

SERFF Tracking Number: ARKS-126214396 State: Arkansas
Filing Company: 13757 - Farm Bureau Mutual Insurance State Tracking Number: #592921 \$100
Company of Arkansas, Inc.
Company Tracking Number:
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowner Program
Project Name/Number: /

Filing at a Glance

Company: 13757 - Farm Bureau Mutual Insurance Company of Arkansas, Inc.

| | | |
|--|------------------------------|--|
| Product Name: Homeowner Program | SERFF Tr Num: ARKS-126214396 | State: Arkansas |
| TOI: 04.0 Homeowners | SERFF Status: Closed | State Tr Num: #592921 \$100 |
| Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations | Co Tr Num: | State Status: Fees verified and received |
| Filing Type: Rate | Co Status: | Reviewer(s): Becky Harrington, Betty Montesi |
| | Author: | Disposition Date: 07/08/2009 |
| | Date Submitted: 07/01/2009 | Disposition Status: Filed |
| Effective Date Requested (New): 10/01/2009 | | Effective Date (New): 10/01/2009 |
| Effective Date Requested (Renewal): 10/01/2009 | | Effective Date (Renewal): 10/01/2009 |

State Filing Description:

General Information

| | |
|---|-------------------------------|
| Project Name: | Status of Filing in Domicile: |
| Project Number: | Domicile Status Comments: |
| Reference Organization: | Reference Number: |
| Reference Title: | Advisory Org. Circular: |
| Filing Status Changed: 07/08/2009 | |
| State Status Changed: 07/01/2009 | Deemer Date: |
| Corresponding Filing Tracking Number: | |
| Filing Description: | |
| Changes to base rates, territory factors, protection class factors, insurance amount factors, claims experience factors, new limits and rates for sewage backup endt. | |

Company and Contact

SERFF Tracking Number: ARKS-126214396 State: Arkansas
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Company of Arkansas, Inc.
Company Tracking Number:
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowner Program
Project Name/Number: /

Filing Contact Information

NA NA, NA@NA.com
NA (123) 555-4567 [Phone]
NA, AR 00000

Filing Company Information

13757 - Farm Bureau Mutual Insurance CoCode: 13757 State of Domicile: Arkansas
Company of Arkansas, Inc.
No Address Group Code: Company Type:
City, AR 99999 Group Name: State ID Number:
(999) 999-9999 ext. [Phone] FEIN Number: 99-9999999

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:
Per Company: No

SERFF Tracking Number: ARKS-126214396 State: Arkansas
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Company of Arkansas, Inc.
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TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowner Program
Project Name/Number: /

Correspondence Summary

Dispositions

| Status | Created By | Created On | Date Submitted |
|--------|------------------|------------|----------------|
| Filed | Becky Harrington | 07/08/2009 | 07/08/2009 |

SERFF Tracking Number: ARKS-126214396 State: Arkansas
 Filing Company: 13757 - Farm Bureau Mutual Insurance Company of Arkansas, State Tracking Number: #592921 \$100
 Inc.
 Company Tracking Number:
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: Homeowner Program
 Project Name/Number: /

Disposition

Disposition Date: 07/08/2009
 Effective Date (New): 10/01/2009
 Effective Date (Renewal): 10/01/2009
 Status: Filed
 Comment:

| Company Name: | Overall % Indicated Change: | Overall % Rate Impact: | Written Premium Change for this Program: | # of Policy Holders Affected for this Program: | Written Premium for this Program: | Maximum % Change (where required): | Minimum % Change (where required): |
|--|-----------------------------|------------------------|--|--|-----------------------------------|------------------------------------|------------------------------------|
| 13757 - Farm Bureau Mutual Insurance Company of Arkansas, Inc. | 21.680% | 10.000% | \$ | 137,328 | \$ | 37.000% | -14.000% |

SERFF Tracking Number: ARKS-126214396 State: Arkansas
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 Company of Arkansas, Inc.
 Company Tracking Number:
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: Homeowner Program
 Project Name/Number: /

| Item Type | Item Name | Item Status | Public Access |
|---------------------|---|-------------|---------------|
| Supporting Document | Form RF-2 Loss Costs Only (not for workers' compensation) | | Yes |
| Supporting Document | H-1 Homeowners Abstract | Filed | Yes |
| Supporting Document | HPCS-Homeowners Premium Comparison Survey | Filed | Yes |
| Supporting Document | NAIC loss cost data entry document | Filed | Yes |
| Supporting Document | ARKS-126214396 | | Yes |

SERFF Tracking Number: ARKS-126214396 State: Arkansas
 Filing Company: 13757 - Farm Bureau Mutual Insurance Company of Arkansas, Inc. State Tracking Number: #592921 \$100
 Company Tracking Number:
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: Homeowner Program
 Project Name/Number: /

Rate Information

Rate data applies to filing.

Filing Method:

Rate Change Type:

Increase

Overall Percentage of Last Rate Revision:

8.000%

Effective Date of Last Rate Revision:

10/01/2008

Filing Method of Last Filing:

Company Rate Information

| Company Name: | Overall % Indicated Change: | Overall % Rate Impact: | Written Premium Change for this Program: | # of Policy Holders Affected for this Program: | Written Premium for this Program: | Maximum % Change (where required): | Minimum % Change (where required): |
|---|-----------------------------------|---------------------------|--|---|---|--|--|
| 13757 - Farm Bureau Mutual Insurance Company of Arkansas, Inc. | 21.680% | 10.000% | | 137,328 | | 37.000% | -14.000% |

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 Company of Arkansas, Inc.
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 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: Homeowner Program
 Project Name/Number: /

Supporting Document Schedules

| | | |
|---|-----------------------|------------|
| Unsatisfied -Name: Form RF-2 Loss Costs Only (not for workers' compensation) | Review Status: | 07/01/2009 |
| Comments: | | |
| Unsatisfied -Name: H-1 Homeowners Abstract | Review Status: | 07/08/2009 |
| Comments: | Filed | |
| Unsatisfied -Name: HPCS-Homeowners Premium Comparison Survey | Review Status: | 07/08/2009 |
| Comments: | Filed | |
| Unsatisfied -Name: NAIC loss cost data entry document | Review Status: | 07/08/2009 |
| Comments: | Filed | |
| Satisfied -Name: ARKS-126214396 | Review Status: | 07/09/2009 |
| Comments: | | |
| Attachments: | | |
| ARKS-126214396.pdf | | |
| ARKS-126214396-1.pdf | | |
| ARKS-126214396-2.pdf | | |
| ARKS-126214396-3.pdf | | |

ARKS-126214396

BH



FARM BUREAU MUTUAL INSURANCE COMPANY OF ARKANSAS, INC.

10720 Kanis Road • P.O. Box 31 • Little Rock, AR 72203-0031 • (501) 224-4400

592921
100.00

June 30, 2009

FILED

JUL 08 2009

**PROPERTY AND CASUALTY
ARKANSAS INSURANCE DEPT.**

RECEIVED

JUL 01 2009

**PROPERTY AND CASUALTY DIVISION
ARKANSAS INSURANCE DEPARTMENT**

The Honorable Jay Bradford
Insurance Commissioner
Arkansas Department of Insurance
Attention: Property & Casualty Division
1200 West Third Street
Little Rock, Arkansas 72201-1904

RE: **Farm Bureau Mutual Insurance Company of Arkansas, Inc. - NAIC # 13757
Homeowner Rate Revision - Proposed Effective Date 10/1/2009**

Dear Commissioner Bradford:

Overview

The attached exhibits describe in detail proposed changes to Homeowner rates for Farm Bureau Mutual Insurance Company of Arkansas, Inc. The filing includes changes to base rates, territory factors, protection class factors, insurance amount factors, changes in our claims experience factors, and the addition of new limits and rates for the Sewage Backup Endorsement. The support for these revisions will be supplied in a supplemental filing.

As the exhibits describe in detail, the overall indicated rate change is + **21.68%**. The changes requested in this rate filing result in an overall proposed rate change of + **10.00%**.

Summary Exhibit

The first page in this filing outlines the indicated rate changes by form along with the proposed overall rate change for each form. The exhibit also details the impact of each of the various rate structure changes proposed in this filing.

Exhibit I – Overall Rate Indication

Exhibit I, Page 2, shows the overall rate indication. Most of the information reflected in this exhibit flows from another exhibit in the filing. Premiums are adjusted to restate them at current rate levels using the parallelogram method. A premium trend factor is applied to reflect distributional shifts in the amount of insurance and protection class. Losses are calculated net of any recoveries that were made under our catastrophe reinsurance contracts, and catastrophe losses have been removed. Losses are then trended and developed. Two estimates of ultimate losses are derived, one using the paid loss development method and the other using the reported loss development method. The average from the two methods is generally selected for the ultimate losses. The experience period loss ratio is calculated as the weighted loss ratios from the individual calendar/accident years. More recent years are given more weight. The experience period loss ratio is then adjusted for ULAE expenses, fixed expenses, and the catastrophe load. The permissible loss ratio is calculated as one less variable expenses and profit. The overall indicated change is the adjusted experience period loss ratio divided by the permissible loss ratio minus one.

Exhibit II – Present Level Factors

Exhibit II, Page 3 displays present level factors calculated using the standard parallelogram method.

Exhibit III – Trend Factors

Exhibit III, Pages 4 – 6, display the calculation of both premium and loss trends. Premiums are trended to reflect distributional shifts in the amount of insurance and protection class. Corresponding trend factors are calculated to trend premium from the midpoint of each fiscal/accident year to the average accident date during the period in which the rates will be effective.

Loss trends were also calculated. Catastrophe losses have been removed from the trend data.

Exhibit IV – Loss Development

Exhibit IV, Pages 7 – 9, display the accident year loss development triangles. Page 7 displays reported losses and Page 8 displays paid losses. Age-to-age link ratios are calculated. Since loss development factors are thought to be lognormally distributed, selections of averages and analysis of variability is based on the natural logarithms of the age-to-age factors. Once selections are made the resulting age-to-ultimate factors are easily calculated for losses at each level of maturity. Catastrophe losses have been removed from the loss development triangles.

Exhibit V – Expenses and Profit Provision

Exhibit V, Page 10 displays historical expense ratios for the past two years. Expenses are split into fixed and variable categories.

Exhibit V, Pages 11-15 display a calendar year return-on-surplus model. This approach is consistent with modern economic and financial theory. A target return of 10.0% was used in the calculation. The selected profit provision of 5.50% is less than the indicated profit provision.

On Page 16, a loading factor for unallocated adjustment expenses is derived. The standard technique of relating calendar year ULAE paid to the ratio of incurred losses and ALAE is utilized.

Exhibit VI – Reinsurance Catastrophe Load

The actual catastrophe losses are excluded and replaced with the expected catastrophe losses. The expected catastrophe losses have three components: The expected catastrophe losses from the company's historical experience and the expected catastrophe losses from the fire following earthquake and storm models. The lower level expected catastrophe losses are developed in Exhibit VI, Page 17. The lower level catastrophe losses are the actual catastrophes for the last seventeen years capped at the expected retention at that time. The expected retention is the current retention reduced 4% per year. The actual capped catastrophe losses are related to the actual earned premium for that year. The average and standard deviation is calculated for the last sixteen years. The expected catastrophe loading is the historical average plus 38.5% of its standard deviation. Based on the Normal and T distributions, there is a 65% probability that the lower level catastrophe load will be sufficient to cover the company's lower level catastrophe costs.

The expected catastrophe loss charge for catastrophe losses greater than the company's retention is based on the company's reinsurance costs. For 2008, the company purchased \$205 million catastrophe protection above the \$16 million company retention. The catastrophe loading for the lower level is 29.06% of earned premium and 9.03% for catastrophe losses above the company retention. The total indicated catastrophe charge is 38.09%. The Company has chosen a 35% catastrophe charge, which is developed in Exhibit VI, Page 17 and is used in developing the Homeowners indicated rate change in Exhibit I.

Exhibit VII – County Rate Level Indications

The county rate level indications are based on the actual experience for the five year period, 2004-2008. Earned premiums were adjusted to current rate levels. Accident year losses were adjusted to exclude catastrophes. The expected county loss ratio is the county actual loss ratio times its credibility plus the total Homeowner loss ratio times the complement of credibility. The objective is to estimate the true variation by county and remove the random variation. The credibility formula compares the variability in the loss ratios within the county to the variability loss ratios among counties. This procedure is documented in the Credibility chapter of the second edition of the Foundations of Casualty Actuarial Science. The indicated rate level changes by county are shown in column (4), Exhibit VII, Pages 18 - 19. The county catastrophe allocation is based on the AIR CLASIC/2 model. The Tail Value at Risk losses for the

1,000 year return period were determined by county for earthquake / fire following and severe storm losses. The county allocation is determined by multiplying the reinsurance costs by the ratio of the county modeled losses to the total model losses. The allocation of catastrophe reinsurance costs are shown in columns (5) and (6), Exhibit VII for the earthquake / fire following and severe storm losses respectively.

The proposed county rate level adjustments are shown in column (10), Exhibit VII.

Exhibit VIII

The Company is continuing to adjust the amount of insurance factors. The amount of insurance factor changes have been limited from +9.91% to -10.10%. The overall effect of changes in amount of insurance factors is -.88%.

Exhibit IX

Exhibit IX, Page 21, shows the proposed changes in protection class factors.

Exhibit X

Effective with this filing we have increased the Claim Experience charge for insureds with qualifying claims. The overall effect is +.46%, and is shown in Exhibit X, Page 22.

Also, effective with this filing we have chosen to add additional limits to the Sewage Backup endorsement. Included in this exhibit, Page 23 is the associated charges for the varying limits. We have included a sample of the new Sewage Backup Endorsement document with this filing.

We propose to begin using these rates effective October 1, 2009, for all new and renewal business. Enclosed are the necessary filing forms, a check, and three copies of this filing. Please return two copies stamped "Filed" if this filing meets with your approval.

If you have questions concerning this filing, please let me know. Thank you for your assistance.

Sincerely,



Richard Sims, CPCU, ARe, Manager
Actuarial and Regulatory Affairs
Enclosures
Number of Pages in this filing – 30

Becky Harrington

From: Richard.Sims@afbic.com
Sent: Wednesday, July 08, 2009 11:11 AM
To: Becky Harrington
Subject: Fw: Farm Bureau - 13757 - Homeowner Rate Filing

Attachments: HO Survey FORM HPCS.xls



HO Survey FORM
HPCS.xls (34 KB...

Becky,

We discussed on the phone this morning Exhibit X and the information concerning our Claims Experience factors. In this exhibit we took the current policies by years insured and qualified claims and multiplied them by the current factors to develop a product and we followed the same procedure multiplying the policies by the proposed factors. We then compared the change in these products to estimate the impact of changing the claims experience factors.

