 Allied Lines, Line 9 Fire shows the formula loss ratios for each year.

Line 12 Allied Lines, Line 10 Fire displays the weights assigned to each year of the experience period.

Line 13 Allied Lines, Line 11 Fire is the five-year weighted loss ratio.

Line 14 Allied Lines, Line 12 Fire is the credibility for the experience period based on the table in Exhibit 4.

Line 15 Allied Lines, Line 13 Fire shows the expected loss ratio, labeled "Available for Losses and Loss Adjustment Expense" in Exhibit 2, page 2.

Line 16 Allied Lines, Line 14 Fire shows the trended expected loss ratio.

Line 17 Allied Lines, Line 15 Fire shows the credibility weighted loss ratio with the complement of credibility given to trended expected loss ratio.

Line 18 Allied Lines, Line 16 Fire displays the provision for variable expenses. It is the sum of commission and brokerage expenses, taxes, licenses, and fees, and profit and contingencies from Exhibit 2, page 2.

Line 19 Allied Lines, Line 17 Fire displays the provision for fixed expenses. It is the sum of other acquisition expense and general expense from Exhibit 2, page 2.

Line 20 Allied Lines, Line 18 Fire displays the factor selected to trend fixed expenses. It is based on the trend in the All Items component of the Consumer Price Index.

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

Line 22 Allied Lines, Line 20 Fire shows the statewide indicated change with provisions for both variable and fixed expenses.

Exhibit 12 shows the percentage changes to the base rates.

Shelter Mutual Insurance Company

Arkansas

Fire

Calculation of Investment Income Credit on Policyholder Funds

A. Unearned Premium Reserve		
(1) Direct Earned Premium for Calendar Year 2007		\$ 6,954,598
(2) Mean Unearned Premium Reserve: (1.) x 0.425		\$ 2,955,704
(3) Deductions for Prepaid Expenses:		
a. Brokerage and Commission	15.0%	
b. 50% of Other Acquisition Expense	2.1%	
c. 50% of General Expense	3.5%	
d. Taxes, Licenses and Fees	3.0%	
e. Total		23.6%
(4) Net Unearned Premium Subject to Investment: (2.) x (1 - (3.))		\$ 2,258,158
B. Loss Reserves		
1. Direct Earned Premium for Calendar Year 2007		\$ 6,954,598
2. Expected Incurred Loss and Loss Adjustment: (1.) x 0.708		\$ 4,923,855
3. Expected Mean Loss Reserve: (2.) x 0.218		\$ 1,073,400
C. Net Subject to Investment: A.4 + B.3		\$ 3,331,558
D. Average Rate of Return		0.0558
E. Investment Earnings on Net Subject to Investment: C x D		\$ 185,901
F. Average Rate of Return as a Percent of Direct Premium Earned: E / A.1		2.7%
G. Average Rate of Return as a Percent of Direct Premium Earned After Federal Income Tax: F x 0.729		2.0%

Please refer to the attached explanatory memorandum for details by line

Explanatory Memorandum re Investment Income - Arkansas - Fire

Line A.1 - Direct earned premium as shown on page 14 for the State of Arkansas, Fire, for Calendar Year 2007.

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

1. Direct Earned Premium for Calendar Year 2007	\$	6,954,598
2. Unearned Premium Reserve as of 12/31/2006	\$	2,932,066
3. Unearned Premium Reserve as of 12/31/2007	\$	2,973,319
4. Mean Unearned Premium Reserve: ((2.) + (3.)) / 2	\$	2,952,693
5. Mean Unearned Premium Ratio: (4.) / (1.)		0.425

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

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

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

1. Incurred Losses for Calendar Year 2006	\$	2,846,477
2. Incurred Losses for Calendar Year 2007	\$	2,581,732
3. Loss Reserves as of 12/31/2005	\$	847,943
4. Loss Reserves as of 12/31/2006	\$	550,255
5. Loss Reserves as of 12/31/2007	\$	428,405
6. Mean Loss Reserve 2006	\$	699,099
7. Mean Loss Reserve 2007	\$	489,330
8. 2006 Ratio: (6.) / (1.)		0.246
9. 2007 Ratio: (7.) / (2.)		0.190
10. Mean Ratio: ((8.) + (9.)) / 2		0.218

Explanatory Memorandum re Investment Income - Continued

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

1. Cash and Invested Assets 2005	\$	1,907,698,593
2. Cash and Invested Assets 2006	\$	2,065,958,870
3. Cash and Invested Assets 2007	\$	2,323,262,763
4. Net Investment Income Earned 2006	\$	75,177,951
5. Net Investment Income Earned 2007	\$	89,685,586
6. Mean Cash and Invested Assets 2006: (2. + 3.) / 2	\$	1,986,828,732
7. Mean Cash and Invested Assets 2007: (2. + 3.) / 2	\$	2,194,610,817
8. Mean Rate of Return: (4. + 5.) / (6. + 7.)		0.0394
9. Mean Cash and Invested Assets 1998 - 2007	\$	16,308,604,600
10. Net Realized Capital Gains/Losses 1998 - 2007	\$	267,517,475
11. Mean Rate of Return: 10. / 9.		0.0164
12. Total Rate of Return: 8. + 11.		0.0558

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

	<u>Rate of Return</u>	<u>Federal Tax Rate</u>
Net Investment Income Earned	0.0394	0.238 (A)
Net Realized Capital Gains/Losses	0.0164	0.350
Total	0.0558	0.271

(A) The expected average rate of Federal Income Tax on Net Investment Income was determined by applying the expected 2008 tax rates to the distribution of investment income earned for the years 2006 and 2007. The calculations are shown below:

Type of Investment	Net Income Earned (1)			Tax Rate	Federal Tax
	2006	2007	Total		
Bonds (Taxable)	\$ 27,357,731	\$ 30,437,464	\$ 57,795,195	0.350	\$ 20,228,318
Bonds (Tax Exempt)	\$ 26,700,858	\$ 26,516,804	\$ 53,217,662	0.053	\$ 2,820,536
Stocks	\$ 8,430,770	\$ 10,852,003	\$ 19,282,773	0.210	\$ 4,049,382
Short Term	\$ 3,788,433	\$ 3,453,930	\$ 7,242,363	0.350	\$ 2,534,827
Real Estate	\$ 2,855,757	\$ 2,122,960	\$ 4,978,717	0.350	\$ 1,742,551
Other Investments	\$ 6,044,402	\$ 16,302,425	\$ 22,346,827	0.350	\$ 7,821,389
Total	\$ 75,177,951	\$ 89,685,586	\$ 164,863,537	0.238	\$ 39,197,003

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

Shelter Mutual Insurance Company

Arkansas

Allied Lines

Calculation of Investment Income Credit on Policyholder Funds

A. Unearned Premium Reserve

(1) Direct Earned Premium for Calendar Year 2007		\$	6,243,603
(2) Mean Unearned Premium Reserve: (1.) x 0.449		\$	2,803,378
(3) Deductions for Prepaid Expenses:			
a. Brokerage and Commission	15.1%		
b. 50% of Other Acquisition Expense	2.1%		
c. 50% of General Expense	3.5%		
d. Taxes, Licenses and Fees	3.0%		
e. Total			23.7%
(4) Net Unearned Premium Subject to Investment: (2.) x (1 - (3.))		\$	2,138,977

B. Loss Reserves

1. Direct Earned Premium for Calendar Year 2007		\$	6,243,603
2. Expected Incurred Loss and Loss Adjustment: (1.) x 0.707		\$	4,414,227
3. Expected Mean Loss Reserve: (2.) x 0.28		\$	1,235,984

C. Net Subject to Investment: A.4 + B.3 \$ 3,374,961

D. Average Rate of Return 0.0558

E. Investment Earnings on Net Subject to Investment: C x D \$ 188,323

F. Average Rate of Return as a Percent of Direct Premium Earned: E / A.1 3.0%

G. Average Rate of Return as a Percent of Direct Premium Earned
After Federal Income Tax: F x 0.729 2.2%

Please refer to the attached explanatory memorandum for details by line

Explanatory Memorandum re Investment Income - Arkansas - Allied Lines

Line A.1 - Direct earned premium as shown on page 14 for the State of Arkansas, Allied Lines, for Calendar Year 2007.