Attached is the electronic version of HPCS.

If you have any other questions, please let me know.
(See attached file: HO Survey FORM HPCS.xls) Thanks!

Richard Sims, CPCU, ARe,
Actuarial & Regulatory Affairs Manager
Farm Bureau Mutual Insurance Company of Arkansas, Inc Southern Farm Bureau Casualty Insurance Company
(501)228-1404
Richard.Sims@afbic.com

This e-mail contains proprietary information and is confidential. You are hereby notified that any dissemination, distribution or copying of this message is strictly prohibited.

----- Forwarded by Richard Sims/AFB on 07/08/2009 11:11 AM -----

cte23462@centuryt
el.net

To
07/06/2009 07:24 AM Richard.Sims@afbic.com
cc
Becky.Harrington@arkansas.gov
Subject
Farm Bureau - 13757 - Homeowner
Rate Filing



Richard:

I'm sending this through my personal e-mail since my messages with .gov are being rejected. Please respond to my work e-mail only. Thanks.

Please send an electronic copy of the HPCS in Excel spreadsheet format using our form.

Please explain Exhibit X and how the proposed factors were developed.

Thanks,
Becky Harrington
Property & Casualty Compliance Officer
(501) 371-2804
(501) 371-2748 fax
E-mail: becky.harrington@arkansas.gov



Becky Harrington

From: Becky Harrington
Sent: Wednesday, July 01, 2009 2:49 PM
To: Richard.Sims@afbic.com
Subject: Farm Bureau - 13757 - Homeowner Rate Filing

Richard:

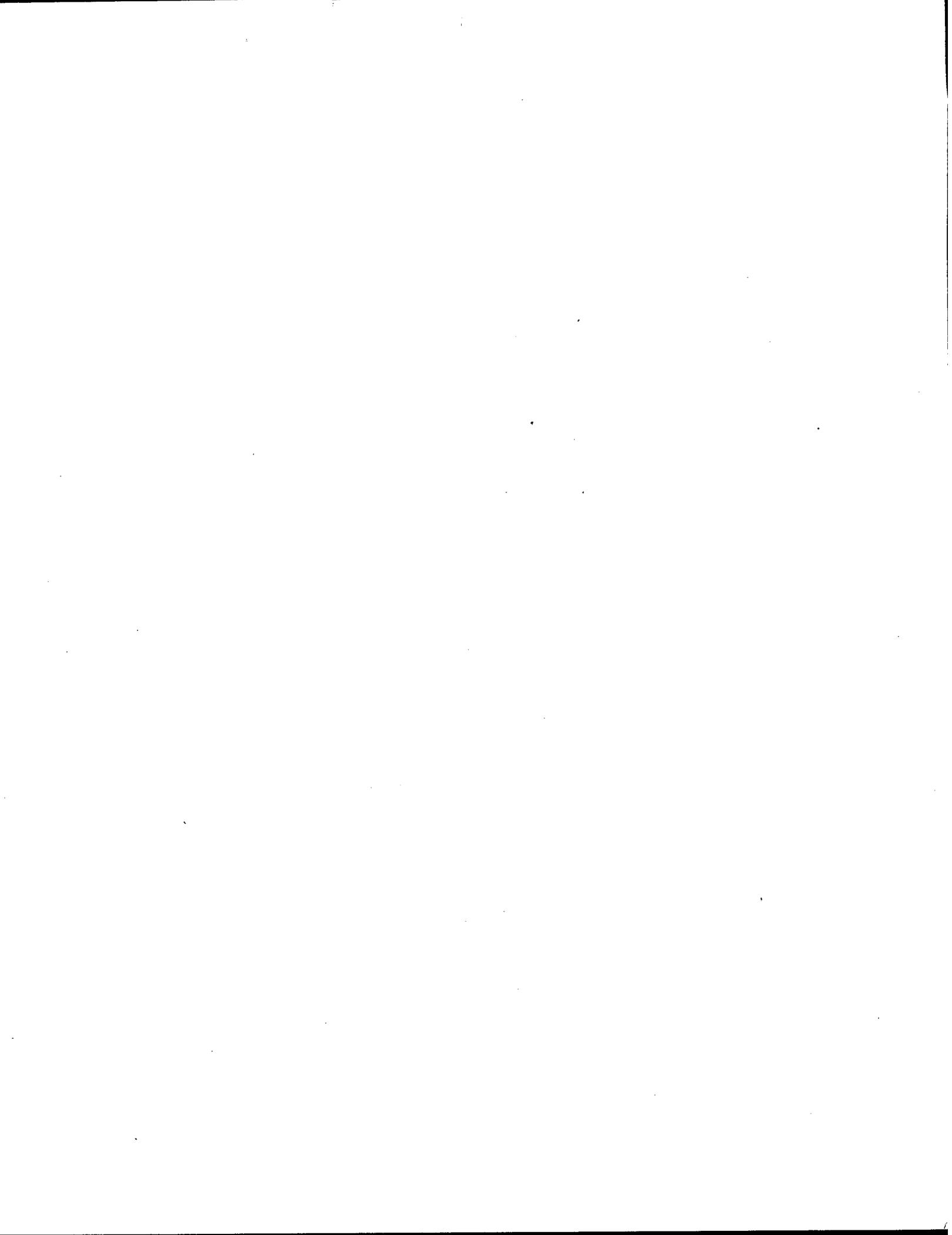
Please send an electronic copy of the HPCS in Excel spreadsheet format using our form.

Please explain Exhibit X and how the proposed factors were developed.

Thanks,
Becky Harrington
Property & Casualty Compliance Officer
(501) 371-2804
(501) 371-2748 fax
E-mail: becky.harrington@arkansas.gov

T/C = 7/18/09 -
ly + message

Gayle + Richard -
10:42 - sending
explanation
on Chart X p 22
+ Spreadsheet





Property & Casualty Transmittal Document—

20. This filing transmittal is part of Company Tracking #

21. Filing Description [This area should be similar to the body of a cover letter and is free-form text]

This is a Homeowner rate filing.

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]

Check #:

Amount:

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

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

PC TD-1 pg 2 of 2

ARKANSAS INSURANCE DEPARTMENT

FORM HI
Rev. 4/98

HOMEOWNERS ABSTRACT

Page 1 of 2

INSTRUCTIONS: All questions must be answered. If the answer is "none" or "not applicable", so state. If all questions are not answered, the filing will not be accepted for review by the Department. Use a separate abstract for each company if filing for a group. Subsequent homeowners rate/rule submissions that do not alter the information contained herein need not include this form.

Company Name: Farm Bureau Mutual Insurance Company of Arkansas, Inc.

NAIC No. 13757

Group No. _____

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact. 3% added to Coverage A on renewals. Mandatory use of RCT on all new business and re-writes.
2. If you use a cost estimator (or some similar method) in order to make sure that dwellings (or contents) are insured at their value, state when this program was started in Arkansas and estimate its impact. We began using the Marshall-Swift/Boeckh product RCT on all new business effective October 1, 2002. This revision was filed 5/9/2002 and stamped "Filed" on 5/13/2002.
3. If you require a minimum relationship between the amount of insurance to be written and the replacement value of the dwelling (contents) in order to purchase insurance, describe the procedures that are used. The minimum relationship depends upon the rating class plan and fire protection class. The minimum can range from 80% to 100% of replacement cost or market value.
4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact. N/A
5. Specify the percentage given for credit or discounts for the following:

| | | |
|----|--|--------------|
| a. | Fire Extinguisher | 0 % |
| b. | Burglar Alarm | 2 - 10 % |
| c. | Smoke Alarm | 2 - 10 % |
| d. | Insured who has both homeowners and auto with your company | 5 % |
| e. | Deadbolt Locks | 2 % |
| f. | Window or Door Locks | 0 % |
| g. | Other (specify) | |
| | Full-time farmer | 25 % |
| | New Home Credit | 3 - 20 % |
| | Claims Experience | -15% to +36% |
6. Are there any areas in the State of Arkansas in which your company will not write homeowners insurance? No
If so, state the areas and explain reason for not writing.
7. Specify the form(s) utilized in writing homeowner insurance. Indicate the Arkansas premium volume for each form.

| Form | 2008 Earned Premium |
|------|---------------------|
| HO-1 | 11,041,539 |
| HO-3 | 93,130,862 |
| HO-4 | 648,911 |



8. Do you write homeowner risks which have aluminum, steel or vinyl siding? Yes

9. If there is a surcharge on risks with wood heat? Yes
If yes, state surcharge: 15%
Does the surcharge apply to conventional fireplaces? No
If yes, state surcharge:

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

Richard Sims
Signature

Actuarial and Regulatory Affairs Manager
Title

501-224-4400
Telephone Number

AID PC H-1 (4/96)

NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking # _____

2. If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number _____

| | | | | | |
|----|----|---|----|--|---------------------|
| | | Company Name | | | Company NAIC Number |
| 3. | A. | Farm Bureau Mutual Insurance Company of Arkansas, Inc. | B. | | 13757 |

| | | | | | |
|----|----|--|----|--|---|
| | | Product Coding Matrix Line of Business (i.e., Type of Insurance) | | | Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance) |
| 4. | A. | Homeowners 4.0000 | B. | | Mobile Homes, Owner Occupied, Tenants 4.0002-4.0004 |

5.

| (A) COVERAGE (See Instructions) | (B) Indicated % Rate Level Change | (C) Requested % Rate Level Change | FOR LOSS COSTS ONLY | | | | |
|---------------------------------------|--|--|-------------------------------|--|--|---|---|
| | | | (D) Expected Loss Ratio | (E) Loss Cost Modification Factor | (F) Selected Loss Cost Multiplier | (G) Expense Constant (If Applicable) | (H) Co. Current Loss Cost Multiplier |
| Homeowners | + 21.68% | + 10.00% | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| TOTAL OVERALL EFFECT | + 21.68% | + 10.00% | | | | | |

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 | 141,783 | + 9.05% | 07/01/04 | 98,043 | 44,253 | 45.14% | N/A |
| 2005 | 140,313 | - 3.00% | 09/01/05 | 103,911 | 53,132 | 51.13% | N/A |
| 2006 | 139,321 | + 3.00% | 09/15/06 | 99,370 | 50,514 | 50.83% | N/A |
| 2007 | 138,365 | 0.00% | | 101,372 | 52,741 | 52.03% | N/A |
| 2008 | 137,328 | + 8.00% | 10/01/08 | 104,821 | 63,151 | 60.25% | N/A |

7.

| Expense Constants | Selected Provisions |
|--|---------------------|
| A. Total Production Expense | 10.22 |
| B. General Expense | 6.52 |
| C. Taxes, License & Fees | 3.09 |
| D. Underwriting Profit & Contingencies | 5.50 |
| E. Other (explain) | |
| F. TOTAL | 25.33 |

8. N Apply Lost Cost Factors to Future filings? (Y or N)

9. + 37% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable):

10. - 14% Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable):

NAIC Number: 13757
 Company Name: Farm Bureau Mutual Insurance Company of Arkansas, Inc.
 Contact Person: Richard Sims
 Telephone No.: 501-224-4400
 Email Address: richard.sims@afbic.com
 Effective Date: 10/01/2009

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

Submit to: Arkansas Insurance Department
 1200 West Third Street
 Little Rock, AR 72201-1804
 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 | \$397.00 | \$440.00 | \$410.00 | \$456.00 | \$507.00 | \$563.00 | \$499.00 | \$554.00 | \$509.00 | \$566.00 | \$560.00 | \$622.00 | \$508.00 | \$564.00 | \$490.00 | \$545.00 | \$595.00 | \$662.00 |
| | \$120,000 | \$538.00 | \$597.00 | \$558.00 | \$620.00 | \$690.00 | \$767.00 | \$678.00 | \$754.00 | \$692.00 | \$770.00 | \$761.00 | \$846.00 | \$691.00 | \$768.00 | \$668.00 | \$742.00 | \$810.00 | \$900.00 |
| | \$160,000 | \$650.00 | \$722.00 | \$674.00 | \$749.00 | \$834.00 | \$926.00 | \$821.00 | \$912.00 | \$837.00 | \$930.00 | \$920.00 | \$1,023.00 | \$835.00 | \$927.00 | \$807.00 | \$897.00 | \$979.00 | \$1,088.00 |
| 6 | \$80,000 | \$484.00 | \$538.00 | \$501.00 | \$557.00 | \$621.00 | \$690.00 | \$611.00 | \$679.00 | \$623.00 | \$692.00 | \$686.00 | \$761.00 | \$622.00 | \$691.00 | \$602.00 | \$668.00 | \$729.00 | \$810.00 |
| | \$120,000 | \$658.00 | \$732.00 | \$681.00 | \$757.00 | \$844.00 | \$939.00 | \$831.00 | \$923.00 | \$847.00 | \$941.00 | \$931.00 | \$1,035.00 | \$845.00 | \$940.00 | \$817.00 | \$908.00 | \$991.00 | \$1,101.00 |
| | \$160,000 | \$796.00 | \$884.00 | \$824.00 | \$916.00 | \$1,021.00 | \$1,134.00 | \$1,005.00 | \$1,116.00 | \$1,024.00 | \$1,138.00 | \$1,126.00 | \$1,252.00 | \$1,022.00 | \$1,135.00 | \$988.00 | \$1,098.00 | \$1,197.00 | \$1,330.00 |
| 9 | \$80,000 | \$856.00 | \$950.00 | \$887.00 | \$986.00 | \$1,098.00 | \$1,220.00 | \$1,082.00 | \$1,201.00 | \$1,101.00 | \$1,224.00 | \$1,211.00 | \$1,346.00 | \$1,099.00 | \$1,221.00 | \$1,064.00 | \$1,181.00 | \$1,288.00 | \$1,432.00 |
| | \$120,000 | \$1,163.00 | \$1,293.00 | \$1,206.00 | \$1,340.00 | \$1,493.00 | \$1,659.00 | \$1,470.00 | \$1,633.00 | \$1,497.00 | \$1,684.00 | \$1,646.00 | \$1,829.00 | \$1,493.00 | \$1,659.00 | \$1,445.00 | \$1,605.00 | \$1,752.00 | \$1,947.00 |
| | \$160,000 | \$1,407.00 | \$1,563.00 | \$1,457.00 | \$1,620.00 | \$1,805.00 | \$2,006.00 | \$1,777.00 | \$1,974.00 | \$1,810.00 | \$2,012.00 | \$1,991.00 | \$2,212.00 | \$1,806.00 | \$2,007.00 | \$1,747.00 | \$1,941.00 | \$2,118.00 | \$2,353.00 |

Survey Form for HO4 (Renters) - Use \$500 Flat Deductible (Named perils for personal property, actual cash value for loss, liability and medical payments for others included)

| Public Protection Class | Property Value | Washington | | Baxter | | Craighead | | St. Francis | | Arkansas | | Union | | Miller | | Sebastian | | Pulaski | |
|-------------------------|----------------|------------|----------|----------|----------|-----------|----------|-------------|----------|----------|----------|----------|----------|----------|----------|-----------|----------|----------|----------|
| | | Brick | Frame | Brick | Frame | Brick | Frame | Brick | Frame | Brick | Frame | Brick | Frame | Brick | Frame | Brick | Frame | Brick | Frame |
| 3 | \$5,000 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| | \$15,000 | \$88.00 | \$101.00 | \$99.00 | \$113.00 | \$86.00 | \$99.00 | \$83.00 | \$96.00 | \$100.00 | \$114.00 | \$100.00 | \$114.00 | \$86.00 | \$99.00 | \$100.00 | \$114.00 | \$102.00 | \$117.00 |
| | \$25,000 | \$141.00 | \$160.00 | \$155.00 | \$176.00 | \$137.00 | \$155.00 | \$134.00 | \$152.00 | \$158.00 | \$179.00 | \$158.00 | \$179.00 | \$137.00 | \$155.00 | \$158.00 | \$179.00 | \$161.00 | \$182.00 |
| 6 | \$5,000 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| | \$15,000 | \$102.00 | \$117.00 | \$114.00 | \$130.00 | \$100.00 | \$114.00 | \$97.00 | \$111.00 | \$115.00 | \$131.00 | \$115.00 | \$131.00 | \$100.00 | \$114.00 | \$115.00 | \$131.00 | \$117.00 | \$134.00 |
| | \$25,000 | \$161.00 | \$182.00 | \$178.00 | \$201.00 | \$158.00 | \$179.00 | \$154.00 | \$174.00 | \$180.00 | \$203.00 | \$180.00 | \$203.00 | \$158.00 | \$179.00 | \$180.00 | \$203.00 | \$183.00 | \$207.00 |
| 9 | \$5,000 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| | \$15,000 | \$162.00 | \$183.00 | \$179.00 | \$202.00 | \$159.00 | \$180.00 | \$155.00 | \$175.00 | \$181.00 | \$204.00 | \$181.00 | \$204.00 | \$159.00 | \$180.00 | \$181.00 | \$204.00 | \$185.00 | \$209.00 |
| | \$25,000 | \$248.00 | \$279.00 | \$272.00 | \$306.00 | \$243.00 | \$273.00 | \$237.00 | \$267.00 | \$275.00 | \$309.00 | \$275.00 | \$309.00 | \$243.00 | \$273.00 | \$275.00 | \$309.00 | \$280.00 | \$315.00 |

Survey Form for DP-2 (Dwelling/Fire) - Use \$500 Flat Deductible (Named perils for dwelling and personal property, replacement cost for dwelling, actual cash value for personal property, no liability coverage)

| Public Protection Class | Dwelling Value | Washington | | Baxter | | Craighead | | St. Francis | | Arkansas | | Union | | Miller | | Sebastian | | Pulaski | |
|-------------------------|----------------|------------|-------|--------|-------|-----------|-------|-------------|-------|----------|-------|-------|-------|--------|-------|-----------|-------|---------|-------|
| | | Brick | Frame | Brick | Frame | Brick | Frame | Brick | Frame | Brick | Frame | Brick | Frame | Brick | Frame | Brick | Frame | Brick | Frame |
| 3 | \$80,000 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| | \$120,000 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| | \$160,000 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| 6 | \$80,000 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| | \$120,000 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| | \$160,000 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| 9 | \$80,000 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| | \$120,000 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| | \$160,000 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |

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

| | | | |
|-------------------|-----------|------------------------|------|
| HO3 and HO4 only | | | |
| Fire Extinguisher | 2 % | Deadbolt Lock | 2 % |
| Burglar Alarm | 2 to 10 % | Window Locks | % |
| Smoke Alarm | 2 to 10 % | \$1,000 Deductible | 19 % |
| | | Other (Specify) | |
| | | Companion Policy | 5 % |
| | | Maximum Credit Allowed | 25 % |

EARTHQUAKE INSURANCE

IMPORTANT: homeowners insurance does NOT automatically cover losses from earthquakes. Ask your agent about this.
 ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS? no (yes or no)
 WHAT IS YOUR PERCENTAGE DEDUCTIBLE? %

| | | | |
|---|--------------|-------|-------|
| WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE? | Zone | Brick | Frame |
| | Highest Risk | \$ | \$ |
| | Lowest Risk | \$ | \$ |

Farm Bureau Mutual Insurance Company of Arkansas, Inc.
Overall Impact of Changes
Homeowner

| <u>Form</u> | <u>Indicated Rate Change</u> | <u>Change to Base Rates</u> | <u>Rate Structure Changes</u> | <u>Proposed Overall Rate Change</u> | <u>2008 On Level Written</u> | <u>Impact of Proposed Changes</u> |
|--------------|----------------------------------|---------------------------------|---------------------------------------|---|--------------------------------------|---|
| HO1 / HO3 | 21.68% | 11.84% | -1.65% | 10.00% | 114,042,350 | 11,404,235 |
| <u>HO4</u> | <u>21.68%</u> | <u>11.30%</u> | <u>-1.17%</u> | <u>10.00%</u> | <u>710,136</u> | <u>71,014</u> |
| Total | 21.68% | 11.84% | -1.64% | 10.00% | 114,752,487 | 11,475,249 |

| <u>Form</u> | <u>Protection Class Changes</u> | <u>Territory Changes</u> | <u>AOI Changes</u> | <u>Sewage Backup End Changes</u> | <u>Claim Experience Changes</u> | <u>Total Change to Rate Structure</u> |
|--------------|---|------------------------------|------------------------|--|---|---|
| HO1 / HO3 | -0.76% | -0.08% | -0.88% | -0.39% | 0.46% | -1.65% |
| <u>HO4</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>-1.17%</u> | <u>0.00%</u> | <u>-1.17%</u> |
| Total | -0.75% | -0.08% | -0.88% | -0.39% | 0.46% | -1.64% |

Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Calculation of Overall Rate Level Indication
Homeowner

| | <u>12/31/2004</u> | <u>12/31/2005</u> | <u>12/31/2006</u> | <u>12/31/2007</u> | <u>12/31/2008</u> | <u>Total</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|--------------|
| A. Earned Premium | 98,042,595 | 103,910,534 | 99,369,795 | 101,371,692 | 104,821,278 | 507,515,895 |
| B. Present Level Factors | 1.1794 | 1.0922 | 1.1034 | 1.0879 | 1.0773 | |
| C. AOI Current Amount Factors | 1.3066 | 1.2240 | 1.1308 | 1.0555 | 1.0000 | |
| D. AOI Premium Projection Factor | 1.1707 | 1.1707 | 1.1707 | 1.1707 | 1.1707 | |
| E. PC Current Amount Factors | 0.9274 | 0.9473 | 0.9666 | 0.9848 | 1.0000 | |
| F. PC Premium Projection Factor | 0.9560 | 0.9560 | 0.9560 | 0.9560 | 0.9560 | |
| E. Adjusted Earned Premium | 156,821,672 | 147,278,380 | 134,133,262 | 128,294,069 | 126,378,646 | 692,906,029 |
| F. Accident Year Loss/ALAE Net of Reinsurance Recoveries | 44,253,259 | 53,132,441 | 50,514,284 | 52,740,560 | 63,150,890 | 263,791,435 |
| G. Loss Development Factor | 0.9955 | 0.9892 | 0.9949 | 0.9974 | 1.0647 | |
| H. [Trend Period (Years)] | 6.25 | 5.25 | 4.25 | 3.25 | 2.25 | |
| I. Trend Factor | 1.5263 | 1.4265 | 1.3332 | 1.2459 | 1.1644 | |
| J. Developed, Trended Loss | 67,241,208 | 74,976,895 | 67,002,277 | 65,541,390 | 78,294,661 | 353,056,431 |
| K. Loss Ratio | 42.88% | 50.91% | 49.95% | 51.09% | 61.95% | 50.95% |
| L. Experience Year Weights | 0.10 | 0.15 | 0.20 | 0.25 | 0.30 | 1.00 |
| M. Weighted Loss Ratio | 4.29% | 7.64% | 9.99% | 12.77% | 18.59% | 53.27% |

| | |
|---|--------|
| Projected Loss & ALAE Ratio: | 53.27% |
| Unallocated Loss Adjustment Expense Load: | 1.0750 |
| Projected Loss & LAE Ratio: | 57.27% |
| Catastrophe Load: | 35.00% |
| Fixed Expense: | 6.52% |
| Loss/LAE/Fixed Expense Ratio: | 98.79% |
| Variable Expense Ratio: | 18.81% |
| Permissible Loss Ratio: | 81.19% |
| Indicated Change: | 21.68% |
| Selected Change: | 10.00% |

Based on:

Effective Date: 10/01/09
Selected Loss Trend 7.0%

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Farm Bureau Mutual Insurance Company of Arkansas, Inc.

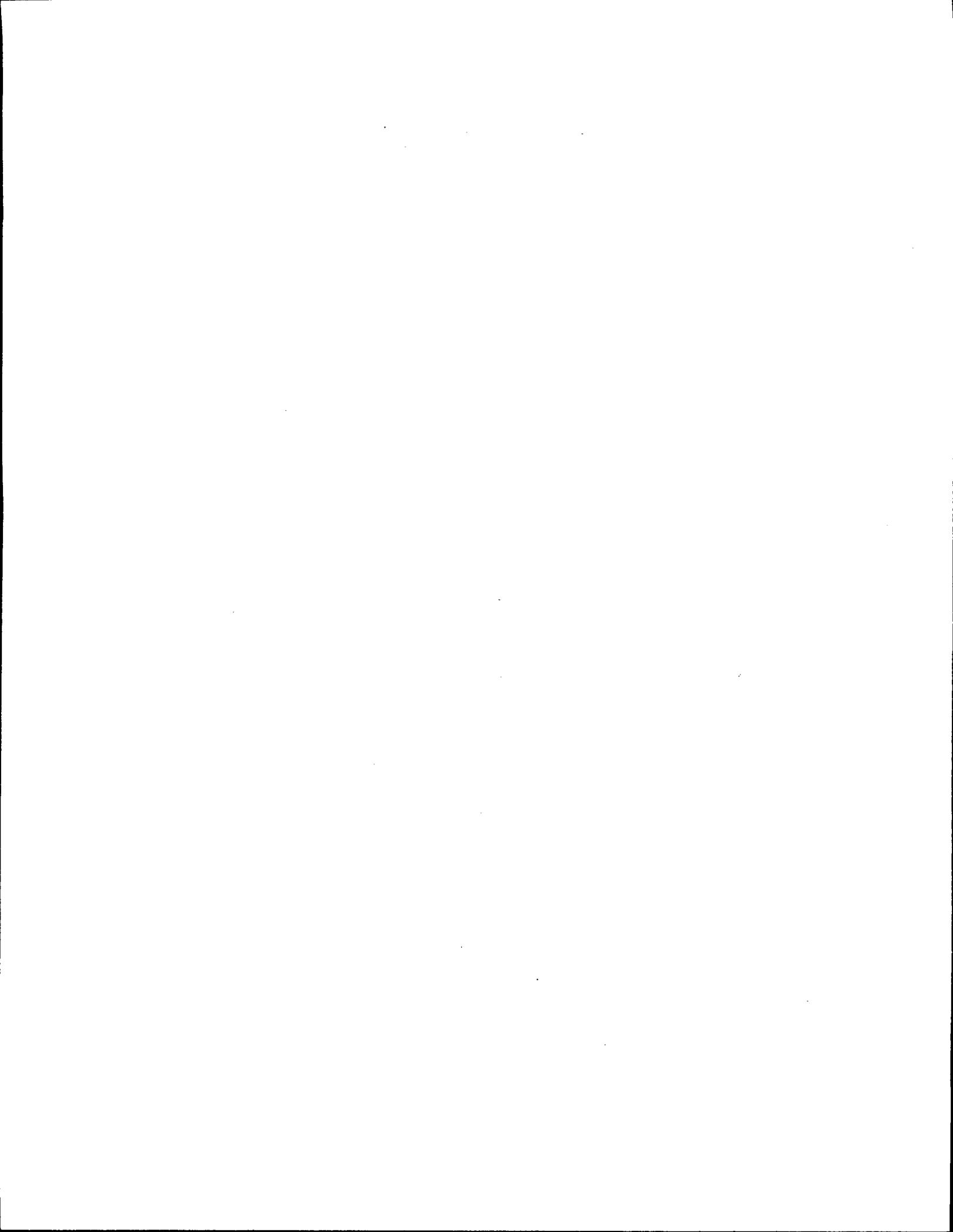
Calculation of Present Level Factors

Homeowner

| Date | Rate Change | Year | * Average Rate Level | Present Level Factor |
|-----------|-------------|----------|----------------------|----------------------|
| 01-Dec-00 | 5.70% | 2004 | 1.4273 | 1.1794 |
| 01-Dec-01 | 8.41% | 2005 | 1.5413 | 1.0922 |
| 01-Sep-02 | 11.32% | 2006 | 1.5256 | 1.1034 |
| 01-Jul-03 | 12.08% | 2007 | 1.5474 | 1.0879 |
| 01-Jul-04 | 9.12% | 2008 | 1.5626 | 1.0773 |
| 01-Sep-05 | -3.00% | Current: | 1.6834 | |
| 15-Sep-06 | 3.00% | | | |
| 01-Oct-08 | 8.00% | | | |

Notes: * -Average rate level is computed using the standard parallelogram method.