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

1. Direct Earned Premium for Calendar Year 2007	\$	6,243,603
2. Unearned Premium Reserve as of 12/31/2006	\$	2,746,445
3. Unearned Premium Reserve as of 12/31/2007	\$	2,857,003
4. Mean Unearned Premium Reserve: ((2.) + (3.)) / 2	\$	2,801,724
5. Mean Unearned Premium Ratio: (4.) / (1.)		0.449

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

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

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

1. Incurred Losses for Calendar Year 2006	\$	4,640,142
2. Incurred Losses for Calendar Year 2007	\$	1,129,049
3. Loss Reserves as of 12/31/2005	\$	506,207
4. Loss Reserves as of 12/31/2006	\$	645,907
5. Loss Reserves as of 12/31/2007	\$	339,700
6. Mean Loss Reserve 2006	\$	576,057
7. Mean Loss Reserve 2007	\$	492,803
8. 2006 Ratio: (6.) / (1.)		0.124
9. 2007 Ratio: (7.) / (2.)		0.436
10. Mean Ratio: ((8.) + (9.)) / 2		0.280

Explanatory Memorandum re Investment Income - Continued

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

1. Cash and Invested Assets 2005	\$	1,907,698,593
2. Cash and Invested Assets 2006	\$	2,065,958,870
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6. Mean Cash and Invested Assets 2006: (2. + 3.) / 2	\$	1,986,828,732
7. Mean Cash and Invested Assets 2007: (2. + 3.) / 2	\$	2,194,610,817
8. Mean Rate of Return: (4. + 5.) / (6. + 7.)		0.0394
9. Mean Cash and Invested Assets 1998 - 2007	\$	16,308,604,600
10. Net Realized Capital Gains/Losses 1998 - 2007	\$	267,517,475
11. Mean Rate of Return: 10. / 9.		0.0164
12. Total Rate of Return: 8. + 11.		0.0558

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

	<u>Rate of Return</u>	<u>Federal Tax Rate</u>
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Real Estate	\$ 2,855,757	\$ 2,122,960	\$ 4,978,717	0.350	\$ 1,742,551
Other Investments	\$ 6,044,402	\$ 16,302,425	\$ 22,346,827	0.350	\$ 7,821,389
Total	\$ 75,177,951	\$ 89,685,586	\$ 164,863,537	0.238	\$ 39,197,003

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

Shelter Mutual Insurance Company

Companywide

Fire

Development of Expense Ratios

Note: 000 s omitted.	2005	2006	2007	Total
1.) Direct Commission and Brokerage	\$ 5,030	\$ 4,910	\$ 4,834	\$ 14,774
2.) Direct Written Premium	32,372	32,594	33,396	98,362
Ratio: 1 / 2	15.5%	15.1%	14.5%	15.0%
3.) Other Acquisition Expense	\$ 1,259	\$ 1,334	\$ 1,522	\$ 4,115
4.) Direct Written Premium	32,372	32,594	33,396	98,362
Ratio: 3 / 4	3.9%	4.1%	4.6%	4.2%
5.) General Expense	\$ 2,078	\$ 2,238	\$ 2,560	\$ 6,876
6.) Direct Written Premium	32,372	32,594	33,396	98,362
Ratio: 5 / 6	6.4%	6.9%	7.7%	7.0%
7.) Taxes, Licenses and Fees	\$ 709	\$ 728	\$ 725	\$ 2,162
8.) Direct Written Premium	32,372	32,594	33,396	98,362
Ratio: 7 / 8	2.2%	2.2%	2.2%	2.2%
9.) Direct Loss Adjustment Expense	\$ 2,161	\$ 2,151	\$ 1,625	\$ 5,937
10.) Direct Losses Incurred	15,881	14,826	12,478	43,185
Ratio: 9 / 10	13.6%	14.5%	13.0%	13.7%

Source: Insurance Expense Exhibit.

Shelter Mutual Insurance Company

Arkansas

Fire

Calculation of Expected Loss Ratio

Commission and Brokerage (a)	15.0%
Other Acquisition Expense (a)	4.2%
General Expense (a)	7.0%
Arkansas Taxes, Licenses and Fees (b)	3.0%
Profit and Contingencies (c)	8.3%
	<hr/>
Sub-total	37.5%
Available for Losses and Loss Adjustment Expense	62.5%

(a) From attached Companywide Expense Ratios

(b) 2007 Premium Tax ratio in Arkansas

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

**Shelter Mutual Insurance Company
Arkansas
Fire
Determination of Underwriting Profit & Contingencies Provision**

Target Total Return on Surplus (after federal income tax):	12.0%	(I)
Expected Investment Income on Surplus (% of surplus, after federal income tax, including realized capital gains):	3.9%	(II)
Expected Net Income (% of surplus, after federal income tax):	8.1%	(III)=(I)-(II)
Target Premium to Surplus Ratio:	1.00	(IV)
Expected Net Income (% of earned premium, after federal income tax):	8.1%	(V)=(III)/(IV)
Expected Investment Income on Unearned Premium Reserves and Loss & LAE Reserves (% of earned premium, after federal income tax, including realized capital gains):	2.0%	(VI)
Underwriting Profit Provision (% of earned premium, after federal income tax):	6.1%	(VII)=(V)-(VI)
Expected Federal Income Tax Rate:	27.1%	(VIII)
Underwriting Profit Provision (% of earned premium, before federal income tax):	8.3%	(IX)=(VII)/[1-(VIII)]

Shelter Mutual Insurance Company

Companywide

Allied Lines

Development of Expense Ratios

Note: 000 s omitted.	2005	2006	2007	Total
1.) Direct Commission and Brokerage	\$ 4,521	\$ 4,571	\$ 4,623	\$ 13,715
2.) Direct Written Premium	28,901	30,176	31,672	90,749
Ratio: 1 / 2	15.6%	15.1%	14.6%	15.1%
3.) Other Acquisition Expense	\$ 1,126	\$ 1,235	\$ 1,443	\$ 3,804
4.) Direct Written Premium	28,901	30,176	31,672	90,749
Ratio: 3 / 4	3.9%	4.1%	4.6%	4.2%
5.) General Expense	\$ 1,859	\$ 2,071	\$ 2,427	\$ 6,357
6.) Direct Written Premium	28,901	30,176	31,672	90,749
Ratio: 5 / 6	6.4%	6.9%	7.7%	7.0%
7.) Taxes, Licenses and Fees	\$ 634	\$ 673	\$ 693	\$ 2,000
8.) Direct Written Premium	28,901	30,176	31,672	90,749
Ratio: 7 / 8	2.2%	2.2%	2.2%	2.2%
9.) Direct Loss Adjustment Expense	\$ 2,327	\$ 2,870	\$ 1,281	\$ 6,478
10.) Direct Losses Incurred	23,339	25,988	9,886	59,213
Ratio: 9 / 10	10.0%	11.0%	13.0%	10.9%

Source: Insurance Expense Exhibit.

Shelter Mutual Insurance Company

Arkansas

Allied Lines

Calculation of Expected Loss Ratio

Commission and Brokerage (a)	15.1%
Other Acquisition Expense (a)	4.2%
General Expense (a)	7.0%
Arkansas Taxes, Licenses and Fees (b)	3.0%
Profit and Contingencies (c)	8.0%
	<hr/>
Sub-total	37.3%
Available for Losses and Loss Adjustment Expense	62.7%

(a) From attached Companywide Expense Ratios

(b) 2007 Premium Tax ratio in Arkansas

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

**Shelter Mutual Insurance Company
Arkansas
Allied Lines
Determination of Underwriting Profit & Contingencies Provision**

Target Total Return on Surplus (after federal income tax):	12.0%	(I)
Expected Investment Income on Surplus (% of surplus, after federal income tax, including realized capital gains):	3.9%	(II)
Expected Net Income (% of surplus, after federal income tax):	8.1%	(III)=(I)-(II)
Target Premium to Surplus Ratio:	1.00	(IV)
Expected Net Income (% of earned premium, after federal income tax):	8.1%	(V)=(III)/(IV)
Expected Investment Income on Unearned Premium Reserves and Loss & LAE Reserves (% of earned premium, after federal income tax, including realized capital gains):	2.2%	(VI)
Underwriting Profit Provision (% of earned premium, after federal income tax):	5.9%	(VII)=(V)-(VI)
Expected Federal Income Tax Rate:	27.1%	(VIII)
Underwriting Profit Provision (% of earned premium, before federal income tax):	8.0%	(IX)=(VII)/[1-(VIII)]

**Shelter Mutual Insurance Company
Arkansas Dwelling Fire and Allied Lines
Revenue Summation**

Peril	Item	Current Premium	% Change	\$ Change
Fire	Dwelling	4,779,903	-0.091	(436,853)
	Mobile Home	821,648	-0.116	(95,649)
	Contents	<u>834,690</u>	<u>-0.032</u>	<u>(26,849)</u>
	Subtotal	6,436,241	-0.087	(559,351)
	Supplemental	84,773	-0.142	(11,998)
Total Fire		6,521,014	-0.088	(571,349)
Allied Lines	Dwelling	5,093,092	0.237	1,209,080
	Mobile Home	420,180	0.246	103,295
	Contents	<u>375,616</u>	<u>0.032</u>	<u>11,919</u>
	Subtotal	5,888,888	0.225	1,324,294
	Supplemental	477,477	-0.119	(57,027)
Total Allied Lines		6,366,365	0.199	1,267,267
Combined	Dwelling	9,872,995	0.078	772,227
	Mobile Home	1,241,828	0.006	7,646
	Contents	<u>1,210,306</u>	<u>-0.012</u>	<u>(14,930)</u>
	Subtotal	12,325,129	0.062	764,943
	Supplemental	562,250	-0.123	(69,025)
Total Fire and Allied Lines		12,887,379	0.054	695,918

**SHELTER MUTUAL INSURANCE COMPANY
DWELLING FIRE / ALLIED LINES**

Credibility Table

Based on 20,000 Exposure Units

<u>Lower Limit</u>	<u>Upper Limit</u>	<u>Credibility Factor</u>
0	12	0
13	112	0.05
113	312	0.10
313	612	0.15
613	1,012	0.20
1,013	1,512	0.25
1,513	2,112	0.30
2,113	2,812	0.35
2,813	3,612	0.40
3,613	4,512	0.45
4,513	5,512	0.50
5,513	6,612	0.55
6,613	7,812	0.60
7,813	9,112	0.65
9,113	10,512	0.70
10,513	12,012	0.75
12,013	13,612	0.80
13,613	15,312	0.85
15,313	17,112	0.90
17,113	19,012	0.95
19,013	20000+	1.00

Assumptions:

1. 10% claim frequency distribution with claims following a Poisson distribution.
2. Using the normal approximation with a 95% probability that the sample mean is within 4.0% of the true mean.
3. Partial credibility is based on the square root rule rounded to the nearest 5%.