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Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Selection of PC Premium Trends
Homeowner

| Year Ending | Average Relativity | Relativity to Latest Year | Current Amount Factor | X-Value | Natural Log of Avg. Rel. |
|----------------|-----------------------|---------------------------------|-----------------------------|---------|--------------------------------|
| 12/31/2004 | 0.9690 | 0.9274 | 0.9274 | -2 | -0.0315 |
| 12/31/2005 | 0.9486 | 0.9473 | 0.9473 | -1 | -0.0527 |
| 12/31/2006 | 0.9296 | 0.9666 | 0.9666 | 0 | -0.0730 |
| 12/31/2007 | 0.9125 | 0.9848 | 0.9848 | 1 | -0.0916 |
| 12/31/2008 | 0.8986 | 1.0000 | 1.0000 | 2 | -0.1069 |

Calculation of Premium Projection Factors
Exponential Regression on Average Relativity

| | |
|---|------------|
| (A) Slope | 0.9812 |
| (B) Intercept | -0.0711 |
| (C) Selected Change | -0.0200 |
| (D) Midpoint of Current Experience Period | 07/01/2008 |
| (E) Fitted Value | 0.8948 |
| (F) Proposed Effective Date | 10/01/2009 |
| (G) Fitted Value | 0.8554 |
| (H) Length of Trend Period | 2.25 |
| (I) Premium Projection Factor | 0.9560 |



Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Selection of AOI Premium Trends
Homeowner

| <u>Year</u> <u>Ending</u> | <u>Average</u> <u>Relativity</u> | <u>Relativity</u> <u>to Latest</u> <u>Year</u> | <u>Current</u> <u>Amount</u> <u>Factor</u> | <u>X-Value</u> | <u>Natural</u> <u>Log of</u> <u>Avg. Rel.</u> |
|------------------------------|-------------------------------------|--|--|----------------|---|
| 12/31/2004 | 1.6056 | 1.3066 | 1.3066 | -2 | 0.4735 |
| 12/31/2005 | 1.7140 | 1.2240 | 1.2240 | -1 | 0.5388 |
| 12/31/2006 | 1.8553 | 1.1308 | 1.1308 | 0 | 0.6181 |
| 12/31/2007 | 1.9877 | 1.0555 | 1.0555 | 1 | 0.6870 |
| 12/31/2008 | 2.0980 | 1.0000 | 1.0000 | 2 | 0.7410 |

Calculation of Premium Projection Factors
Exponential Regression on Average Relativity

| | |
|---|------------|
| (A) Slope | 1.0707 |
| (B) Intercept | 0.6117 |
| (C) Selected Change | 0.0700 |
| (D) Midpoint of Current Experience Period | 07/01/2008 |
| (E) Fitted Value | 2.1206 |
| (F) Proposed Effective Date | 10/01/2009 |
| (G) Fitted Value | 2.4826 |
| (H) Length of Trend Period | 2.25 |
| (I) Premium Projection Factor | 1.1707 |



Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Homeowner

Calculation of Loss Trend

Effective Date: 10/01/09

| Col (1) | Col (2) | Col (3) | Col (4) | Col (5) | Col (6) |
|----------------------|------------------------------------|----------------------------|-------------------------------------|---------|-------------------|
| Fiscal Accident Year | Projected Ultimate Incurred Losses | Projected Ultimate Claim # | Projected Ultimate Average Severity | X-Axis | Y-Axis In[Col(4)] |
| 2000 | 44,235,448 | 15,164 | 2,917 | 0 | 7.9784 |
| 2001 | 43,877,678 | 13,833 | 3,172 | 1 | 8.0621 |
| 2002 | 48,086,646 | 14,007 | 3,433 | 2 | 8.1412 |
| 2003 | 45,932,082 | 11,754 | 3,908 | 3 | 8.2708 |
| 2004 | 44,054,157 | 9,722 | 4,531 | 4 | 8.4188 |
| 2005 | 52,560,879 | 10,342 | 5,082 | 5 | 8.5336 |
| 2006 | 50,258,383 | 10,137 | 4,958 | 6 | 8.5087 |
| 2007 | 52,603,952 | 9,467 | 5,557 | 7 | 8.6228 |
| 2008 | 67,238,598 | 10,845 | 6,200 | 8 | 8.7323 |

SUMMARY OUTPUT

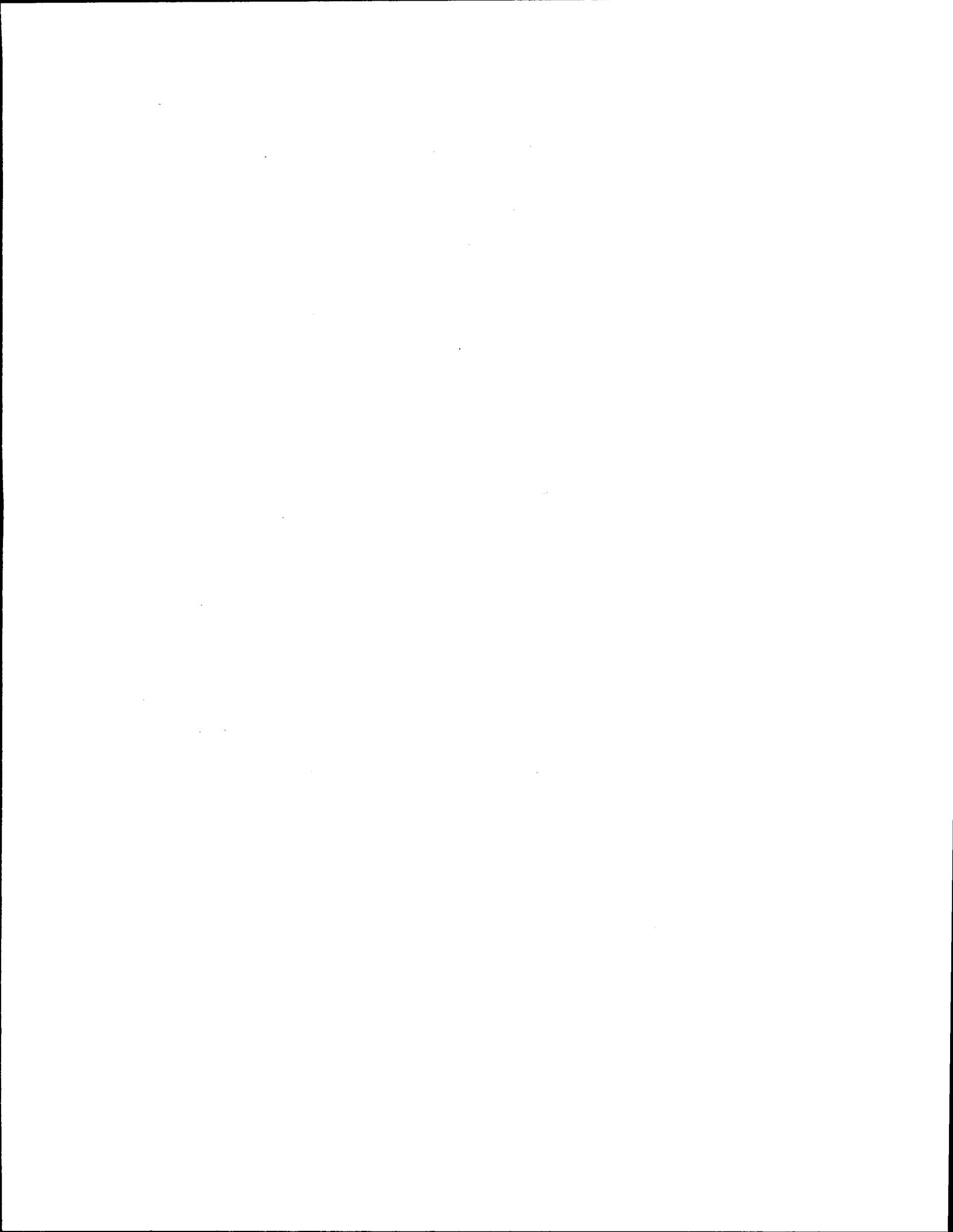
| Regression Statistics | |
|-----------------------|-------------|
| Multiple R | 0.988344411 |
| R Square | 0.976824674 |
| Adjusted R Square | 0.973513913 |
| Standard Error | 0.042806513 |
| Observations | 9 |

| ANOVA | | | | | |
|------------|----|-------------|-------------|-------------|----------------|
| | df | SS | MS | F | Significance F |
| Regression | 1 | 0.540640404 | 0.540640404 | 295.0453707 | 5.56513E-07 |
| Residual | 7 | 0.012826783 | 0.001832398 | | |
| Total | 8 | 0.553467187 | | | |

| | Coefficients | Standard Error | t Stat | P-value | Lower 95% | Upper 95% | Lower 95.0% | Upper 95.0% |
|--------------|--------------|----------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Intercept | 7.983473396 | 0.026310436 | 303.433713 | 1.11487E-15 | 7.9212591 | 8.045687692 | 7.9212591 | 8.045687692 |
| X Variable 1 | 0.094924567 | 0.005526297 | 17.17688478 | 5.56513E-07 | 0.081856951 | 0.107992183 | 0.081856951 | 0.107992183 |

| | | |
|---|---|-------|
| Annual Trend Factor = e^[x coefficient] | = | 1.100 |
| Selected Trend Factor = | = | 1.070 |

| Midpt of Experience Period | Average Eff Dt of Rates | Years | Months | Trend Period |
|----------------------------|-------------------------|-------|--------|--------------|
| 06/30/2004 | 10/01/10 | 6 | 3 | 6.25 |
| 06/30/2005 | 10/01/10 | 5 | 3 | 5.25 |
| 06/30/2006 | 10/01/10 | 4 | 3 | 4.25 |
| 06/30/2007 | 10/01/10 | 3 | 3 | 3.25 |
| 06/30/2008 | 10/01/10 | 2 | 3 | 2.25 |



Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Reported Loss Development Analysis - Excluding Cats
Homeowner

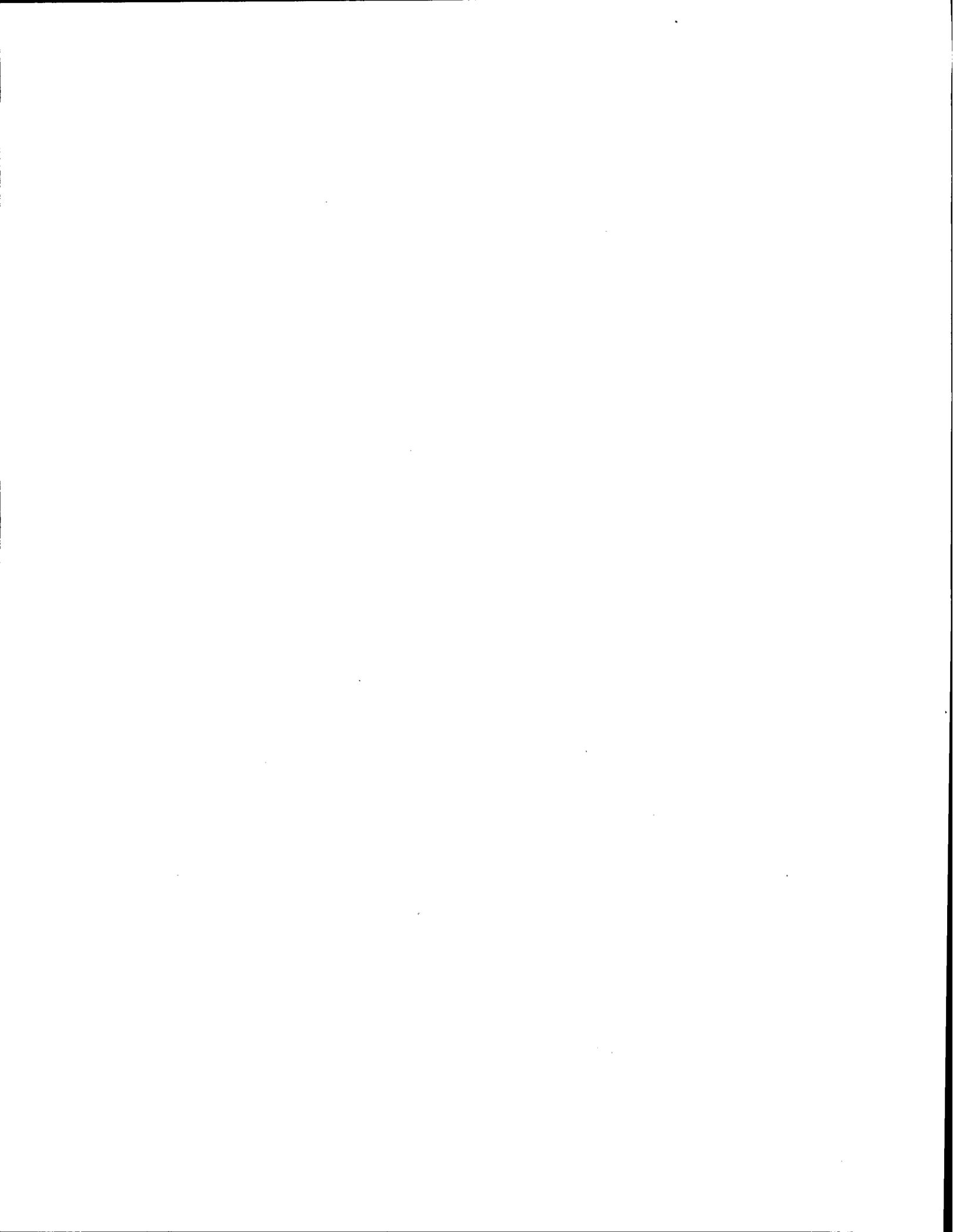
| Fiscal Accident Year | Incurred Loss , Net of Reinsurance Ceded, Salvage, & Subrogation | | | | | | | | | |
|----------------------------|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | @ 1 year | @ 2 years | @ 3 years | @ 4 years | @ 5 years | @ 6 years | @ 7 years | @ 8 years | @ 9 years | @ 10 years |
| 1999 | 39,113,965 | 41,705,682 | 41,666,549 | 41,567,514 | 41,426,265 | 41,394,946 | 41,443,611 | 41,444,861 | 41,436,105 | 41,436,105 |
| 2000 | 37,133,939 | 44,307,346 | 44,317,396 | 44,334,113 | 44,343,371 | 44,229,825 | 44,195,150 | 44,285,422 | 44,235,448 | |
| 2001 | 41,470,329 | 44,064,113 | 44,164,525 | 44,055,315 | 44,030,151 | 43,888,648 | 43,893,205 | 43,893,205 | | |
| 2002 | 45,470,541 | 49,064,309 | 48,706,677 | 48,783,265 | 48,354,465 | 48,066,386 | 48,058,640 | | | |
| 2003 | 43,925,083 | 46,434,653 | 46,167,372 | 46,135,522 | 46,101,977 | 46,097,307 | | | | |
| 2004 | 40,717,411 | 43,934,661 | 44,013,929 | 43,935,574 | 44,253,259 | | | | | |
| 2005 | 49,663,826 | 53,168,233 | 53,144,154 | 53,132,441 | | | | | | |
| 2006 | 46,755,811 | 50,708,636 | 50,514,284 | | | | | | | |
| 2007 | 51,555,222 | 52,740,560 | | | | | | | | |
| 2008 | 63,150,890 | | | | | | | | | |

| Age to Age Loss Development Factors | | | | | | | | |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|---------|
| 1 to 2 | 2 to 3 | 3 to 4 | 4 to 5 | 5 to 6 | 6 to 7 | 7 to 8 | 8 to 9 | 9 to 10 |
| 1.0663 | 0.9991 | 0.9976 | 0.9966 | 0.9992 | 1.0012 | 1.0000 | 0.9998 | 1.0000 |
| 1.1932 | 1.0002 | 1.0004 | 1.0002 | 0.9974 | 0.9992 | 1.0020 | 0.9989 | |
| 1.0625 | 1.0023 | 0.9975 | 0.9994 | 0.9968 | 1.0001 | 1.0000 | | |
| 1.0790 | 0.9927 | 1.0016 | 0.9912 | 0.9940 | 0.9998 | | | |
| 1.0571 | 0.9942 | 0.9993 | 0.9993 | 0.9999 | | | | |
| 1.0790 | 1.0018 | 0.9982 | 1.0072 | | | | | |
| 1.0706 | 0.9995 | 0.9998 | | | | | | |
| 1.0845 | 0.9962 | | | | | | | |
| 1.0230 | | | | | | | | |

| Natural Logarithm of Loss Development Factors | | | | | | | | |
|---|---------|---------|---------|---------|---------|--------|---------|---------|
| 1 to 2 | 2 to 3 | 3 to 4 | 4 to 5 | 5 to 6 | 6 to 7 | 7 to 8 | 8 to 9 | 9 to 10 |
| 0.0642 | -0.0009 | -0.0024 | -0.0034 | -0.0008 | 0.0012 | 0.0000 | -0.0002 | 0.0000 |
| 0.1766 | 0.0002 | 0.0004 | 0.0002 | -0.0026 | -0.0008 | 0.0020 | -0.0011 | |
| 0.0607 | 0.0023 | -0.0025 | -0.0006 | -0.0032 | 0.0001 | 0.0000 | | |
| 0.0761 | -0.0073 | 0.0016 | -0.0088 | -0.0060 | -0.0002 | | | |
| 0.0556 | -0.0058 | -0.0007 | -0.0007 | -0.0001 | | | | |
| 0.0760 | 0.0018 | -0.0018 | 0.0072 | | | | | |
| 0.0682 | -0.0005 | -0.0002 | | | | | | |
| 0.0812 | -0.0038 | | | | | | | |
| 0.0227 | | | | | | | | |

| Selection of Loss Development Factors | | | | | | | | | |
|---------------------------------------|--------|---------|---------|---------|---------|--------|--------|---------|--------|
| Avg. 5 | 0.0607 | -0.0031 | -0.0007 | -0.0005 | -0.0025 | 0.0001 | 0.0007 | -0.0007 | 0.0000 |
| Avg. All | 0.0757 | -0.0018 | -0.0008 | -0.0010 | -0.0025 | 0.0001 | 0.0007 | -0.0007 | 0.0000 |
| StDev | 0.0416 | 0.0035 | 0.0015 | 0.0052 | 0.0023 | 0.0008 | 0.0012 | 0.0006 | n/a |
| Selected | 0.0682 | -0.0024 | -0.0008 | -0.0008 | -0.0025 | 0.0001 | 0.0007 | -0.0007 | 0.0000 |
| Age to Age LDF | 1.0706 | 0.9976 | 0.9992 | 0.9992 | 0.9975 | 1.0001 | 1.0007 | 0.9993 | 1.0000 |
| Cumulative LDF | 1.0638 | 0.9936 | 0.9960 | 0.9968 | 0.9976 | 1.0001 | 1.0000 | 0.9993 | 1.0000 |

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Farm Bureau Mutual Insurance Company of Arkansas, Inc.

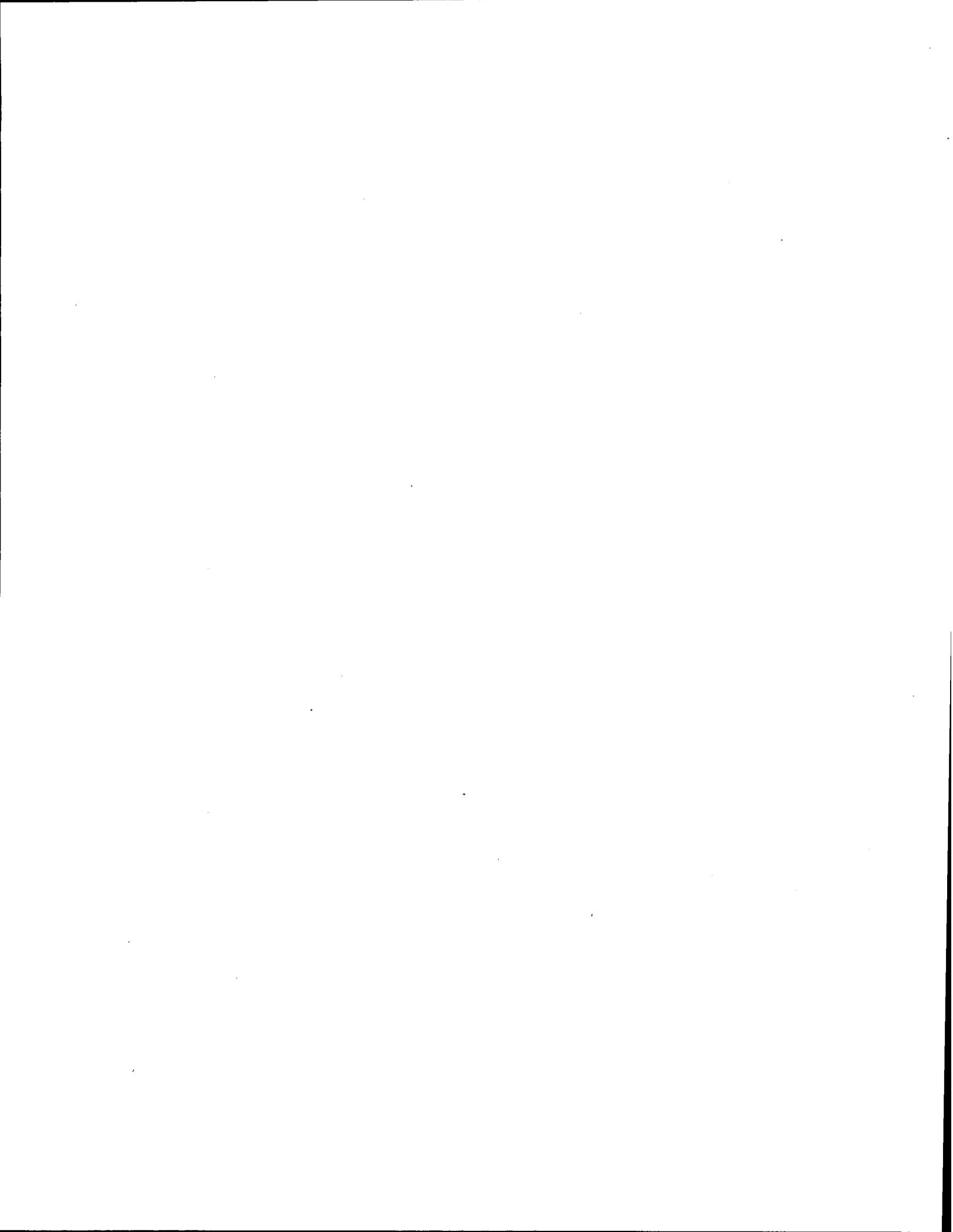
Paid Loss Development Analysis - Excluding Cats
Homeowner

| Fiscal Accident Year | Paid Loss , Net of Reinsurance Ceded, Salvage, & Subrogation | | | | | | | | | |
|----------------------------|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | @ 1 year | @ 2 years | @ 3 years | @ 4 years | @ 5 years | @ 6 years | @ 7 years | @ 8 years | @ 9 years | @ 10 years |
| 1999 | 35,589,005 | 40,666,742 | 41,203,699 | 41,308,689 | 41,348,515 | 41,367,076 | 41,443,611 | 41,444,861 | 41,436,105 | 41,436,105 |
| 2000 | 31,100,259 | 43,512,194 | 43,939,651 | 43,984,803 | 44,020,514 | 44,083,825 | 44,074,150 | 44,229,422 | 44,235,448 | |
| 2001 | 36,251,269 | 43,234,873 | 43,760,185 | 43,787,770 | 43,881,091 | 43,888,648 | 43,893,205 | 43,893,205 | | |
| 2002 | 40,062,221 | 47,483,693 | 47,860,110 | 47,983,221 | 48,060,395 | 48,066,386 | 48,058,640 | | | |
| 2003 | 38,755,101 | 44,915,957 | 45,589,847 | 45,624,528 | 45,616,805 | 45,691,779 | | | | |
| 2004 | 35,067,115 | 42,791,184 | 43,192,746 | 43,537,445 | 43,860,897 | | | | | |
| 2005 | 42,852,133 | 51,548,851 | 51,828,311 | 51,922,719 | | | | | | |
| 2006 | 41,870,080 | 49,698,587 | 49,844,431 | | | | | | | |
| 2007 | 45,123,230 | 51,969,932 | | | | | | | | |
| 2008 | 55,514,544 | | | | | | | | | |

| Age to Age Loss Development Factors | | | | | | | | |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|---------|
| 1 to 2 | 2 to 3 | 3 to 4 | 4 to 5 | 5 to 6 | 6 to 7 | 7 to 8 | 8 to 9 | 9 to 10 |
| 1.1427 | 1.0132 | 1.0025 | 1.0010 | 1.0004 | 1.0019 | 1.0000 | 0.9998 | 1.0000 |
| 1.3991 | 1.0098 | 1.0010 | 1.0008 | 1.0014 | 0.9998 | 1.0035 | 1.0001 | |
| 1.1926 | 1.0122 | 1.0006 | 1.0021 | 1.0002 | 1.0001 | 1.0000 | | |
| 1.1852 | 1.0079 | 1.0026 | 1.0016 | 1.0001 | 0.9998 | | | |
| 1.1590 | 1.0150 | 1.0008 | 0.9998 | 1.0016 | | | | |
| 1.2203 | 1.0094 | 1.0080 | 1.0074 | | | | | |
| 1.2029 | 1.0054 | 1.0018 | | | | | | |
| 1.1870 | 1.0029 | | | | | | | |
| 1.1517 | | | | | | | | |

| Natural Logarithm of Loss Development Factors | | | | | | | | |
|---|--------|--------|---------|--------|---------|--------|---------|---------|
| 1 to 2 | 2 to 3 | 3 to 4 | 4 to 5 | 5 to 6 | 6 to 7 | 7 to 8 | 8 to 9 | 9 to 10 |
| 0.1334 | 0.0131 | 0.0025 | 0.0010 | 0.0004 | 0.0018 | 0.0000 | -0.0002 | 0.0000 |
| 0.3358 | 0.0098 | 0.0010 | 0.0008 | 0.0014 | -0.0002 | 0.0035 | 0.0001 | |
| 0.1762 | 0.0121 | 0.0006 | 0.0021 | 0.0002 | 0.0001 | 0.0000 | | |
| 0.1700 | 0.0079 | 0.0026 | 0.0016 | 0.0001 | -0.0002 | | | |
| 0.1475 | 0.0149 | 0.0008 | -0.0002 | 0.0016 | | | | |
| 0.1991 | 0.0093 | 0.0079 | 0.0074 | | | | | |
| 0.1848 | 0.0054 | 0.0018 | | | | | | |
| 0.1714 | 0.0029 | | | | | | | |
| 0.1413 | | | | | | | | |

| Selection of Loss Development Factors | | | | | | | | | |
|---------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Avg. 5 | 0.1688 | 0.0081 | 0.0027 | 0.0024 | 0.0008 | 0.0004 | 0.0012 | 0.0000 | 0.0000 |
| Avg. All | 0.1844 | 0.0094 | 0.0025 | 0.0021 | 0.0008 | 0.0004 | 0.0012 | 0.0000 | 0.0000 |
| StDev | 0.0606 | 0.0040 | 0.0025 | 0.0027 | 0.0007 | 0.0010 | 0.0020 | 0.0002 | n/a |
| Selected | 0.1766 | 0.0088 | 0.0026 | 0.0022 | 0.0008 | 0.0004 | 0.0012 | 0.0000 | 0.0000 |
| Age to Age LDF | 1.1931 | 1.0088 | 1.0026 | 1.0022 | 1.0008 | 1.0004 | 1.0012 | 1.0000 | 1.0000 |
| Cumulative LDF | 1.2123 | 1.0160 | 1.0072 | 1.0046 | 1.0023 | 1.0015 | 1.0011 | 1.0000 | 1.0000 |



Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Paid Claim Count Development Analysis - Excluding Cats
Homeowner

Fiscal
Accident

| <i>Incurring Loss, Net of Reinsurance Ceded, Salvage, & Subrogation</i> | | | | | | | | | | |
|---|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| <u>Year</u> | <u>@ 1 year</u> | <u>@ 2 years</u> | <u>@ 3 years</u> | <u>@ 4 years</u> | <u>@ 5 years</u> | <u>@ 6 years</u> | <u>@ 7 years</u> | <u>@ 8 years</u> | <u>@ 9 years</u> | <u>@ 10 years</u> |
| 1999 | 12,206 | 13,351 | 13,483 | 13,505 | 13,522 | 13,575 | 13,588 | 13,588 | 13,590 | 13,590 |
| 2000 | 11,559 | 14,920 | 15,003 | 15,038 | 15,112 | 15,148 | 15,153 | 15,160 | 15,164 | |
| 2001 | 12,321 | 13,704 | 13,753 | 13,775 | 13,818 | 13,827 | 13,830 | 13,830 | | |
| 2002 | 11,947 | 13,824 | 13,909 | 13,947 | 13,983 | 13,993 | 14,002 | | | |
| 2003 | 10,753 | 11,661 | 11,704 | 11,724 | 11,729 | 11,743 | | | | |
| 2004 | 8,693 | 9,642 | 9,677 | 9,690 | 9,696 | | | | | |
| 2005 | 9,277 | 10,246 | 10,278 | 10,291 | | | | | | |
| 2006 | 9,131 | 10,048 | 10,070 | | | | | | | |
| 2007 | 8,654 | 9,364 | | | | | | | | |
| 2008 | 9,663 | | | | | | | | | |

| <i>Age to Age Loss Development Factors</i> | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|--|
| <u>1 to 2</u> | <u>2 to 3</u> | <u>3 to 4</u> | <u>4 to 5</u> | <u>5 to 6</u> | <u>6 to 7</u> | <u>7 to 8</u> | <u>8 to 9</u> | <u>9 to 10</u> | |
| 1.0938 | 1.0099 | 1.0016 | 1.0013 | 1.0039 | 1.0010 | 1.0000 | 1.0001 | 1.0000 | |
| 1.2908 | 1.0056 | 1.0023 | 1.0049 | 1.0024 | 1.0003 | 1.0005 | 1.0003 | | |
| 1.1122 | 1.0036 | 1.0016 | 1.0031 | 1.0007 | 1.0002 | 1.0000 | | | |
| 1.1571 | 1.0061 | 1.0027 | 1.0026 | 1.0007 | 1.0006 | | | | |
| 1.0844 | 1.0037 | 1.0017 | 1.0004 | 1.0012 | | | | | |
| 1.1092 | 1.0036 | 1.0013 | 1.0006 | | | | | | |
| 1.1045 | 1.0031 | 1.0013 | | | | | | | |
| 1.1004 | 1.0022 | | | | | | | | |
| 1.0820 | | | | | | | | | |