**Shelter Mutual Insurance Company
Arkansas
Dwelling Fire - Fire Coverage
Development of Combined Trend and Projection Factor**

Severity Trends - Shelter Mutual Companywide						
Fiscal Acc Year	Ultimate Loss and LAE	Ultimate Claims	Ultimate Severity	Curve of Best Fit		
				12 Point	6 Point	
3/2006	14,107,426	1,351	10,442	10,709		
6/2006	14,391,125	1,305	11,028	10,898		
9/2006	14,606,564	1,317	11,091	11,091		
12/2006	13,811,546	1,228	11,247	11,288		
3/2007	13,384,016	1,158	11,558	11,488		
6/2007	12,692,453	1,101	11,528	11,691		
9/2007	12,063,555	1,025	11,769	11,899		12,236
12/2007	13,070,035	1,040	12,567	12,110		12,335
3/2008	14,301,380	1,126	12,701	12,324		12,434
6/2008	15,821,975	1,263	12,527	12,543		12,535
9/2008	17,063,411	1,275	13,383	12,765		12,637
12/2008	15,462,606	1,286	12,024	12,991		12,739
Annual Percentage Change				7.27%		3.28%
r^2				0.791		0.113

Frequency Trends - Shelter Mutual Companywide						
Fiscal Acc Year	Ultimate Claims	Earned Exposures	Frequency X 100	Curve of Best Fit		
				12 Point	6 Point	
3/2006	1,351	194,306	0.70	0.64		
6/2006	1,305	194,845	0.67	0.64		
9/2006	1,317	194,763	0.68	0.63		
12/2006	1,228	194,209	0.63	0.63		
3/2007	1,158	193,370	0.60	0.63		
6/2007	1,101	192,640	0.57	0.62		
9/2007	1,025	192,409	0.53	0.62		0.64
12/2007	1,040	192,656	0.54	0.61		0.64
3/2008	1,126	193,146	0.58	0.61		0.63
6/2008	1,263	193,756	0.65	0.61		0.63
9/2008	1,275	194,331	0.66	0.60		0.63
12/2008	1,286	195,020	0.66	0.60		0.62
Annual Percentage Change				-1.64%		-3.13%
r^2				0.066		0.899

Severity Trends - Shelter Mutual Arkansas						
Fiscal Acc Year	Ultimate Loss and LAE	Ultimate Claims	Ultimate Severity	Curve of Best Fit		
				12 Point	6 Point	
3/2006	2,980,255	335	8,896	9,737		
6/2006	3,084,177	350	8,812	9,442		
9/2006	2,947,485	341	8,644	9,156		
12/2006	2,903,659	321	9,046	8,878		
3/2007	2,691,094	317	8,489	8,610		
6/2007	2,641,019	296	8,922	8,349		
9/2007	2,711,483	292	9,286	8,096		10,113
12/2007	2,834,442	279	10,159	7,851		9,059
3/2008	3,166,818	380	8,334	7,613		8,116
6/2008	3,306,414	490	6,748	7,382		7,270
9/2008	3,666,035	542	6,764	7,159		6,513
12/2008	3,565,759	623	5,724	6,942		5,834
Annual Percentage Change				-11.58%		-35.60%
r^2				0.453		0.882

Frequency Trends - Shelter Mutual Arkansas						
Fiscal Acc Year	Ultimate Claims	Earned Exposures	Frequency X 100	Curve of Best Fit		
				12 Point	6 Point	
3/2006	335	41,669	0.80	0.68		
6/2006	350	41,402	0.85	0.72		
9/2006	341	41,085	0.83	0.76		
12/2006	321	40,708	0.79	0.80		
3/2007	317	40,299	0.79	0.85		
6/2007	296	39,935	0.74	0.90		
9/2007	292	39,676	0.74	0.95		0.68
12/2007	279	39,484	0.71	1.00		0.82
3/2008	380	39,321	0.97	1.06		0.97
6/2008	490	39,204	1.25	1.11		1.16
9/2008	542	39,066	1.39	1.18		1.38
12/2008	623	38,933	1.60	1.24		1.64
Annual Percentage Change				24.00%		100.00%
r^2				0.522		0.944

Severity Trends - Fast Track Arkansas - Homeowners						
Fiscal Acc Year	Non-Catastrophe Incurred Loss and LAE	Non-Catastrophe Paid Claims	Severity	Curve of Best Fit		
				12 Point	6 Point	
3/2003	72,221,259	17,095	4,225	4,406		
6/2003	71,644,622	15,725	4,556	4,532		
9/2003	75,989,117	15,439	4,922	4,661		
12/2003	72,527,569	14,797	4,902	4,794		
3/2004	68,891,796	14,095	4,888	4,930		
6/2004	68,923,771	13,616	5,062	5,070		
9/2004	63,953,194	12,474	5,127	5,215		5,104
12/2004	64,532,847	12,254	5,266	5,363		5,284
3/2005	66,917,192	12,132	5,516	5,516		5,470
6/2005	68,465,618	12,210	5,607	5,673		5,664
9/2005	71,905,418	12,437	5,782	5,835		5,864
12/2005	77,671,042	12,609	6,160	6,001		6,071
Annual Percentage Change				11.90%		14.89%
r^2				0.943		0.972

Frequency Trends - Fast Track Arkansas - Homeowners						
Fiscal Acc Year	Non-Catastrophe Paid Claims	Earned Exposures	Frequency X 100	Curve of Best Fit		
				12 Point	6 Point	
3/2003	17,095	234,216	7.30	6.89		
6/2003	15,725	232,826	6.75	6.59		
9/2003	15,439	236,823	6.52	6.30		
12/2003	14,797	243,980	6.06	6.02		
3/2004	14,095	251,379	5.61	5.76		
6/2004	13,616	257,140	5.30	5.51		
9/2004	12,474	259,836	4.80	5.26		4.73
12/2004	12,254	261,628	4.68	5.03		4.70
3/2005	12,132	263,155	4.61	4.81		4.67
6/2005	12,210	265,570	4.60	4.60		4.65
9/2005	12,437	268,395	4.63	4.40		4.62
12/2005	12,609	271,461	4.64	4.21		4.59
Annual Percentage Change				-16.30%		-2.34%
r^2				0.891		0.479

Trend Factor					
Fiscal Acc Year	Midpoint of Experience Period	Number of Years to 12/31/2008	Selected Severity	Selected Frequency	Combined Trend Factor
12/31/2004	7/01/2004	4.5000	1.1930	1.0000	1.1930
12/31/2005	7/01/2005	3.5000	1.1471	1.0000	1.1471
12/31/2006	7/01/2006	2.5000	1.1030	1.0000	1.1030
12/31/2007	7/01/2007	1.5000	1.0606	1.0000	1.0606
12/31/2008	7/01/2008	0.5000	1.0198	1.0000	1.0198

Projection Factor					Combined Trend and Projection Factor
Years from 12/31/2008 to 7/01/2010	Selected Severity	Selected Frequency	Combined Projection Factor		
1.4986	1.0605	1.0000	1.0605	1.2652	
1.4986	1.0605	1.0000	1.0605	1.2165	
1.4986	1.0605	1.0000	1.0605	1.1697	
1.4986	1.0605	1.0000	1.0605	1.1248	
1.4986	1.0605	1.0000	1.0605	1.0815	

**Shelter Mutual Insurance Company
Arkansas
Dwelling Fire - Allied Lines Coverages
Development of Combined Trend and Projection Factor**

Severity Trends - Shelter Mutual Companywide						
Fiscal Acc Year	Ultimate Non-Wind Loss and LAE	Ultimate Non-Wind Claims	Ultimate Severity	Curve of Best Fit		
				12 Point	6 Point	
3/2006	2,277,065	1,310	1,738	1,728		
6/2006	2,507,717	1,354	1,852	1,754		
9/2006	2,440,157	1,380	1,768	1,780		
12/2006	2,584,767	1,467	1,762	1,807		
3/2007	2,747,554	1,520	1,808	1,834		
6/2007	2,829,672	1,600	1,769	1,861		
9/2007	3,017,493	1,601	1,885	1,889		1.893
12/2007	2,758,358	1,538	1,793	1,917		1.924
3/2008	3,361,706	1,618	2,078	1,946		1.957
6/2008	3,482,049	1,649	2,112	1,975		1.989
9/2008	3,441,188	1,697	2,028	2,005		2.023
12/2008	3,355,873	1,712	1,960	2,035		2.056
Annual Percentage Change				6.16%		6.86%
				r^2		0.597

Frequency Trends - Shelter Mutual Companywide						
Fiscal Acc Year	Ultimate Non-Wind Claims	Earned Exposures	Frequency X 100	Curve of Best Fit		
				12 Point	6 Point	
3/2006	1,310	194,306	0.67	0.69		
6/2006	1,354	194,845	0.69	0.71		
9/2006	1,380	194,763	0.71	0.73		
12/2006	1,467	194,209	0.76	0.74		
3/2007	1,520	193,370	0.79	0.76		
6/2007	1,600	192,640	0.83	0.78		
9/2007	1,601	192,409	0.83	0.80		0.69
12/2007	1,538	192,656	0.80	0.82		0.71
3/2008	1,618	193,146	0.84	0.84		0.73
6/2008	1,649	193,756	0.85	0.86		0.74
9/2008	1,697	194,331	0.87	0.88		0.76
12/2008	1,712	195,020	0.88	0.90		0.78
Annual Percentage Change				9.76%		9.86%
				r^2		0.886