| <i>Natural Logarithm of Loss Development Factors</i> | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|--|
| <u>1 to 2</u> | <u>2 to 3</u> | <u>3 to 4</u> | <u>4 to 5</u> | <u>5 to 6</u> | <u>6 to 7</u> | <u>7 to 8</u> | <u>8 to 9</u> | <u>9 to 10</u> | |
| 0.0897 | 0.0098 | 0.0016 | 0.0013 | 0.0039 | 0.0010 | 0.0000 | 0.0001 | 0.0000 | |
| 0.2552 | 0.0055 | 0.0023 | 0.0049 | 0.0024 | 0.0003 | 0.0005 | 0.0003 | | |
| 0.1064 | 0.0036 | 0.0016 | 0.0031 | 0.0007 | 0.0002 | 0.0000 | | | |
| 0.1459 | 0.0061 | 0.0027 | 0.0026 | 0.0007 | 0.0006 | | | | |
| 0.0811 | 0.0037 | 0.0017 | 0.0004 | 0.0012 | | | | | |
| 0.1036 | 0.0036 | 0.0013 | 0.0006 | | | | | | |
| 0.0993 | 0.0031 | 0.0013 | | | | | | | |
| 0.0957 | 0.0022 | | | | | | | | |
| 0.0789 | | | | | | | | | |

| <i>Selection of Loss Development Factors</i> | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Avg. 5 | 0.0917 | 0.0037 | 0.0017 | 0.0023 | 0.0018 | 0.0005 | 0.0002 | 0.0002 | 0.0000 |
| Avg. All | 0.1173 | 0.0047 | 0.0018 | 0.0022 | 0.0018 | 0.0005 | 0.0002 | 0.0002 | 0.0000 |
| StDev | 0.0553 | 0.0024 | 0.0005 | 0.0017 | 0.0014 | 0.0003 | 0.0003 | 0.0001 | n/a |
| Selected | 0.1045 | 0.0042 | 0.0018 | 0.0022 | 0.0018 | 0.0005 | 0.0002 | 0.0002 | 0.0000 |
| Age to Age LDF | 1.1102 | 1.0042 | 1.0018 | 1.0022 | 1.0018 | 1.0005 | 1.0002 | 1.0002 | 1.0000 |
| Cumulative LDF | 1.1223 | 1.0110 | 1.0067 | 1.0049 | 1.0027 | 1.0009 | 1.0004 | 1.0002 | 1.0000 |

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Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Calculation of Expenses

Homeowner

| | <u>2008</u> | <u>2007</u> | <u>Total</u> |
|--|------------------|------------------|-------------------|
| General Expenses | 1,423,000 | 1,411,000 | 2,834,000 |
| Other Acquisition Expenses | <u>5,446,000</u> | <u>5,174,000</u> | <u>10,620,000</u> |
| Total Fixed Expenses | 6,869,000 | 6,585,000 | 13,454,000 |
| Earned Premium | 104,821,278 | 101,371,692 | 206,192,971 |
| Fixed Expense Ratio | 6.55% | 6.50% | 6.52% |
| Selected Fixed Expense Ratio | | | 6.52% |
| | <u>2008</u> | <u>2007</u> | <u>Total</u> |
| Commission & Brokerage | 10,895,000 | 10,528,000 | 21,423,000 |
| <u>Taxes, Licenses, & Fees</u> | <u>3,175,000</u> | <u>3,301,000</u> | <u>6,476,000</u> |
| Total Variable Expenses | 14,070,000 | 13,829,000 | 27,899,000 |
| Written Premium | 106,652,000 | 102,959,000 | 209,611,000 |
| Variable Expense Ratio | 13.19% | 13.43% | 13.31% |
| Selected Variable Expense Ratio | | | 13.31% |
| Target Underwriting Result (Page 6) | | | 5.50% |
| Total Variable Load | | | 18.81% |



Farm Bureau Mutual Insurance Company of Arkansas, Inc
Calendar Year Return on Surplus Profit Model
Effective Federal Tax Rate on Investment Income

| Income Source | [1] 2008 Income Earned | [2] Effective Federal Tax Rate | [3]=[1]*[2] Federal Income Tax |
|--|---|---|---|
| 1. U.S. Government Bonds | 1,205,407 | 35.00% | 421,892 |
| 2. Bonds exempt from U.S. tax | 3,168,366 | 5.25% | 166,339 |
| 3. Other bonds | 3,484,160 | 35.00% | 1,219,456 |
| 4. Preferred stocks | - | 14.18% | - |
| 5. Common stocks | 465,313 | 14.18% | 65,958 |
| 6. Mortgage loans | 292,303 | 35.00% | 102,306 |
| 7. Real Estate | 558,332 | 35.00% | 195,416 |
| 8. Short-term investments | 457,522 | 35.00% | 160,133 |
| 9. Other invested assets | 150,000 | 35.00% | 52,500 |
| 10. Realized capital gains | 720,085 | 35.00% | 252,030 |
| 11. TOTAL | 10,501,488 | | 2,636,030 |
| 12. Investment expenses and depreciation | 103,668 | -35.00% | (36,284) |
| 13. Net Investment Gain or (Loss) | 10,397,820 | | 2,599,747 |
| 14. Effective Federal Tax Rate on Investment Income | | 25.00% | |

Farm Bureau Mutual Insurance Company of Arkansas, Inc
Calendar Year Return on Surplus Profit Model
Net Effective Rate of Return

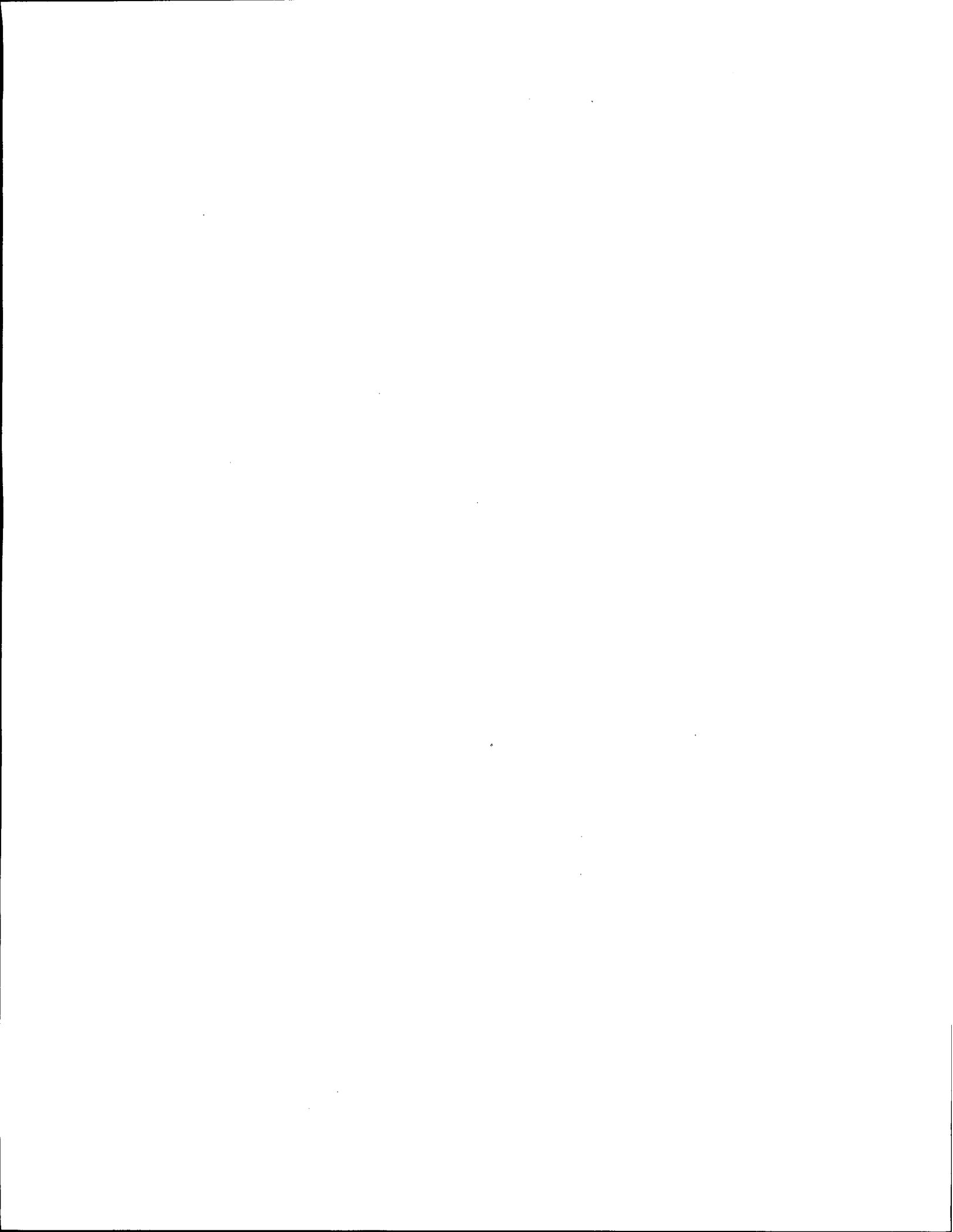
| | | | |
|----|---|------------------|-------------|
| 1. | Net Interest, Dividends, and Real Estate Income | | 9,781,403 |
| 2. | Realized Capital Gains (Losses) | | 720,085 |
| 3. | Total Investment Gain (Loss) | | 10,501,488 |
| 4. | Adjustment for Affiliate Income | | 0 |
| 5. | Net Investment Income | | 10,501,488 |
| 6. | Assets available for investment | As of 12/31/2007 | 247,758,338 |
| | | As of 12/31/2008 | 204,952,147 |
| | | Mean Assets | 226,355,243 |
| 7. | Pre-tax investment yield [(5) / (6)] | | 4.64% |
| 8. | Effective Federal tax rate (Page 2, Line 14) | | 25.00% |
| 9. | Post-tax investment yield [(7) / {1 - (8)}] | | 3.48% |

Farm Bureau Mutual Insurance Company of Arkansas, Inc
Calendar Year Return on Surplus Profit Model
Calculation of Policyholder-Supplied Funds
Homeowners

| | | |
|---|--------------------------|-------------|
| 1. Unearned Premium Reserve | As of 12/31/2007 | 50,795,549 |
| | As of 12/31/2008 | 52,124,998 |
| | Mean Premium Reserve | 51,460,274 |
| 2. Earned Premium | | 91,767,689 |
| 3. Prepaid Acquisition Expense Ratio | | 15.25% |
| 4. Adjusted UEPR Ratio [$\{(1) / (2)\} \times \{1.0 - (3)\}$] | | 47.52% |
| 5. Premiums Receivable | As of 12/31/2007 | 20,762 |
| | As of 12/31/2008 | 19,878 |
| | Mean Premiums Receivable | 20,320 |
| 6. Premiums Receivable Ratio [$(5) / (2)$] | | 0.02% |
| 7. Permissible Loss Ratio | | 81.19% |
| 8. Loss Reserves | As of 12/31/2007 | 12,867,108 |
| | As of 12/31/2008 | 16,855,660 |
| | Mean Loss Reserve | 14,861,384 |
| 9. LAE Reserves | As of 12/31/2007 | 1,625,116 |
| | As of 12/31/2008 | 1,692,322 |
| | Mean LAE Reserve | 1,658,719 |
| 10. Incurred Loss | | 109,636,554 |
| 11. Reserve Ratio [$(7) \times \{(8)+(9)\} / (10)$] | | 12.23% |
| 12. Policyholder-Supplied Funds (as a percent of premium) [$(4) - (6) + (11)$] | | 59.74% |

Farm Bureau Mutual Insurance Company of Arkansas, Inc
 Calendar Year Return on Surplus Profit Model
 Calculation of Premium to Surplus Ratios
 Homeowners

| | | <u>Homeowners</u> | <u>All Lines</u> |
|---|-------------|-------------------|------------------|
| 1. Investment Gain on Surplus (000's) Homeowners | 2007 | 4,508 | 7,368 |
| | 2008 | 3,657 | 5,935 |
| | Mean | 4,083 | 6,652 |
| 2. Policyholders' Surplus | 2007 | 154,826,151 | |
| | 2008 | 119,933,539 | |
| 3. Allocated Surplus | 2007 | 94,728,052 | |
| | 2008 | 73,900,076 | |
| | Mean | 84,314,064 | |
| 4. Earned Premium | | | 91,767,689 |
| 5. Premium to Surplus Ratio | | | 108.84% |



Farm Bureau Mutual Insurance Company of Arkansas, Inc
Calendar Year Return on Surplus Profit Model
Calculation of Required Underwriting Profit Provision
Homeowners

| | |
|--|--------------|
| 1. Target rate of return | 10.00% |
| 2. Premium to surplus ratio | 108.84% |
| 3. Required return as a percent of premium [(1) / (2)] | 9.19% |
| 4. Policyholder-supplied funds as a percent of premium | 59.74% |
| 5. After-tax return on investments | 3.48% |
| 6. Investment return on PHSF as a percent of premium [(4) x (5)] | 2.08% |
| 7. Surplus to premium ratio | 91.88% |
| 8. Investment return on surplus as a percent of premium [(5) x (7)] | 3.20% |
| 9. Required post-tax underwriting profit provision [(3) - (6) - (8)] | 3.91% |
| 10. Underwriting tax provisional factor | 1.5385 |
| 11. Required pre-tax underwriting profit provision [(9) x (10)] | 6.02% |
| 12. Selected Profit Provision | 5.50% |



Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Homeowner

Determination of Loss Adjustment Expense

(000 Omitted)

| Category | 2006 | 2007 | 2008 | 3 Year Total | 3 Year Arith Avg | Selected |
|---|--------|--------|---------|-----------------|---------------------|----------|
| Accident Year Incurred Losses (ex LAE) | 94,882 | 58,048 | 172,971 | 325,901 | | |
| LAE (now defense cost + adjusting & other) | 6,366 | 6,484 | 7,840 | 20,690 | | |
| % of Accident Year Incurred Losses | 6.7% | 11.2% | 4.5% | 6.3% | 7.5% | 7.5% |

Farm Bureau Mutual Insurance Company of Arkansas, Inc
Catastrophe Load - Accident Dates as of December 31, 2008, evaluated at March 31, 2009

| Year | # of Events | Actual | | Trended | | Actual Retained | | Trended Retained | | FBM/CA Earned Premium | Catastrophe Losses as Percent of Earned Premium | | | |
|-----------|-------------|-------------------|-------------------|-------------------|-------------------|---|-------------------|------------------|------------|-----------------------|---|---------|----------------|--|
| | | Catstrophe Losses | Catstrophe Losses | Actual | Retained | | Trended | Trended | Premium Growth | |
| 1992 | 2 | 3,438,322 | 6,697,509 | 3,438,322 | 6,697,509 | 71,102,030 | 4.84% | 4.84% | 3.56% | 3.56% | 8.56% | | | |
| 1993 | 2 | 4,287,511 | 8,030,429 | 4,287,511 | 8,030,429 | 77,187,958 | 5.55% | 5.55% | 4.26% | 4.26% | 6.64% | | | |
| 1994 | 3 | 9,107,380 | 16,401,877 | 9,107,380 | 16,401,877 | 82,312,017 | 11.06% | 11.06% | 8.71% | 8.71% | 7.28% | | | |
| 1995 | 2 | 2,394,392 | 4,146,313 | 2,394,392 | 4,146,313 | 88,302,734 | 2.71% | 2.71% | 2.20% | 2.20% | 5.12% | | | |
| 1996 | 7 | 29,558,197 | 49,216,570 | 27,381,599 | 44,952,375 | 92,820,801 | 31.84% | 29.50% | 26.13% | 23.86% | 3.62% | | | |
| 1997 | 3 | 20,750,959 | 33,222,953 | 15,066,533 | 23,482,004 | 96,181,136 | 21.57% | 15.66% | 17.64% | 12.47% | 3.62% | | | |
| 1998 | 5 | 9,920,745 | 15,272,532 | 9,920,745 | 15,272,532 | 99,006,766 | 10.02% | 10.02% | 8.11% | 8.11% | 2.94% | | | |
| 1999 | 4 | 34,784,379 | 51,489,378 | 23,366,551 | 33,948,203 | 102,045,983 | 34.09% | 22.90% | 27.33% | 18.02% | 3.07% | | | |
| 2000 | 8 | 62,953,610 | 89,602,617 | 45,843,951 | 63,970,237 | 108,712,157 | 57.91% | 42.17% | 47.57% | 33.96% | 6.53% | | | |
| 2001 | 6 | 16,350,561 | 22,376,872 | 16,350,561 | 22,376,872 | 119,912,298 | 13.64% | 13.64% | 11.88% | 11.88% | 10.30% | | | |
| 2002 | 2 | 11,451,028 | 15,068,771 | 11,451,028 | 15,068,771 | 132,806,135 | 8.62% | 8.62% | 8.00% | 8.00% | 10.75% | | | |
| 2003 | 5 | 19,325,913 | 24,453,445 | 19,325,913 | 24,453,445 | 152,330,397 | 12.69% | 12.69% | 12.98% | 12.98% | 14.70% | | | |
| 2004 | 4 | 13,005,728 | 15,823,457 | 13,005,728 | 15,823,457 | 169,649,868 | 7.67% | 7.67% | 8.40% | 8.40% | 11.37% | | | |
| 2005 | 3 | 7,961,318 | 9,313,616 | 7,961,318 | 9,313,616 | 179,478,278 | 4.44% | 4.44% | 4.94% | 4.94% | 5.79% | | | |
| 2006 | 8 | 62,619,918 | 70,438,891 | 49,770,568 | 54,777,681 | 176,616,532 | 35.46% | 28.18% | 37.39% | 29.08% | -1.59% | | | |
| 2007 | 1 | 7,626,398 | 8,248,712 | 7,626,398 | 8,248,712 | 180,807,557 | 4.22% | 4.22% | 4.38% | 4.38% | 2.37% | | | |
| 2008 | 13 | 146,541,349 | 152,403,003 | 124,476,701 | 127,500,761 | 188,373,695 | 77.79% | 66.08% | 80.90% | 67.69% | 4.18% | | | |
| Totals | 78 | 462,077,708 | 592,206,945 | 390,775,200 | 494,464,794 | | | | | | | | | |
| Max | 13 | 146,541,349 | 152,403,003 | 124,476,701 | 127,500,761 | Max | 77.79% | 66.08% | 80.90% | 67.69% | | | | |
| Min | 1 | 2,394,392 | 4,146,313 | 2,394,392 | 4,146,313 | Min | 2.71% | 2.71% | 2.20% | 2.20% | | | | |
| Avg | 5 | 27,181,042 | 34,835,703 | 22,986,776 | 29,086,164 | Avg | 20.24% | 17.06% | 18.49% | 15.44% | | | | |
| Std. Dev. | 3 | 35,875,846 | 38,829,697 | 29,467,426 | 30,671,123 | Std. Dev. | 21.12% | 16.65% | 20.61% | 16.28% | | | | |
| | | | | | | Correlation | 0.3414 | 0.3595 | 0.4232 | 0.4433 | | | | |
| | | | | | | DF | 16 | 16 | 16 | 16 | | | | |
| | | | | | | T-Test | 64.75% | 64.75% | 64.75% | 64.75% | | | | |
| | | | | | | x | 0.38532 | 0.38532 | 0.38532 | 0.38532 | | | | |
| | | | | | | Normal | 65.00% | 65.00% | 65.00% | 65.00% | | | | |
| | | | | | | Provision | 28.38% | 23.47% | 26.44% | 21.71% | | | | |
| | | | | | | Reinsurance Premium as % of Total Premium | 13.730,920 | 13.730,920 | 13.730,920 | 13.730,920 | | | | |
| | | | | | | | 7.29% | 7.29% | 7.29% | 7.29% | | | | |

Allocation of Actual Capped Cat Load to Line of Business

| | 2008 EP | Act Capped Cat Losses % EP | Act Capped Cat Losses Total Cat Load | Normalized Cat Load | Cat Load Normalized by Line to Overall | Reins Load Normalized by Line to Overall | Total Cat Load | Selected Cat Load |
|-------|-------------|----------------------------|--------------------------------------|---------------------|--|--|----------------|-------------------|
| HO | 104,880,112 | 30.68% | 1,307 | 1.238 | 29.06% | 9.03% | 38.09% | 35.00% |
| POP | 45,328,059 | 26.98% | 1,149 | 1.089 | 25.55% | 7.94% | 33.49% | 34.00% |
| IM | 28,928,128 | 6.27% | 0.267 | 0.253 | 5.94% | 1.84% | 7.78% | |
| BP | 2,477,921 | 18.43% | 0.785 | 0.744 | 17.46% | 5.42% | 22.88% | |
| Total | 188,373,695 | 23.47% | 1,056 | 1,000 | 23.47% | 7.29% | 30.76% | |

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FARM BUREAU MUTUAL INSURANCE COMPANY OF ARKANSAS, INC
County Analysis - Homeowner

| Num | County | 5 Year Loss Ratio | Cred Wgt Country | Severe Storm Indication | CAT Load | EQ/EF | 2008 - HO1 / HO3 | | Selected Change |
|-----|--------------|----------------------|---------------------|----------------------------|----------|-----------|------------------|--------|--------------------|
| | | | | | | | EP Cur Rates | Change | |
| 1 | Arkansas | 56.67% | 0.06% | -2.60% | -0.91% | 1,693,074 | 1.00% | | |
| 2 | Ashley | 51.61% | 0.00% | -4.68% | -1.22% | 1,200,411 | 0.00% | | |
| 3 | Baxter | 40.38% | -0.09% | -1.73% | -1.22% | 1,345,466 | -2.00% | | |
| 4 | Benton | 52.65% | 0.10% | 5.00% | -1.22% | 4,230,236 | 0.00% | | |
| 5 | Boone | 71.02% | 0.22% | -1.06% | -1.22% | 1,635,591 | 2.00% | | |
| 6 | Bradley | 33.27% | -0.07% | -4.07% | -1.21% | 570,718 | -2.00% | | |
| 7 | Calhoun | 61.90% | 0.01% | -3.52% | -1.18% | 189,447 | -2.00% | | |
| 8 | Carroll | 68.97% | 0.14% | 5.00% | -1.19% | 1,201,000 | 0.00% | | |
| 9 | Chicot | 55.12% | 0.02% | -5.00% | -1.15% | 922,519 | 0.00% | | |
| 10 | Clark | 40.77% | -0.11% | -2.45% | -1.22% | 1,300,410 | -3.00% | | |
| 11 | Clay | 45.43% | -0.05% | -5.00% | 2.46% | 720,845 | 0.00% | | |
| 12 | Cleburne | 42.51% | -0.07% | 4.00% | -1.11% | 937,344 | 0.00% | | |
| 13 | Cleveland | 22.87% | -0.19% | -2.84% | -1.22% | 813,798 | -0.00% | | |
| 14 | Columbia | 22.55% | -0.27% | -3.75% | -1.22% | 1,116,244 | -5.00% | | |
| 15 | Conway | 70.66% | 0.24% | 5.00% | -1.18% | 1,571,512 | 3.00% | | |
| 16 | Craighead | 42.92% | -0.16% | -4.67% | 7.82% | 2,973,886 | 0.00% | | |
| 17 | Crawford | 51.58% | 0.03% | 5.00% | -1.19% | 1,877,815 | 1.00% | | |
| 18 | Crittenden | 50.91% | -0.01% | -5.00% | 4.01% | 2,376,811 | 1.00% | | |
| 19 | Cross | 19.23% | -0.19% | -5.00% | 2.65% | 794,923 | 0.00% | | |
| 20 | Dallas | 49.89% | -0.01% | -1.73% | -1.10% | 695,059 | 0.00% | | |
| 21 | Deshia | 38.11% | -0.09% | -5.00% | -0.89% | 897,032 | 1.00% | | |
| 22 | Drew | 59.14% | 0.04% | -5.00% | -1.20% | 757,904 | -1.00% | | |
| 23 | Faulkner | 58.09% | 0.21% | 4.02% | -1.20% | 4,051,979 | 4.00% | | |
| 24 | Franklin | 43.81% | -0.07% | 3.09% | -1.21% | 1,108,389 | 0.00% | | |
| 25 | Fulton | 44.65% | -0.04% | -2.14% | -1.21% | 664,085 | -1.00% | | |
| 26 | Garland | 47.27% | -0.05% | 3.90% | -1.22% | 1,052,085 | -4.00% | | |
| 27 | Grant | 46.46% | -0.05% | 5.00% | 6.73% | 1,349,092 | 3.00% | | |
| 28 | Greene | 40.41% | -0.10% | -3.36% | -1.22% | 936,424 | -2.00% | | |
| 29 | Hempstead | 32.91% | -0.15% | -3.66% | -1.22% | 1,587,952 | -7.00% | | |
| 30 | Hot Spring | 57.84% | 0.07% | 3.13% | -1.22% | 1,116,889 | 0.00% | | |
| 31 | Howard | 44.64% | -0.03% | -4.19% | -1.22% | 916,296 | -2.00% | | |
| 32 | Independence | 54.70% | 0.03% | -1.52% | -0.90% | 1,403,061 | 0.00% | | |
| 33 | Izard | 42.89% | -0.05% | -1.90% | -1.21% | 638,263 | -2.00% | | |
| 34 | Jackson | 50.33% | -0.01% | -2.93% | 0.20% | 1,116,889 | 0.00% | | |
| 35 | Jefferson | 33.25% | -0.20% | 2.60% | -1.16% | 1,388,267 | 0.00% | | |
| 36 | Johnson | 36.36% | -0.11% | -1.52% | -1.22% | 946,621 | -2.00% | | |
| 37 | Lafayette | 28.03% | -0.10% | -2.50% | -1.22% | 492,010 | -2.00% | | |
| 38 | Lawrence | 44.21% | -0.04% | -3.31% | 0.77% | 989,343 | -2.00% | | |
| 39 | Lee | 26.61% | -0.13% | -5.00% | -0.72% | 625,841 | -2.00% | | |
| 40 | Lincoln | 37.83% | -0.08% | -2.98% | -1.13% | 735,776 | 0.00% | | |
| 41 | Little River | 49.81% | -0.01% | -2.66% | -1.22% | 774,766 | -3.00% | | |
| 43 | Lonoke | 47.51% | -0.05% | 3.71% | -1.00% | 3,401,403 | 0.00% | | |

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FARM BUREAU MUTUAL INSURANCE COMPANY OF ARKANSAS, INC
County Analysis - Homeowner