Severity Trends - Shelter Mutual Arkansas						
Fiscal Acc Year	Ultimate Non-Wind Loss and LAE	Ultimate Non-Wind Claims	Ultimate Severity	Curve of Best Fit		
				12 Point	6 Point	
3/2006	309,358	266	1,163	1,195		
6/2006	280,304	302	928	1,237		
9/2006	337,314	308	1,095	1,280		
12/2006	533,553	330	1,617	1,325		
3/2007	517,722	319	1,623	1,371		
6/2007	546,567	301	1,816	1,419		
9/2007	576,874	303	1,904	1,469		1.580
12/2007	375,831	285	1,319	1,520		1.573
3/2008	443,969	304	1,460	1,573		1.566
6/2008	465,840	304	1,532	1,629		1.559
9/2008	501,851	318	1,578	1,686		1.553
12/2008	519,080	316	1,643	1,745		1.546
Annual Percentage Change				14.80%		-1.72%
				r^2		0.332

Frequency Trends - Shelter Mutual Arkansas						
Fiscal Acc Year	Ultimate Non-Wind Claims	Earned Exposures	Frequency X 100	Curve of Best Fit		
				12 Point	6 Point	
3/2006	266	41,669	0.64	0.71		
6/2006	302	41,402	0.73	0.72		
9/2006	308	41,085	0.75	0.73		
12/2006	330	40,708	0.81	0.74		
3/2007	319	40,299	0.79	0.75		
6/2007	301	39,935	0.75	0.75		
9/2007	303	39,676	0.76	0.76		0.74
12/2007	285	39,484	0.72	0.77		0.75
3/2008	304	39,321	0.77	0.78		0.77
6/2008	304	39,204	0.78	0.79		0.78
9/2008	318	39,066	0.81	0.80		0.80
12/2008	316	38,933	0.81	0.81		0.81
Annual Percentage Change				5.19%		8.00%
				r^2		0.385

Severity Trends - Fast Track Arkansas - Homeowners						
Fiscal Acc Year	Non-Catastrophe Incurred Loss and LAE	Non-Catastrophe Paid Claims	Severity	Curve of Best Fit		
				12 Point	6 Point	
3/2003	72,221,259	17,095	4,225	4,406		
6/2003	71,644,622	15,725	4,556	4,532		
9/2003	75,989,117	15,439	4,922	4,661		
12/2003	72,527,569	14,797	4,902	4,794		
3/2004	68,891,796	14,095	4,888	4,930		
6/2004	68,923,771	13,616	5,062	5,070		
9/2004	63,953,194	12,474	5,127	5,215		5.104
12/2004	64,532,847	12,254	5,266	5,363		5.284
3/2005	66,917,192	12,132	5,516	5,516		5.470
6/2005	68,465,618	12,210	5,607	5,673		5.664
9/2005	71,905,418	12,437	5,782	5,835		5.864
12/2005	77,671,042	12,609	6,160	6,001		6.071
Annual Percentage Change				11.90%		14.89%
				r^2		0.943

Frequency Trends - Fast Track Arkansas - Homeowners						
Fiscal Acc Year	Non-Catastrophe Paid Claims	Earned Exposures	Frequency X 100	Curve of Best Fit		
				12 Point	6 Point	
3/2003	17,095	234,216	7.30	6.89		
6/2003	15,725	232,826	6.75	6.59		
9/2003	15,439	236,823	6.52	6.30		
12/2003	14,797	243,980	6.06	6.02		
3/2004	14,095	251,379	5.61	5.76		
6/2004	13,616	257,140	5.30	5.51		
9/2004	12,474	259,836	4.80	5.26		4.73
12/2004	12,254	261,628	4.68	5.03		4.70
3/2005	12,132	263,155	4.61	4.81		4.67
6/2005	12,210	265,570	4.60	4.60		4.65
9/2005	12,437	268,395	4.63	4.40		4.62
12/2005	12,609	271,461	4.64	4.21		4.59
Annual Percentage Change				-16.30%		-2.34%
				r^2		0.891

Trend Factor					
Fiscal Acc Year	Midpoint of Experience Period	Number of Years to 12/31/2008	Selected Severity 4.00%	Selected Frequency 0.00%	Combined Trend Factor
12/31/2004	7/01/2004	4.5000	1.1930	1.0000	1.1930
12/31/2005	7/01/2005	3.5000	1.1471	1.0000	1.1471
12/31/2006	7/01/2006	2.5000	1.1030	1.0000	1.1030
12/31/2007	7/01/2007	1.5000	1.0606	1.0000	1.0606
12/31/2008	7/01/2008	0.5000	1.0198	1.0000	1.0198

Projection Factor					Combined Trend and Projection Factor
Years from 12/31/2008 to 7/01/2010	Selected Severity 4.00%	Selected Frequency 0.00%	Combined Projection Factor		
1.4986	1.0605	1.0000	1.0605	1.2652	
1.4986	1.0605	1.0000	1.0605	1.2165	
1.4986	1.0605	1.0000	1.0605	1.1697	
1.4986	1.0605	1.0000	1.0605	1.1248	
1.4986	1.0605	1.0000	1.0605	1.0815	

Shelter Mutual Insurance Company Dwelling Fire - Fire Coverage Arkansas

Current Rate Level Factors as of December 31, 2008

The parallelogram method was used to develop the current rate level factors shown below. The following rate change history shows the effective dates for new business. The actual dates used in the calculations were set 30 days past these dates to properly adjust for renewal effective dates.

<u>Fiscal Year Ending</u>	<u>Factors</u>
December 31, 2004	1.0754
December 31, 2005	1.0000
December 31, 2006	1.0000
December 31, 2007	1.0000
December 31, 2008	1.0000

Rate Change History (Percent Changes)

<u>Effective Date</u>	<u>% Changes</u>
December 4, 2003	16.0 %

Shelter Mutual Insurance Company Dwelling Fire - Allied Lines Coverages Arkansas

Current Rate Level Factors as of December 31, 2008

The parallelogram method was used to develop the current rate level factors shown below. The following rate change history shows the effective dates for new business. The actual dates used in the calculations were set 30 days past these dates to properly adjust for renewal effective dates.

<u>Fiscal Year Ending</u>	<u>Factors</u>
December 31, 2004	1.0470
December 31, 2005	1.0000
December 31, 2006	1.0000
December 31, 2007	1.0000
December 31, 2008	1.0000

Rate Change History (Percent Changes)

<u>Effective Date</u>	<u>% Changes</u>
December 4, 2003	9.7 %

**Shelter Mutual Insurance Company
Dwelling Fire
Arkansas**

Adjustment to Earned Premium for Changes in Amount of Insurance

The following calculations are based on a proposed effective date of 07/01/2009. With annual policies, the average earned date is therefore 07/01/2010.

Date	Number of Years from Average Experience Date to 12/31/2008 (1)	Number of Years from 12/31/2008 to 07/01/2010 (2)	Total (3)=(1)+(2)	Adjustment Factor (4)=[1+(5)]^(3)
12/31/2004	4.5	1.497	5.997	1.229
12/31/2005	3.5	1.497	4.997	1.188
12/31/2006	2.5	1.497	3.997	1.147
12/31/2007	1.5	1.497	2.997	1.109
12/31/2008	0.5	1.497	1.997	1.071

(5) Selected Average Annual Change*: 3.50%

*Average annual change of 3.5% was based on the annual Total CPI Trend.

Shelter Mutual Insurance Company
 Dwelling Fire - Allied Lines Coverages
 Arkansas
 Development of Excess Wind and Hail Loss Loading

Fiscal Accident Year Ending	Earned Premium (1)	Wind Incurred Loss (2)	Wind Loss Ratio (3)	*Normal Wind Loss Ratio (4)	Excess Wind Incurred Loss (5)	Adjusted Wind Incurred Loss (6)	Re-Distributed **Excess Wind Incurred Loss Adjustment (7)	Net Wind Incurred Loss Adjustment (8)
12/31/1994	2,174,648	523,723	24.1%	24.8%	(15,866)	539,588.6	353,859	
12/31/1995	2,321,669	417,668	18.0%	24.8%	(158,400)	576,068.5	377,783	
12/31/1996	2,521,428	2,526,945	100.2%	84.4%	398,793	2,128,151.9	410,287	
12/31/1997	2,012,326	2,361,917	117.4%	84.4%	663,461	1,698,456.4	327,446	
12/31/1998	2,888,266	1,092,523	37.8%	37.8%	0	1,092,522.5	469,980	
12/31/1999	3,028,456	3,223,765	106.4%	84.4%	667,668	2,556,097.2	492,791	
12/31/2000	3,268,480	2,241,736	68.6%	68.6%	0	2,241,736.5	531,848	
12/31/2001	3,518,001	1,688,858	48.0%	48.0%	0	1,688,857.8	572,450	
12/31/2002	3,981,859	1,599,453	40.2%	40.2%	0	1,599,453.0	647,929	
12/31/2003	4,693,773	1,424,456	30.3%	30.3%	0	1,424,455.6	763,772	
12/31/2004	5,394,962	1,377,995	25.5%	25.5%	0	1,377,995.0	877,870	877,870
12/31/2005	5,859,184	738,995	12.6%	24.8%	(714,825)	1,453,820.9	953,408	1,668,234
12/31/2006	6,064,728	3,927,380	64.8%	64.8%	0	3,927,380.0	986,854	986,854
12/31/2007	6,142,765	914,231	14.9%	24.8%	(609,954)	1,524,184.9	999,552	1,609,507
12/31/2008	6,337,144	14,914,854	235.4%	84.4%	9,566,136	5,348,717.7	1,031,182	(8,534,955)
Total	60,207,689				9,797,013		9,797,013	(3,392,490)

*Normal Range:

25th Percentile of (3) 24.8%
 75th Percentile of (3) 84.4%

**Wind Load: Total (6) / Total (1) = 16.3%

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

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

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

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

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

(8) = (6) - (7) - (2); Net Wind Losses to be added (removed) by Fiscal Accident Year.

**Shelter Mutual Insurance Company
Dwelling Fire - Fire Coverage
Projected Ultimate Loss and Allocated Loss Adjustment Expense**

Companywide Paid Loss & Paid ALAE

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
12/31/1999	9,979,322	11,057,389	11,178,320	11,250,383	11,283,840	11,280,533	11,279,049	11,278,798	11,278,798	11,278,948
12/31/2000	9,424,777	11,055,138	11,037,394	11,056,465	11,059,281	11,050,644	11,050,467	11,048,742	11,042,452	
12/31/2001	11,943,175	13,495,008	13,541,650	13,540,210	13,540,208	13,540,942	13,526,470	13,526,483		
12/31/2002	12,096,928	13,361,337	13,420,648	13,432,334	13,426,791	13,434,181	13,443,028			
12/31/2003	11,271,058	12,771,175	12,901,333	12,954,260	12,856,615	12,852,349				
12/31/2004	10,181,016	12,249,823	12,373,993	12,370,931	12,358,639					
12/31/2005	11,009,271	13,811,112	13,879,430	13,898,295						
12/31/2006	11,572,731	13,599,856	13,836,527							
12/31/2007	10,205,148	12,991,345								
12/31/2008	12,612,115									

Companywide Reported Loss & Paid ALAE

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
12/31/1999	11,112,054	11,139,639	11,230,320	11,250,383	11,283,840	11,280,533	11,279,049	11,278,798	11,278,798	11,278,948
12/31/2000	11,526,850	11,390,383	11,236,039	11,056,465	11,059,281	11,050,644	11,050,467	11,048,742	11,042,452	
12/31/2001	13,708,535	13,574,323	13,553,650	13,552,210	13,552,208	13,540,942	13,526,470	13,526,483		
12/31/2002	13,623,349	13,443,248	13,464,648	13,432,334	13,426,791	13,434,181	13,443,028			
12/31/2003	13,280,482	12,915,147	12,926,333	12,954,260	12,856,615	12,852,349				
12/31/2004	12,513,867	12,403,937	12,472,931	12,466,597	12,454,305					
12/31/2005	14,262,505	13,872,047	14,016,430	14,012,647						
12/31/2006	14,298,077	13,814,664	13,847,527							
12/31/2007	12,999,407	13,058,380								
12/31/2008	15,764,100									

Companywide Claims with Payment

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
12/31/1999	1,732	1,815	1,819	1,823	1,826	1,826	1,826	1,826	1,826	1,826
12/31/2000	1,740	1,844	1,851	1,854	1,856	1,856	1,856	1,856	1,857	
12/31/2001	1,812	1,889	1,898	1,899	1,901	1,902	1,903	1,903		
12/31/2002	1,579	1,638	1,639	1,640	1,640	1,640	1,640			
12/31/2003	1,421	1,465	1,470	1,471	1,472	1,472				
12/31/2004	1,239	1,290	1,293	1,297	1,297					
12/31/2005	1,281	1,333	1,341							
12/31/2006	1,186	1,222	1,227							
12/31/2007	1,019	1,037								
12/31/2008	1,266									

Companywide Selected Incurred Loss & ALAE

Fiscal Accident Year	Losses						
	Cumulative Reported Losses (2)	Ultimate Development Factors (3)	Estimated Incurred Loss/ALAE (4) = (2) x (3)	Cumulative Paid Losses (5)	Ultimate Development Factors (6)	Estimated Incurred Loss/ALAE (7) = (5) x (6)	Selected Incurred Loss/ALAE (8)
12/31/1999	11,278,948	1.0000	11,278,948	11,278,948	1.0000	11,278,948	11,278,948
12/31/2000	11,042,452	1.0000	11,042,452	11,042,452	1.0000	11,042,452	11,042,452
12/31/2001	13,526,483	1.0000	13,526,483	13,526,483	1.0000	13,526,483	13,526,483
12/31/2002	13,443,028	1.0000	13,443,028	13,443,028	1.0000	13,443,028	13,443,028
12/31/2003	12,852,349	1.0000	12,852,349	12,852,349	1.0000	12,852,349	12,852,349
12/31/2004	12,454,305	0.9995	12,448,078	12,358,639	0.9998	12,356,167	12,448,078
12/31/2005	14,012,647	0.9977	13,980,431	13,898,295	0.9993	13,888,567	13,980,431
12/31/2006	13,847,527	0.9974	13,811,546	13,836,527	1.0003	13,840,670	13,811,546
12/31/2007	13,058,380	1.0009	13,070,035	12,991,345	1.0093	13,112,191	13,070,035
12/31/2008	15,764,100	0.9809	15,462,606	12,612,115	1.2213	15,402,615	15,462,606
5-yr Total			68,772,695			68,600,211	68,772,696
10-yr Total			130,915,954			130,743,470	130,915,956

Total	
Estimated Incurred Claim Count (9)	Selected Incurred Loss/ALAE (10)
1,826	11,278,948
1,857	11,042,452
1,903	13,526,483
1,640	13,443,028
1,472	12,852,349
1,297	12,448,078
1,341	13,980,431
1,228	13,811,546
1,040	13,070,035
1,286	15,462,606
6,192	68,772,696
	130,915,956

Arkansas Paid Loss & Paid ALAE

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
12/31/1999	3,219,820	3,397,943	3,401,441	3,421,211	3,421,011	3,421,011	3,421,011	3,421,011	3,421,011	3,421,011
12/31/2000	2,821,713	3,213,489	3,221,412	3,232,920	3,233,255	3,225,212	3,225,212	3,223,412	3,216,961	
12/31/2001	3,938,292	4,194,564	4,196,402	4,198,910	4,198,431	4,198,817	4,194,234	4,194,234		
12/31/2002	3,523,659	3,670,243	3,710,294	3,714,374	3,708,724	3,715,738	3,724,025			
12/31/2003	3,123,355	3,560,088	3,586,765	3,613,620	3,522,519	3,519,618				
12/31/2004	2,644,219	3,375,395	3,389,373	3,390,581	3,367,385					
12/31/2005	2,648,027	3,066,143	3,066,924	3,067,547						
12/31/2006	2,628,167	3,004,693	3,003,727							
12/31/2007	2,306,729	2,849,010								
12/31/2008	3,339,092									

Arkansas Reported Loss & Paid ALAE

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
12/31/1999	3,352,070	3,399,943	3,401,441	3,421,211	3,421,011	3,421,011	3,421,011	3,421,011	3,421,011	3,421,011
12/31/2000	3,332,651	3,213,489	3,221,412	3,232,920	3,233,255	3,225,212	3,225,212	3,223,412	3,216,961	
12/31/2001	4,253,424	4,194,564	4,196,402	4,198,910	4,198,431	4,198,817	4,194,234	4,194,234		
12/31/2002	3,650,775	3,670,243	3,710,294	3,714,374	3,708,724	3,715,738	3,724,025			
12/31/2003	3,587,404	3,560,088	3,586,765	3,613,620	3,522,519	3,519,618				
12/31/2004	3,302,094	3,390,895	3,389,373	3,390,581	3,367,385					
12/31/2005	3,225,612	3,078,668	3,066,924	3,067,547						
12/31/2006	3,073,283	3,004,693	3,003,727							
12/31/2007	2,756,757	2,865,260								
12/31/2008	3,725,459									

Arkansas Claims with Payment

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
12/31/1999	565	587	590	593	593	593	593	593	593	593
12/31/2000	547	585	587	588	588	588	588	588	588	
12/31/2001	561	576	577	578	579	579	579	579		
12/31/2002	462	480	481	481	481	481	481			
12/31/2003	429	436	439	440	441	441				
12/31/2004	361	375	376	378	378					
12/31/2005	332	345	345	345						
12/31/2006	313	320	321							
12/31/2007	275	278								
12/31/2008	444									

Arkansas Selected Incurred Loss & ALAE

Fiscal Accident Year	Losses						
	Cumulative Reported Losses (2)	Ultimate Development Factors (3)	Estimated Incurred Loss/ALAE (4) = (2) x (3)	Cumulative Paid Losses (5)	Ultimate Development Factors (6)	Estimated Incurred Loss/ALAE (7) = (5) x (6)	Selected Incurred Loss/ALAE (8)
12/31/1999	3,421,011	1.0000	3,421,011	3,421,011	1.0000	3,421,011	3,421,011
12/31/2000	3,216,961	1.0000	3,216,961	3,216,961	1.0000	3,216,961	3,216,961
12/31/2001	4,194,234	1.0000	4,194,234	4,194,234	1.0000	4,194,234	4,194,234
12/31/2002	3,724,025	1.0000	3,724,025	3,724,025	1.0000	3,724,025	3,724,025
12/31/2003	3,519,618	1.0000	3,519,618	3,519,618	1.0000	3,519,618	3,519,618
12/31/2004	3,367,385	0.9998	3,366,711	3,367,385	0.9998	3,366,711	3,366,711
12/31/2005	3,067,547	0.9973	3,059,266	3,067,547	0.9973	3,059,266	3,059,266
12/31/2006	3,003,727	0.9983	2,998,614	3,003,727	0.9983	2,998,614	2,998,614
12/31/2007	2,865,260	1.0007	2,867,248	2,849,010	1.0031	2,857,812	2,857,812
12/31/2008	3,725,459	1.0000	3,725,433	3,339,092	1.1736	3,918,808	3,918,808
5-yr Total			16,017,272			16,201,211	16,201,211
10-yr Total			34,093,122			34,277,061	34,277,060