| Num | County | 5 Year Loss Ratio | Cred Wgt County Indication | CAT Load Severe Storm | EQ/FE | 2008 - HO1 / HO3 EP Cur Rates | Selected Change |
|--------|-------------|----------------------|-------------------------------|--------------------------|--------|----------------------------------|--------------------|
| 44 | Madison | 74.13% | 0.09% | 5.00% | -1.21% | 630,237 | 3.00% |
| 45 | Marion | 60.24% | 0.06% | 0.59% | -1.22% | 964,753 | 2.00% |
| 46 | Miller | 59.98% | 0.09% | -2.55% | -1.22% | 1,904,469 | -2.00% |
| 48 | Monroe | 75.23% | 0.14% | -5.00% | -0.33% | 769,571 | 0.00% |
| 49 | Montgomery | 36.87% | -0.06% | -1.20% | -1.22% | 503,933 | -1.00% |
| 50 | Nevada | 23.92% | -0.11% | -4.16% | -1.22% | 414,323 | -2.00% |
| 51 | Newton | 36.19% | -0.06% | 1.47% | -1.21% | 528,594 | 0.00% |
| 42 | North Logan | 40.32% | -0.07% | 2.75% | -1.22% | 653,984 | 0.00% |
| 80 | North Miss. | 60.50% | 0.07% | -4.13% | 8.27% | 1,598,770 | 4.00% |
| 52 | Ouachita | 64.65% | 0.11% | -2.62% | -1.22% | 1,059,452 | 0.00% |
| 53 | Perry | 112.21% | 0.27% | 5.00% | -1.17% | 606,508 | 4.00% |
| 54 | Phillips | 44.26% | -0.07% | -5.00% | -0.77% | 1,107,083 | -2.00% |
| 55 | Pike | 62.04% | 0.08% | -3.23% | -1.22% | 882,037 | -2.00% |
| 56 | Poinsett | 44.29% | -0.09% | -4.36% | 3.84% | 1,859,092 | 0.00% |
| 57 | Polk | 33.62% | -0.18% | -3.65% | -1.22% | 1,632,581 | -1.00% |
| 58 | Pope | 61.99% | 0.16% | 0.66% | -1.22% | 1,900,979 | 2.00% |
| 59 | Prairie | 45.50% | -0.04% | -0.66% | -0.65% | 633,721 | 1.00% |
| 60 | Pulaski | 52.72% | 0.06% | 5.00% | -1.01% | 7,643,784 | -2.00% |
| 61 | Randolph | 41.96% | -0.04% | -5.00% | -0.16% | 669,017 | -2.00% |
| 63 | Saline | 40.66% | -0.16% | 5.00% | -1.20% | 2,885,877 | 0.00% |
| 64 | Scott | 49.12% | -0.02% | 2.26% | -1.22% | 788,737 | 0.00% |
| 65 | Searcy | 74.05% | 0.09% | 1.37% | -1.22% | 656,497 | 4.00% |
| 66 | Sebastian | 48.62% | -0.04% | 4.66% | -1.22% | 2,190,805 | 0.00% |
| 67 | Sevier | 31.78% | -0.13% | -4.02% | -1.22% | 839,423 | -2.00% |
| 68 | Sharp | 63.80% | 0.11% | -3.88% | -1.16% | 1,130,137 | 0.00% |
| 78 | South Logan | 41.80% | -0.06% | 2.75% | -1.22% | 548,855 | 0.00% |
| 47 | South Miss. | 48.46% | -0.05% | -4.13% | 8.27% | 882,834 | 4.00% |
| 62 | St. Francis | 40.86% | -0.09% | -5.00% | 1.23% | 1,246,007 | 0.00% |
| 69 | Stone | 26.05% | -0.16% | -0.91% | -1.06% | 940,695 | 0.00% |
| 70 | Union | 53.60% | 0.03% | -3.75% | -1.22% | 1,657,803 | -2.00% |
| 71 | Van Buren | 70.37% | 0.14% | 4.78% | -1.10% | 1,024,613 | 3.00% |
| 72 | Washington | 65.10% | 0.29% | 5.00% | -1.21% | 2,954,062 | 3.00% |
| 73 | White | 42.11% | -0.20% | 1.82% | -0.72% | 3,389,166 | 0.00% |
| 74 | Woodruff | 63.91% | 0.05% | -3.61% | -0.04% | 778,661 | 2.00% |
| 75 | Yell | 44.04% | -0.07% | 1.35% | -1.22% | 1,099,292 | 0.00% |
| Totals | | 49.90% | 0.00% | 0.25% | -0.21% | 104,202,957 | -0.08% |

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Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Amount of Insurance Factors

| Amount Of Insurance | Factor |
|---------------------------|--------|
| 20,000 | 0.3956 |
| 30,000 | 0.4426 |
| 40,000 | 0.4896 |
| 50,000 | 0.5366 |
| 60,000 | 0.5837 |
| 70,000 | 0.6477 |
| 80,000 | 0.7117 |
| 90,000 | 0.7757 |
| 100,000 | 0.8397 |
| 125,000 | 1.0000 |
| 150,000 | 1.0947 |
| 175,000 | 1.2822 |
| 200,000 | 1.4767 |
| 250,000 | 1.8117 |
| 300,000 | 2.1467 |
| 400,000 | 2.8167 |
| 500,000 | 3.4867 |
| 600,000 | 4.1567 |
| 700,000 | 4.8267 |

For amounts between those shown above, interpolate to derive the appropriate factor.

Farm Bureau Mutual Insurance Company of Arkansas, Inc.
Proposed Protection Class Changes and Estimated Impact
Forms 1,3

| | 2008 | | 2008 | | Base Avg Factor | Normalize Fire | | Normalize Liability | | Normalize Vandalism | | Normalize Theft | | Normalize All Other | | Normalize Total Wind | |
|-------|---------------------|---------------|-----------------|-----------------|--------------------|----------------------|----------------------|------------------------|----------------------|------------------------|------------------|----------------------|----------------------|------------------------|-----------------------|-------------------------|------|
| | EP at Cur Factor | EP at Base | Fire at Base | Fire at Base | | Liability at Base | Liability at Base | Vandalism at Base | Vandalism at Base | Theft at Base | Theft at Base | All Other at Base | All Other at Base | Total Wind at Base | Total Wind at Base | | |
| 1-4 | 27,415,681 | 41,263,473 | 0.64 | 0.51 | 0.86 | 0.85 | 1.00 | 1.00 | 1.13 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 5-6 | 28,041,534 | 35,725,143 | 0.78 | 0.62 | 0.96 | 0.95 | 1.00 | 1.00 | 0.87 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 7-8 | 12,549,329 | 12,842,179 | 1.25 | 1.00 | 1.01 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 9 | 23,395,271 | 15,596,847 | 1.57 | 1.26 | 1.12 | 1.11 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 10 | 8,529,870 | 6,271,964 | 1.56 | 1.25 | 1.11 | 1.10 | 1.00 | 1.00 | 1.03 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 11-12 | 4,240,715 | 1,910,232 | 1.71 | 1.37 | 0.99 | 0.98 | 1.00 | 1.00 | 0.95 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |

Premium Allocation by Peril

| | Five year loss ratio | Peril Allocation | Fire | Liability | Vandalism | Theft | All Other | Wind incl cat | Total | Indicated Change |
|---------------|-------------------------|---------------------|------|-----------|-----------|-------|-----------|---------------|---------|---------------------|
| At Base | 24.07% | 29.26% | 0.51 | 0.85 | 1.00 | 1.13 | 1.00 | 1.00 | 0.86 | 29.25% |
| Fire | 0.99% | 0.29% | 0.62 | 0.95 | 1.00 | 0.87 | 1.00 | 1.00 | 0.89 | 12.89% |
| Liability | 1.20% | 0.29% | 1.00 | 1.11 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | -0.22% |
| Vandalism | 1.70% | 13.64% | 1.26 | 1.10 | 1.00 | 1.00 | 1.00 | 1.00 | 1.08 | -28.19% |
| Theft | 11.22% | 53.53% | 1.25 | 0.98 | 1.00 | 1.03 | 1.00 | 1.00 | 1.07 | -21.03% |
| All Other | 44.03% | 100.00% | 1.37 | 1.20% | 0.29% | 2.07% | 13.64% | 53.53% | 1.11 | -50.14% |
| Wind incl cat | 82.25% | | | | | | | | 100.00% | 1.05% |
| Total | | | | | | | | | | |

2004-2008

| PC | Play Cnt | Earned Premium | | Proposed Factor | % Chg |
|----|----------|-------------------|------------------|--------------------|---------------|
| | | Current Factor | Estimated Impact | | |
| 1 | 17 | 0.65 | 0.67 | 0.67 | 3.08% |
| 2 | 9,626 | 0.65 | 0.67 | 0.67 | 3.08% |
| 3 | 19,822 | 82,676,804 | 0.65 | 0.67 | 3.08% |
| 4 | 14,283 | 30,243,161 | 0.70 | 0.71 | 1.43% |
| 5 | 20,485 | 63,849,505 | 0.75 | 0.76 | 1.33% |
| 6 | 21,291 | 66,133,738 | 0.82 | 0.82 | 0.00% |
| 7 | 11,839 | 48,907,399 | 0.90 | 0.90 | 0.00% |
| 8 | 3,798 | 20,167,961 | 1.25 | 1.25 | -4.00% |
| 9 | 22,641 | 123,401,979 | 1.50 | 1.45 | -3.33% |
| 10 | 8,766 | 44,905,937 | 1.36 | 1.30 | -4.41% |
| 11 | 1,598 | 13,337,656 | 2.22 | 2.00 | -9.91% |
| 12 | 1,293 | 10,652,900 | 2.22 | 2.00 | -9.91% |
| | | | | | -0.76% |

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Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Claims Experience

HO Policy Count as of June 5, 2009

| Years Insured | Qualifying Claims | | | | Years Insured | Current Factors | | | | Years Insured | Sum Product | | | | |
|---------------|-------------------|--------|-------|-----|---------------|-----------------|------|------|------|---------------|-------------|--------|-------|-----|---------|
| | 0 | 1 | 2 | 3+ | | 0 | 1 | 2 | 3+ | | 0 | 1 | 2 | 3+ | Totals |
| 0 | 5,638 | 38 | 1 | 0 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 0 | 5,638 | 38 | 1 | 0 | 5,677 |
| 1 | 6,257 | 244 | 8 | 0 | 1.00 | 1.05 | 1.15 | 1.30 | 1.30 | 1 | 6,257 | 256 | 9 | 0 | 6,522 |
| 2 | 5,665 | 401 | 26 | 1 | 0.95 | 1.00 | 1.09 | 1.24 | 1.24 | 2 | 5,382 | 401 | 28 | 1 | 5,812 |
| 3 | 5,455 | 490 | 49 | 2 | 0.90 | 0.95 | 1.04 | 1.17 | 1.17 | 3 | 4,910 | 466 | 51 | 2 | 5,428 |
| 4 | 5,016 | 529 | 57 | 7 | 0.90 | 0.95 | 1.04 | 1.17 | 1.17 | 4 | 4,514 | 503 | 59 | 8 | 5,084 |
| 5 | 4,600 | 478 | 44 | 6 | 0.90 | 0.95 | 1.04 | 1.17 | 1.17 | 5 | 4,140 | 454 | 46 | 7 | 4,647 |
| 6+ | 91,760 | 9,784 | 922 | 108 | 0.85 | 0.89 | 1.00 | 1.13 | 1.13 | 6+ | 77,996 | 8,708 | 922 | 122 | 87,748 |
| Totals | 124,391 | 11,964 | 1,107 | 124 | | | | | | Totals | 108,837 | 10,825 | 1,117 | 141 | 120,919 |

| Years Insured | Proposed Factors | | | | Years Insured | Sum Product | | | | |
|---------------|------------------|------|------|------|---------------|-------------|--------|-------|-----|---------|
| | 0 | 1 | 2 | 3+ | | 0 | 1 | 2 | 3+ | Totals |
| 0 | 1.00 | 1.00 | 1.00 | 1.00 | 0 | 5,638 | 38 | 1 | 0 | 5,677 |
| 1 | 1.00 | 1.10 | 1.20 | 1.36 | 1 | 6,257 | 268 | 10 | 0 | 6,535 |
| 2 | 0.95 | 1.05 | 1.15 | 1.30 | 2 | 5,382 | 421 | 30 | 1 | 5,834 |
| 3 | 0.90 | 1.00 | 1.09 | 1.22 | 3 | 4,910 | 490 | 53 | 2 | 5,455 |
| 4 | 0.90 | 1.00 | 1.09 | 1.22 | 4 | 4,514 | 529 | 62 | 9 | 5,114 |
| 5 | 0.90 | 1.00 | 1.09 | 1.22 | 5 | 4,140 | 478 | 48 | 7 | 4,673 |
| 6+ | 0.85 | 0.93 | 1.05 | 1.18 | 6+ | 77,996 | 9,099 | 968 | 127 | 88,191 |
| Totals | | | | | Totals | 108,837 | 11,324 | 1,172 | 147 | 121,479 |

Estimated Impact 0.46%

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Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Proposed New Limit Options and Rates for Sewage Backup

| Current Rate - All Forms | | | Proposed Rate and New Limit Options | | | | |
|--------------------------|-------------------|----------------|-------------------------------------|-------------------|-----------------------|---------------------|---------------------|
| <u>Limit</u> | <u>Deductible</u> | <u>Premium</u> | <u>Limit</u> | <u>Deductible</u> | HO-1,3 <u>Rate</u> | HO-4 <u>Rate</u> | HO-6 <u>Rate</u> |
| 2,500 | 250 | 30 | 2,500 | 250 | 15 | 6 | 9 |
| | | | 5,000 | 500 | 28 | 10 | 17 |
| | | | 10,000 | 1,000 | 45 | 16 | 27 |
| | | | 15,000 | 1,000 | 65 | 23 | 39 |

| <u>Policy Form</u> | <u>Plcy Cnt</u> | <u>Old Rate</u> | <u>Old Premium</u> | Proposed <u>Rate</u> | Est New <u>Premium</u> | <u>Diff</u> |
|--------------------|-----------------|-----------------|--------------------|-------------------------|---------------------------|-------------|
| HO-1 | 2,553 | 30 | 76,590 | 15 | 38,295 | (38,295) |
| HO-3 | 27,171 | 30 | 815,130 | 15 | 407,565 | (407,565) |
| HO-4 | 347 | 30 | 10,410 | 6 | 2,082 | (8,328) |
| | 30,071 | | 902,130 | | 447,942 | (454,188) |

| <u>Form</u> | 2008 On Level <u>Written</u> | <u>Estimated Impact</u> |
|-------------|------------------------------------|-----------------------------|
| HO-1/HO-3 | 114,042,350 | -0.39% |
| HO-4 | 710,136 | -1.17% |

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FARM BUREAU MUTUAL INSURANCE COMPANY OF ARKANSAS, INC.

10720 Kanis Road • PO Box 31 • Little Rock, AR 72203-0031 • (501) 224-4400

“Rate Information”

Policyholder Notice About Sewage Backup Coverage!

Dear Policyholder:

Sewage Backup Coverage is an optional endorsement available for the Homeowner policy. If you have selected this coverage, your Declaration will indicate it under ADDITIONAL COVERAGES AND EXTENSIONS.

The Sewage Backup listing will display S, S2, S3 or S4 depending on the level of coverage chosen. These codes represent:

| CODE | LIMIT | DEDUCTIBLE |
|------|-----------|------------|
| S | \$ 2,500 | \$ 250 |
| S2 | \$ 5,000 | \$ 500 |
| S3 | \$ 10,000 | \$ 1,000 |
| S4 | \$ 15,000 | \$ 1,000 |

This notice also serves to amend the Sewage Backup endorsement wording in your policy booklet. The amended wording reads as follows:

When Endorsement S, S2, S3 or S4 is designated on **your policy Declaration**, coverage is amended as follows:

We will provide coverage for accidental direct physical loss caused by water or sewage which backs up through sewers or drains including sump overflow. A deductible and a maximum amount of coverage will apply per occurrence. The deductible amount and the maximum coverage amount are designated on your Declaration. The Sewage Backup limit does not increase the limits of liability applying to Coverages A, B, and C.

We will not pay for physical loss of a sump pump or related equipment which is caused by mechanical breakdown. Nothing herein contained shall alter, vary, waive, or extend any provision or condition of this policy except as herein provided.

If you have any questions about Sewage Backup coverage, please contact your insurance agent.

Be sure to use our 24-Hour Claims Call Center to report a claim. Call toll-free 1-866-275-7322. Thank you for your business and your support of Farm Bureau Mutual Insurance Company of Arkansas, Inc. You can find out more about our organization by visiting our website at www.afbic.com.

Sincerely,

FARM BUREAU MUTUAL INSURANCE COMPANY OF ARKANSAS, INC.

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