Total	
Estimated Incurred Claim Count (9)	Selected Incurred Loss/ALAE (10)
593	3,421,011
588	3,216,961
579	4,194,234
481	3,724,025
441	3,519,618
378	3,366,711
345	3,059,266
321	2,998,614
279	2,857,812
623	3,918,808
1,946	16,201,211
	34,277,060

**Shelter Mutual Insurance Company
Dwelling Fire - Allied Lines Coverages
Projected Ultimate Loss and Allocated Loss Adjustment Expense**

Companywide Paid Loss & Paid ALAE

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
12/31/1999	9,546,927	10,169,258	10,312,545	10,444,943	10,456,223	10,459,531	10,466,430	10,472,551	10,474,043	10,489,809
12/31/2000	7,216,036	8,613,836	8,692,576	8,709,130	8,751,891	8,752,357	8,755,256	8,785,358	8,798,859	
12/31/2001	9,898,543	10,835,074	10,974,782	11,074,705	11,412,284	11,418,417	11,419,045	11,419,497		
12/31/2002	12,006,005	13,279,800	13,584,222	13,697,677	13,703,691	13,704,457	13,705,221			
12/31/2003	14,476,756	15,409,170	15,474,463	15,519,123	15,546,993	15,573,838				
12/31/2004	12,042,794	11,182,192	11,098,357	11,315,919	11,377,646					
12/31/2005	18,836,832	20,889,589	21,154,571	21,221,809						
12/31/2006	21,637,787	23,251,352	23,529,902							
12/31/2007	7,526,952	8,602,942								
12/31/2008	35,037,321									

Arkansas Paid Loss & Paid ALAE

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
12/31/1999	3,603,003	3,754,821	3,822,085	3,824,449	3,827,816	3,827,862	3,828,374	3,828,025	3,827,591	3,826,891
12/31/2000	2,007,855	2,712,497	2,716,082	2,717,563	2,720,944	2,720,944	2,720,944	2,720,944	2,720,944	
12/31/2001	2,048,603	2,211,793	2,233,222	2,236,919	2,236,919	2,236,888	2,236,768	2,236,944	2,236,944	
12/31/2002	1,934,657	2,050,702	2,055,377	2,057,962	2,060,870	2,060,720	2,060,570			
12/31/2003	1,695,592	1,736,342	1,760,790	1,776,963	1,795,286	1,808,804				
12/31/2004	1,934,657	1,699,722	1,701,792	1,706,314						
12/31/2005	864,526	969,159	975,679	975,179						
12/31/2006	4,217,827	4,430,885	4,458,278							
12/31/2007	1,136,521	1,239,655								
12/31/2008	14,704,581									

Companywide Reported Loss & Paid ALAE

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
12/31/1999	10,288,381	10,676,644	10,571,631	10,555,342	10,514,510	10,495,817	10,508,716	10,495,437	10,496,929	10,489,809
12/31/2000	8,262,812	8,807,097	8,766,376	8,744,930	8,751,891	8,764,357	8,767,256	8,907,358	8,810,859	
12/31/2001	10,493,793	11,182,192	11,502,174	11,510,805	11,453,155	11,426,417	11,427,045	11,425,497		
12/31/2002	13,245,697	13,471,800	13,780,722	13,719,177	13,711,191	13,726,957	13,727,721			
12/31/2003	15,639,677	15,467,170	15,597,963	15,630,623	15,661,493	15,576,838				
12/31/2004	11,158,601	11,239,594	11,337,857	11,335,919	11,385,646					
12/31/2005	21,402,024	21,104,662	21,296,175	21,296,933						
12/31/2006	23,413,303	23,591,366	23,599,547							
12/31/2007	9,084,064	8,902,577								
12/31/2008	37,356,942									

Arkansas Reported Loss & Paid ALAE

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
12/31/1999	3,786,076	3,860,221	3,827,485	3,824,449	3,827,816	3,827,862	3,828,374	3,828,025	3,827,591	3,826,891
12/31/2000	2,433,460	2,714,597	2,716,082	2,717,563	2,720,944	2,720,944	2,720,944	2,720,944	2,720,944	
12/31/2001	2,162,750	2,216,093	2,235,322	2,239,019	2,236,919	2,236,888	2,236,768	2,236,944	2,236,944	
12/31/2002	2,100,210	2,064,702	2,069,377	2,071,962	2,060,870	2,060,720	2,060,570			
12/31/2003	1,861,803	1,768,842	1,788,790	1,792,963	1,814,286	1,808,804				
12/31/2004	1,756,467	1,699,722	1,815,792	1,706,314	1,706,314					
12/31/2005	1,050,298	969,159	975,679	975,179						
12/31/2006	4,430,943	4,469,644	4,458,278							
12/31/2007	1,274,597	1,280,655								
12/31/2008	15,089,341									

Companywide Claims with Payment

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
12/31/1999	7,265	7,484	7,509	7,517	7,525	7,527	7,528	7,528	7,531	7,531
12/31/2000	6,894	8,034	8,069	8,078	8,084	8,089	8,090	8,090	8,090	
12/31/2001	7,771	8,126	8,163	8,169	8,171	8,171	8,172	8,172		
12/31/2002	7,226	7,551	7,563	7,568	7,571	7,572	7,573			
12/31/2003	6,681	6,957	6,976	6,982	6,985	6,986				
12/31/2004	5,852	6,086	6,100	6,109	6,111					
12/31/2005	7,277	7,541	7,563	7,571						
12/31/2006	9,107	9,645	9,692							
12/31/2007	5,353	5,731								
12/31/2008	13,486									

Arkansas Claims with Payment

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
12/31/1999	2,582	2,650	2,659	2,662	2,664	2,664	2,665	2,665	2,666	2,666
12/31/2000	2,158	2,848	2,861	2,864	2,867	2,868	2,868	2,868	2,868	
12/31/2001	1,924	1,988	1,999	2,000	2,000	2,000	2,001	2,001		
12/31/2002	1,536	1,595	1,598	1,598	1,598	1,598	1,598			
12/31/2003	1,341	1,378	1,383	1,385	1,386	1,386				
12/31/2004	1,260	1,295	1,297	1,299	1,299					
12/31/2005	798	840	844	846						
12/31/2006	1,838	1,907	1,915							
12/31/2007	692	715								
12/31/2008	4,631									

Companywide Selected Incurred Loss & ALAE

Fiscal Accident Year	Non-Wind Losses						Wind		Total	
	Cumulative Reported Losses (1)	Ultimate Development Factors (2)	Estimated Incurred Loss/ALAE (3)	Cumulative Paid Losses (4) = (2) x (3)	Ultimate Development Factors (5)	Estimated Incurred Loss/ALAE (6) = (5) x (4)	Selected Incurred Loss/ALAE (7)	Selected Incurred Loss/ALAE (8)	Estimated Incurred Claim Count (9)	Selected Incurred Loss/ALAE (10) = (8) + (9)
12/31/1999	2,372,747	1.0000	2,372,747	2,372,747	1.0000	2,372,747	2,372,747	8,117,062	7,531	10,489,809
12/31/2000	2,127,757	1.0000	2,127,757	2,115,757	1.0000	2,115,757	2,127,757	6,683,102	8,090	8,810,859
12/31/2001	2,630,877	1.0000	2,630,877	2,624,877	1.0000	2,624,877	2,630,877	8,794,620	8,172	11,425,497
12/31/2002	2,992,320	1.0005	2,993,816	2,969,820	1.0005	2,971,305	2,993,816	10,735,401	7,573	13,729,217
12/31/2003	2,448,485	1.0015	2,452,159	2,445,485	1.0015	2,449,155	2,452,159	13,128,352	6,986	15,580,511
12/31/2004	2,550,599	0.9975	2,544,208	2,542,599	1.0045	2,554,053	2,544,208	8,835,047	6,112	11,379,255
12/31/2005	2,085,804	0.9995	2,084,739	2,053,804	1.0065	2,067,183	2,084,739	19,214,971	7,575	21,299,710
12/31/2006	2,601,697	0.9935	2,584,767	2,537,552	1.0417	2,643,475	2,584,767	21,025,152	9,705	23,609,919
12/31/2007	2,695,559	1.0233	2,758,358	2,427,697	1.0834	2,630,196	2,758,358	6,244,300	5,757	9,002,658
12/31/2008	3,430,408	0.9783	3,355,873	2,523,478	1.3163	3,321,768	3,355,873	34,219,048	14,171	37,574,921
5-yr Total			13,327,945			13,216,675	13,327,945	89,538,518	43,319	102,866,463
10-yr Total			25,905,300			25,750,514	25,905,301	136,997,055		162,902,356

Arkansas Selected Incurred Loss & ALAE

Fiscal Accident Year	Non-Wind Losses						Wind		Total	
	Cumulative Reported Losses (1)	Ultimate Development Factors (2)	Estimated Incurred Loss/ALAE (3)	Cumulative Paid Losses (4) = (2) x (3)	Ultimate Development Factors (5)	Estimated Incurred Loss/ALAE (6) = (5) x (4)	Selected Incurred Loss/ALAE (7)	Selected Incurred Loss/ALAE (8)	Estimated Incurred Claim Count (9)	Selected Incurred Loss/ALAE (10) = (8) + (9)
12/31/1999	603,126	1.0000	603,126	603,126	1.0000	603,126	603,126	3,223,765	2,666	3,826,891
12/31/2000	479,208	1.0000	479,208	479,208	1.0000	479,208	479,208	2,241,736	2,868	2,720,944
12/31/2001	547,910	1.0000	547,910	547,910	1.0000	547,910	547,910	1,688,858	2,001	2,236,768
12/31/2002	461,117	1.0000	461,117	461,117	1.0000	461,117	461,117	1,599,453	1,598	2,060,570
12/31/2003	384,348	1.0000	384,348	384,348	1.0000	384,348	384,348	1,424,456	1,386	1,808,804
12/31/2004	328,319	1.0000	328,319	328,319	1.0000	328,319	328,319	1,377,995	1,299	1,706,314
12/31/2005	236,183	0.9998	236,136	236,183	1.0070	237,837	236,136	738,995	846	975,131
12/31/2006	532,860	1.0013	533,553	532,860	1.0171	541,956	533,553	3,927,380	1,917	4,460,933
12/31/2007	369,069	1.0183	375,831	328,069	1.0374	340,343	375,831	914,231	718	1,290,062
12/31/2008	536,569	0.9674	519,080	266,029	1.1826	314,619	519,080	14,914,854	4,794	15,433,934
5-yr Total			1,992,919			1,763,074	1,992,919	21,873,455	9,574	23,866,374
10-yr Total			4,468,628			4,238,783	4,468,628	32,051,723		36,520,351

Shelter Mutual Insurance Company Fire Companywide

Development of Unallocated Loss Adjustment Expense Factor

	2005	2006	2007	Total
Note: Amounts in 000's				
1. Direct Loss and Defense/Cost Containment Expense Incurred	\$16,464	\$15,447	\$12,606	\$44,517
2. Direct Adjusting and Other Expense Incurred (ULAE)	\$1,578	\$1,530	\$1,497	\$4,605
3. Ratio of Direct ULAE Incurred to Direct Loss and Defense Incurred	9.6%	9.9%	11.9%	10.3%

Source: Insurance Expense Exhibit.

Shelter Mutual Insurance Company Allied Lines Companywide

Development of Unallocated Loss Adjustment Expense Factor

	2005	2006	2007	Total
Note: Amounts in 000's				
1. Direct Loss and Defense/Cost Containment Expense Incurred	\$23,304	\$26,178	\$9,986	\$59,468
2. Direct Adjusting and Other Expense Incurred (ULAE)	\$2,362	\$2,680	\$1,181	\$6,223
3. Ratio of Direct ULAE Incurred to Direct Loss and Defense Incurred	10.1%	10.2%	11.8%	10.5%

Source: Insurance Expense Exhibit.

Shelter Mutual Insurance Company

Arkansas

Dwelling Fire - Fire Coverage - Indicated Rate Level Change

	Fiscal Year Ending 12/31/2004	Fiscal Year Ending 12/31/2005	Fiscal Year Ending 12/31/2006	Fiscal Year Ending 12/31/2007	Fiscal Year Ending 12/31/2008
1. Earned Premium	\$6,444,640	\$6,681,410	\$6,583,381	\$6,475,140	\$6,482,396
2. Current Rate Level Factor	1.0754	1.0000	1.0000	1.0000	1.0000
3. Effect of Trend in Amount of Insurance	1.2291	1.1876	1.1474	1.1086	1.0711
4. Trended Premium at Current Rates [(1) x (2) x (3)]	\$8,518,632	\$7,934,673	\$7,553,869	\$7,178,428	\$6,943,450
5. Incurred Loss and Allocated Loss Adjustment Expense	\$3,366,711	\$3,059,266	\$2,998,614	\$2,857,812	\$3,918,808
6. Factor to Trend and Project Losses to 7/1/2010	1.2652	1.2165	1.1697	1.1248	1.0815
7. Unallocated Loss Adjustment Expense Factor	1.1034	1.1034	1.1034	1.1034	1.1034
8. Trended Loss and Loss Adjustment Expense [(5) x (6) x (7)]	\$4,699,865	\$4,106,291	\$3,870,040	\$3,546,740	\$4,676,284
9. Formula Loss Ratio [(8) / (4)]	55.2%	51.8%	51.2%	49.4%	67.3%
10. Experience Year Weight	10%	15%	20%	25%	30%
11. Weighted Formula Loss Ratio [sum the products of (9) & (10)]			56.1%		
12. Credibility - Based on 20,000 Exposures			100.0%		
13. Expected Loss Ratio			62.5%		
14. Trended Expected Loss Ratio [(13) X (18) ^ 1]			64.7%		
15. Credibility Weighted Formula Loss Ratio [(11) X (12) + (14) X (1 - (12))]			56.1%		
16. Current Provision for Variable Expenses of Commissions, Taxes and Profit			26.3%		
17. Current Provision for Fixed Expenses of General and Other Acquisition Expense			11.2%		
18. Factor to Trend Fixed Costs			1.035		
19. Trended Fixed Costs [(17) X (18) ^ 1]			11.6%		
20. Indicated Rate Level Change with Provision for Fixed and Variable Expenses [(15) + (19)] / [1.000 - (16)] - 1.000			-8.2%		

Line 12 -- Partial Credibility is based on the square root rule rounded to the nearest five percent.

Lines 14 & 19 -- Projecting of fixed expenses is done from one year past the effective date of the last rate change (12/04/2003) to one year past the expected effective date (07/01/2009), limited to one year.

Line 20 -- 5-Year Companywide Experience Loss Ratio is used for the complement of credibility.

Shelter Mutual Insurance Company

Arkansas

Dwelling Fire - Allied Lines Coverages - Indicated Rate Level Change

	Fiscal Year Ending 12/31/2004	Fiscal Year Ending 12/31/2005	Fiscal Year Ending 12/31/2006	Fiscal Year Ending 12/31/2007	Fiscal Year Ending 12/31/2008
1. Earned Premium	\$5,394,962	\$5,859,184	\$6,064,728	\$6,142,765	\$6,337,144
2. Current Rate Level Factor	1.0470	1.0000	1.0000	1.0000	1.0000
3. Effect of Trend in Amount of Insurance	1.2291	1.1876	1.1474	1.1086	1.0711
4. Trended Premium at Current Rates [(1) x (2) x (3)]	\$6,942,826	\$6,958,218	\$6,958,759	\$6,809,952	\$6,787,867
5. Incurred Loss and Allocated Loss Adjustment Expense	\$1,706,314	\$975,131	\$4,460,933	\$1,290,062	\$15,433,934
6. Expected Storm Loss Loading	877,870	1,668,234	986,854	1,609,507	(8,534,955)
7. Adjusted Losses [(5) + (6)]	\$2,584,184	\$2,643,365	\$5,447,787	\$2,899,569	\$6,898,979
8. Factor to Trend and Project Losses to 7/1/2010	1.2652	1.2165	1.1697	1.1248	1.0815
9. Unallocated Loss Adjustment Expense Factor	1.1054	1.1054	1.1054	1.1054	1.1054
10. Trended Loss and Loss Adjustment Expense [(7) x (8) x (9)]	\$3,613,967	\$3,554,436	\$7,043,624	\$3,605,041	\$8,247,322
11. Formula Loss Ratio [(10) / (4)]	52.1%	51.1%	101.2%	52.9%	121.5%
12. Experience Year Weight	10%	15%	20%	25%	30%
13. Weighted Formula Loss Ratio [sum the products of (11) & (12)]			82.8%		
14. Credibility - Based on 20,000 Exposures			100.0%		
15. Expected Loss Ratio			62.7%		
16. Trended Expected Loss Ratio [(15) X (20) ^ 1]			64.9%		
17. Credibility Weighted Formula Loss Ratio [(13) X (14) + (16) X (1 - (14))]			82.8%		
18. Current Provision for Variable Expenses of Commissions, Taxes and Profit			26.1%		
19. Current Provision for Fixed Expenses of General and Other Acquisition Expense			11.2%		
20. Factor to Trend Fixed Costs			1.035		
21. Trended Fixed Costs [(19) X (20) ^ 1]			11.6%		
22. Indicated Rate Level Change with Provision for Fixed and Variable Expenses [(17) + (21)] / [1.000 - (18)] - 1.000			27.7%		

Line 17 -- Partial Credibility is based on the square root rule rounded to the nearest five percent.

Lines 19 & 24 -- Projecting of fixed expenses is done from one year past the effective date of the last rate change (12/04/2003) to one year past the expected effective date (07/01/2009), limited to one year.

Arkansas Shelter Mutual Dwelling Fire Base Rates

Dwelling @ \$15,000, Contents @ \$6,000, \$500 Deductible

Fire Base Rate Changes - Dwelling

Owner Occupancy																
		Masonry						Frame						Mobile Home		
Families:		1-2			3-4			1-2			3-4					
		Curr	Prop	Chg	Curr	Prop	Chg	Curr	Prop	Chg	Curr	Prop	Chg	Curr	Prop	Chg
Protection Class	1-3	30	30	0.0%	62	62	0.0%	43	43	0.0%	82	82	0.0%	43	43	0.0%
	4	37	37	0.0%	72	72	0.0%	49	49	0.0%	93	93	0.0%	49	49	0.0%
	5	43	43	0.0%	77	77	0.0%	53	53	0.0%	105	105	0.0%	53	53	0.0%
	6	53	53	0.0%	90	90	0.0%	63	63	0.0%	116	116	0.0%	63	63	0.0%
	7	80	80	0.0%	105	105	0.0%	91	91	0.0%	137	137	0.0%	91	91	0.0%
	8	115	115	0.0%	146	146	0.0%	143	143	0.0%	200	200	0.0%	143	143	0.0%
	9	130	130	0.0%	168	168	0.0%	205	205	0.0%	275	275	0.0%	205	205	0.0%
	10-11	179	179	0.0%	231	231	0.0%	269	269	0.0%	338	338	0.0%	269	269	0.0%

Tenant Occupancy																
		Masonry						Frame						Mobile Home		
Families:		1-2			3-4			1-2			3-4					
		Curr	Prop	Chg	Curr	Prop	Chg	Curr	Prop	Chg	Curr	Prop	Chg	Curr	Prop	Chg
Protection Class	1-3	39	42	7.7%	77	82	6.5%	53	56	5.7%	104	111	6.7%	53	56	5.7%
	4	47	50	6.4%	91	97	6.6%	61	65	6.6%	117	125	6.8%	61	65	6.6%
	5	53	56	5.7%	97	103	6.2%	69	74	7.2%	131	140	6.9%	69	74	7.2%
	6	69	74	7.2%	111	118	6.3%	77	82	6.5%	144	153	6.3%	77	82	6.5%
	7	103	110	6.8%	134	143	6.7%	114	122	7.0%	173	184	6.4%	114	122	7.0%
	8	145	155	6.9%	183	195	6.6%	178	189	6.2%	249	265	6.4%	178	189	6.2%
	9	161	172	6.8%	209	223	6.7%	259	276	6.6%	348	370	6.3%	259	276	6.6%
	10-11	224	238	6.3%	289	308	6.6%	338	360	6.5%	419	446	6.4%	338	360	6.5%

Extended Coverage Base Rate Change - Dwelling

	Curr	Prop	Chg
Rate	57	83	45.6%

Arkansas Shelter Mutual Dwelling Fire Base Rates

Dwelling @ \$15,000, Contents @ \$6,000, \$500 Deductible

Fire Base Rate Changes - Contents

Owner/Tenant Occupancy										
Masonry										
Families:		1-2			3-4			5+		
		Curr	Prop	Chg	Curr	Prop	Chg	Curr	Prop	Chg
Protection Class	1-3	21	24	14.3%	32	36	12.5%	49	55	12.2%
	4	23	26	13.0%	34	38	11.8%	52	58	11.5%
	5	25	28	12.0%	38	43	13.2%	54	61	13.0%
	6	28	31	10.7%	43	48	11.6%	59	66	11.9%
	7	39	44	12.8%	49	55	12.2%	70	79	12.9%
	8	54	60	11.1%	65	73	12.3%	91	102	12.1%
	9	63	70	11.1%	74	83	12.2%	108	121	12.0%
	10-11	78	87	11.5%	95	107	12.6%	131	147	12.2%

Owner/Tenant Occupancy													
Frame										Mobile Home			
Families:		1-2			3-4			5+					
		Curr	Prop	Chg	Curr	Prop	Chg	Curr	Prop	Chg	Curr	Prop	Chg
Protection Class	1-3	28	31	10.7%	44	49	11.4%	61	68	11.5%	28	31	10.7%
	4	31	35	12.9%	49	55	12.2%	65	73	12.3%	31	35	12.9%
	5	32	36	12.5%	51	57	11.8%	70	79	12.9%	32	36	12.5%
	6	37	42	13.5%	53	59	11.3%	73	82	12.3%	37	42	13.5%
	7	47	53	12.8%	62	70	12.9%	85	95	11.8%	47	53	12.8%
	8	66	74	12.1%	89	100	12.4%	115	129	12.2%	66	74	12.1%
	9	90	101	12.2%	114	128	12.3%	138	154	11.6%	90	101	12.2%
	10-11	113	126	11.5%	136	153	12.5%	160	180	12.5%	113	126	11.5%

Extended Coverage Base Rate Change - Contents

	Curr	Prop	Chg
Rate	16	19	18.8%

**Shelter Insurance Companies
Arkansas Dwelling Fire and Allied Lines
Experience by Proposed Tier**

All Occupancies

	8-Yr LR		Indicated Factors		Selected Avg
	CW	AR	CW	AR	
1000	52%	54%	0.86	0.87	0.86
2000	56%	53%	0.92	0.84	0.94
3000	60%	62%	1.00	1.00	1.00
4000	73%	77%	1.21	1.23	1.25
5000	78%	75%	1.30	1.20	1.43
6000	89%	98%	1.48	1.57	1.79
NO MATCH	51%	54%	0.84	0.87	1.00

Owner Occupied Dwellings

	8-Yr LR		Indicated Factors		Selected
	CW	AR	CW	AR	
1000	38%	35%	0.68	0.59	0.85
2000	51%	49%	0.90	0.83	0.91
3000	57%	59%	1.00	1.00	1.00
4000	79%	75%	1.40	1.26	1.29
5000	82%	74%	1.44	1.24	1.54
6000	108%	118%	1.91	1.98	2.00
NO MATCH	44%	45%	0.77	0.76	1.00

Non-Owner Occupied Dwellings

	8-Yr LR		Indicated Factors		Selected
	CW	AR	CW	AR	
1000	56%	64%	0.90	0.98	0.87
2000	57%	55%	0.92	0.84	0.95
3000	62%	65%	1.00	1.00	1.00
4000	67%	79%	1.07	1.21	1.20
5000	74%	76%	1.19	1.16	1.27
6000	63%	61%	1.01	0.93	1.35
NO MATCH	55%	65%	0.89	0.99	1.00

SERFF Tracking Number: SHEL-126045380 State: Arkansas
 Filing Company: Shelter Mutual Insurance Company State Tracking Number: EFT \$100
 Company Tracking Number: 03M10109
 TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)
 Product Name: DF
 Project Name/Number: Head/

Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Original Date:	Schedule	Document Name	Replaced Date	Attach Document
No original date	Supporting Document	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	02/23/2009	AR RF1.pdf
No original date	Supporting Document	Uniform Transmittal Document-Property & Casualty	02/23/2009	AR RRFS.pdf AR PCTD-1.pdf

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

1.	This filing transmittal is part of Company Tracking #	03M10109
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/Item Filing Number	N/A
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Company Name		Company NAIC Number	
3.	A. Shelter Mutual Insurance Company	B.	23388

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Business (i.e., Sub-type of Insurance)	
4.	A. 1.0	B.	1.0002

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	FOR LOSS COSTS ONLY			
				(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Fire	-11.4	-8.7	62.5	N/A	N/A	N/A	N/A
Allied Lines	23.2	19.8	62.7				
TOTAL OVERALL EFFECT	5.6	5.4					

6. 5 Year History Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2004	30,382	No Chg		11,840	5,073	42.8	47.3
2005	29,598	No Chg		12,541	4,034	32.2	64.1
2006	28,581	No Chg		12,648	7,460	59.0	64.2
2007	28,136	No Chg		12,618	4,149	32.9	37.7
2008	28,114	No Chg		12,820	19,353	151.0	86.2

7.

Expense Constants	Selected Provisions
A. Total Production Expense	19.2 / 19.3
B. General Expense	7.0 / 7.0
C. Taxes, Licenses & Fees	3.0 / 3.0
D. Underwriting Profit & Contingencies	8.3 / 8.0
E. Other (explain)	
F. TOTAL	37.5 / 37.3

8. N/A Apply Loss Cost Factors to Future filings? (Y or N)

9. 100.0 Estimated Maximum Rate Increase for any Insured (%) Territory (if applicable): Minimum Premium (\$50 to \$100)

10. -21.3 Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

RATE/RULE FILING SCHEDULE

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

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

1.	This filing transmittal is part of Company Tracking #	03M10109
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	N/A
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Rate Increase Rate Decrease Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	File & Use
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4a.	Rate Change by Company (As Proposed)						
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
Shelter Mutual Ins.	5.6	5.4	695,918	28,114	12,887,379	100.0	-21.3

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

5. Overall Rate Information (Complete for Multiple Company Filings only)

		COMPANY USE	STATE USE
5a.	Overall percentage rate indication (when applicable)		
5b.	Overall percentage rate impact for this filing		
5c.	Effect of Rate Filing – Written premium change for this program		
5d.	Effect of Rate Filing – Number of policyholders affected		

6.	Overall percentage of last rate revision	+13.1
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7.	Effective Date of last rate revision	12/04/2003
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8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	File & Use
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9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	GR-1 thru GR-9, GR-11 through GR-13 and R-1	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02	PD-1 and PD-2	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">New Business</td> <td></td> </tr> <tr> <td>Renewal Business</td> <td></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes	New Business		Renewal Business	
New Business					
Renewal Business					

3. Group Name	Group NAIC #
Shelter Insurance Companies	123

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Shelter Mutual Insurance Company	MO	23388	43-0613000	

5. Company Tracking Number	03M10109
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Brian Marcks 1817 West Broadway Columbia, MO. 65218	Coordinator of Insurance Dept. Affairs	573-214-4165	573-446-7317	bcmarcks @shelterinsurance.com

7.	Signature of authorized filer	
8.	Please print name of authorized filer	Brian Marcks

Filing information (see General Instructions for descriptions of these fields)

9.	Type of Insurance (TOI)	01.0
10.	Sub-Type of Insurance (Sub-TOI)	01.0002
11.	State Specific Product code(s)(if applicable)[See State Specific Requirements]	N/A
12.	Company Program Title (Marketing title)	Dwelling Fire and Allied Lines
13.	Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14.	Effective Date(s) Requested	New: 07/12/2009 Renewal: 07/12/2009

Property & Casualty Transmittal Document---

15.	Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16.	Reference Organization (if applicable)	N/A
17.	Reference Organization # & Title	N/A
18.	Company's Date of Filing	February 24, 2009
19.	Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

20.	This filing transmittal is part of Company Tracking #	03M10109
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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This filing contains the introduction of underwriting tiers, a claims free discount, and a claim surcharge. A change has been made to the minimum premium, and editorial changes have been made. Base Rates and optional coverage rates have been revised. The estimated overall revenue effect is 5.4% or \$692,019.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
<p>Check #: N/A (EFT) Amount: \$100</p> <p>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</p>	

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